TIANQI LITHIUM

天齊鋰業股份有限公司
Tianqi Lithium Corporation

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

Stock Code: 9696

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Morgan Stanley   CICC 中金公司   招銀国际 CMB INTERNATIONAL

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

BNP PARIBAS   CREDIT SUISSE

Joint Bookrunners and Joint Lead Managers

中國銀河國際 CHINA GALAXY INTERNATIONAL   富途證券   华泰国际 HUATAI INTERNATIONAL

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

TIANQI LITHIUM

Tianqi Lithium Corporation
天齊鋰業股份有限公司

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

Number of Offer Shares under the Global Offering	:	**164,122,200 H Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**16,412,400 H Shares (subject to adjustment)**
Number of International Offer Shares	:	**147,709,800 H Shares (subject to adjustment and the Over-allotment Option)**
Offer Price (subject to a Downward Offer Price Adjustment)	:	**not more than HK$82.00 and not less than HK$69.00 per H Share, plus brokerage of 1%, FRC transaction levy of 0.00015%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars (If the Offer Price is set at 10% below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment, the Offer Price will be HK$62.10 per Hong Kong Offer Share) and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**9696**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto t he documents specified in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix IX to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Company and the Joint Representatives (on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Wednesday, July 6, 2022 (Hong Kong time) or such later date as may be agreed by the Company and the Joint Representatives, but in any event no later than Thursday, July 7, 2022 (Hong Kong time). The Offer Price is expected to be not more than HK$82.00 per Offer Share and is expected to be not less than HK$69.00 per Offer Share (subject to a Downward Offer Price Adjustment). Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$82.00 for each Hong Kong Offer Share together with brokerage of 1%, FRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is lower than HK$82.00. If, for any reason, the Offer Price is not agreed by Thursday, July 7, 2022 (Hong Kong time) between the Joint Representatives (for itself and on behalf of the Underwriters) and the Company, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Representatives (on behalf of the Underwriters, and with the Company's consent) may reduce the number of Hong Kong Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that is stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkex.com.hk and our website at www.tianqilithium.com as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

We are incorporated, and a majority part of our businesses are located, in the PRC. Potential investors should be aware of the differences in the legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the section headed "Risk Factors", "Regulatory Environment", "Appendix VI— Summary of Principal PRC and Hong Kong Law and Regulatory Provisions" and "Appendix VII—Summary of the Articles of Association" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Joint Representatives (for itself and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting" in this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may be offered and sold only (a) in the United States to "Qualified Institutional Buyer" in reliance on Rule 144A or another exemption from, or in a transaction not subject to, registration under the U.S. Securities Act, which Qualified Institutional Buyer is also a "Qualified Purchaser" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended, and (b) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

Thursday, June 30, 2022

IMPORTANT NOTICE TO INVESTORS:

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.tianqilithium.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(a) apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or

(b) apply through the **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

 (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

 (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong by completing an input request.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

Please refer to the section headed "How to Apply for the Hong Kong Offer Shares" in this Prospectus for further details of the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or by **electronic application instructions** to HKSCC must be for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
200	16,565.28	4,000	331,305.75	60,000	4,969,586.22	800,000	66,261,149.60
400	33,130.58	5,000	414,132.19	70,000	5,797,850.59	900,000	74,543,793.30
600	49,695.86	6,000	496,958.62	80,000	6,626,114.96	1,000,000	82,826,437.00
800	66,261.15	7,000	579,785.06	90,000	7,454,379.33	2,000,000	165,652,874.00
1,000	82,826.43	8,000	662,611.49	100,000	8,282,643.70	3,000,000	248,479,311.00
1,200	99,391.73	9,000	745,437.94	200,000	16,565,287.40	4,000,000	331,305,748.00
1,400	115,957.01	10,000	828,264.37	300,000	24,847,931.10	5,000,000	414,132,185.00
1,600	132,522.30	20,000	1,656,528.74	400,000	33,130,574.80	6,000,000	496,958,622.00
1,800	149,087.59	30,000	2,484,793.11	500,000	41,413,218.50	7,000,000	579,785,059.00
2,000	165,652.88	40,000	3,313,057.48	600,000	49,695,862.20	8,000,000	662,611,496.00
3,000	248,479.31	50,000	4,141,321.85	700,000	57,978,505.90	8,206,200[1]	679,690,307.31

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.tianqilithium.com****.*

Hong Kong Public Offering commences	9 : 00 a.m. on Thursday, June 30, 2022
Latest time for completing electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**:[2]	11 : 30 a.m. on Wednesday, July 6, 2022
Application lists for the Hong Kong Public Offering open[3]	11 : 45 a.m. on Wednesday, July 6, 2022
Latest time for (a) completing payment for the **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4]	12 : 00 noon on Wednesday, July 6, 2022
If you are instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above	
Application lists close[3]	12 : 00 noon on Wednesday, July 6, 2022
Expected Price Determination Date[5]	Wednesday, July 6, 2022
Where applicable, announcement of the Offer Price being set below HK$69.00 after making a Downward Offer Price Adjustment (see the section headed "Structure of the Global Offering—Determining the Offer Price" on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.tianqilithium.com** on or before	Friday, July 8, 2022
Announcement of: . . . . ● the Offer Price; ● the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering; and ● the basis of allotment of the Hong Kong Offer Shares to be published on our website at **www.tianqilithium.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[10]	Tuesday, July 12, 2022
Announcement of results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in "How to Apply for the Hong Kong Offer Shares—Publication of Results", including:[10]	
(1) Announcement of the Hong Kong Public Offering to be published on the websites of the Company and the Stock Exchange at **www.tianqilithium.com**[6] and **www.hkexnews.hk** from[10]	Tuesday, July 12, 2022
(2) Results of allocation for the Hong Kong Public Offering will be available from the designated results of allocations website at www.iporesults.com.hk (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment)** with a "search by ID" function from[10] . . .	8:00 a.m. on Tuesday, July 12, 2022 to 12:00 midnight on Monday, July 18, 2022

(3) from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on	Tuesday, July 12, 2022, Wednesday, July 13, 2022, Thursday, July 14, 2022 and Friday, July 15, 2022
Dispatch of H Share certificates or deposit of H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7] [9] [10]	Tuesday, July 12, 2022
Dispatch of **White Form eIPO** e-Refund payment instructions/ refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) pursuant to the Hong Kong Public Offering or wholly or partially unsuccessful applications on or before[8] [9] [10]	Tuesday, July 12, 2022
Dealings in the H Shares on the Stock Exchange expected to commence at[10]	9 : 00 a.m. on Wednesday, July 13, 2022

(1) All dates and times refer to Hong Kong local times and dates, except as otherwise stated.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at www.eipo.com.hk a after 11 : 30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11 : 30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12 : 00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9 : 00 a.m. and 12 : 00 noon on Wednesday, July 6, 2022, the application lists will not open and close on that day. See section headed "How to apply for the Hong Kong Offer Shares—C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists".

(4) Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to section headed "How to apply for the Hong Kong Offer Shares—A. Applications for Hong Kong Offer Shares—6. Applying By Giving Electronic Application Instructions To HKSCC Via CCASS".

(5) The Price Determination Date is expected to be on or about Wednesday, July 6, 2022 and, in any event, not later than Thursday, July 7, 2022, or such other date as agreed among the parties. If, for any reason, the Offer Price is not agreed by Thursday, July 7, 2022, or such other date as agreed among the parties, between the Joint Representatives (for themselves and on behalf of and the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the website forms part of this document.

(7) The H Share certificates will only become valid at 8: 00 a.m. on the Listing Date, which is expected to be Wednesday, July 13, 2022, provided that the Global Offering has become unconditional in all respects and none of the Underwriting Agreements have been terminated in accordance with its terms at or before that time. Investors who trade H Shares on the basis of publicly available allocation details prior to the receipt of the H Share certificates and prior to the H Share certificates becoming valid do so entirely at their own risk.

(8) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications, and also in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied on **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares may collect any refund checks (where applicable) and/or H Share certificates in person from our H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9 : 00 a.m. to 1 : 00 p.m. on Tuesday, July 12, 2022 or such other date as notified by us as the date of dispatch/collection of H Share certificates/e-refund payment instructions/refund checks. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

(10) In case a typhoon warning signal no. 8 or above, a black rainstorm warning signal and/or Extreme Conditions is/are in force in any days between Thursday, June 30, 2022 to Wednesday, July 13, 2022, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) dispatch of H Share certificates and refund checks/White Form e-Refund payment instructions; and (iii) dealings in the H Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

The above expected timetable is a summary only. You should read carefully the sections headed "Underwriting" and "Structure of the Global Offering" and "How to apply for the Hong

Kong Offer Shares" for details relating to the structure and conditions of the Global Offering, procedures on the applications for Hong Kong Offer Shares, and expected timetable, including conditions, effect of bad weather and the dispatch of refund checks and H Share Certificates.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

We have issued this Prospectus solely in connection with the Hong Kong Public Offering. This Prospectus is not an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares. This Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under applicable securities laws of such jurisdictions pursuant to registration with, or authorization by, the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. We, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering have not authorized anyone to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. Information contained on our website www.tianqilithium.com does not form part of this Prospectus.

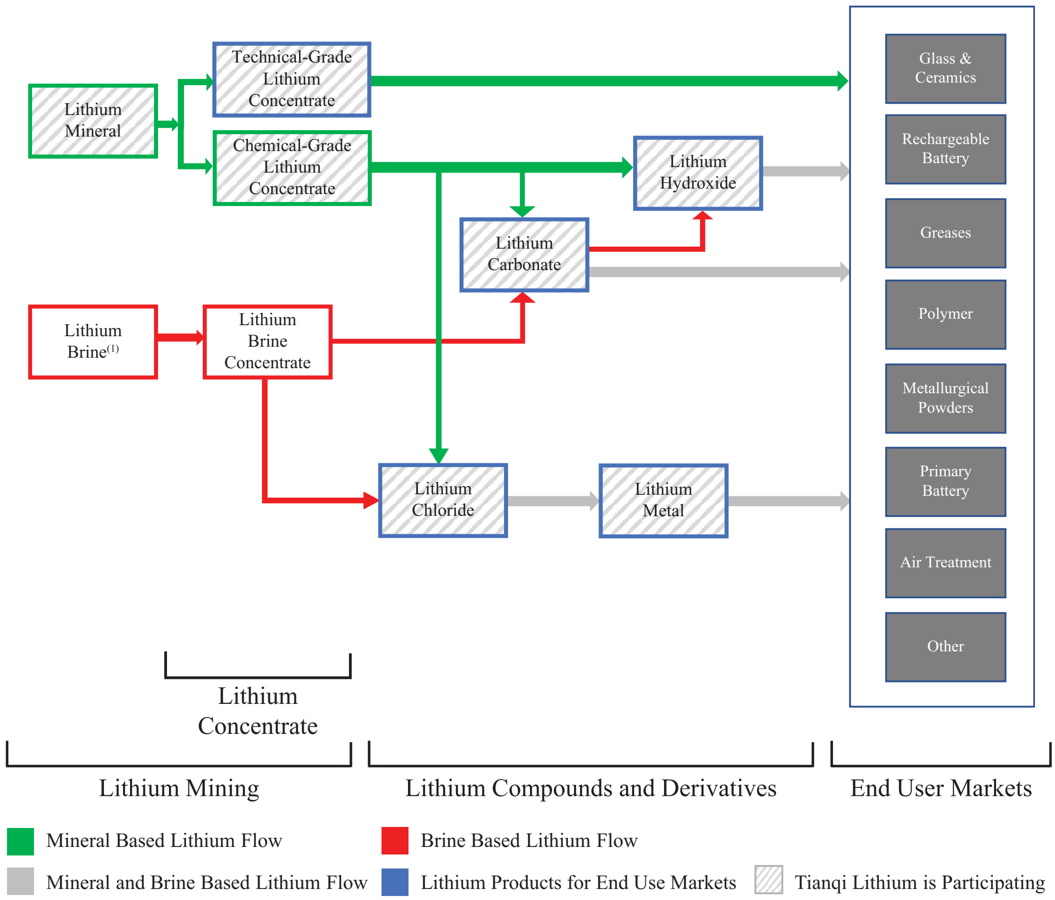
CONTENTS

This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified by its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment in the Offer Shares. We set out some of the particular risks in investing in the Offer Shares in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading lithium producer in China and globally, and have been listed on the Shenzhen Stock Exchange since August 31, 2010 (stock code: 002466). We own and mine lithium minerals in Australia and produce lithium compounds and derivatives in China. We have not conducted any mining activities in China during the Track Record Period. One of our subsidiaries is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%, and we ranked third in terms of revenue generated from lithium in 2021, according to the Wood Mackenzie Report. We are also the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, with a market share of 7% and 12%, respectively, according to the same source. We are well-positioned to capitalize on the new energy revolution globally, particularly in the EV and energy storage sectors. We are the only lithium producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates, according to the Wood Mackenzie Report. We operate in critical stages of the lithium value chain, including (i) mining of lithium ore and manufacturing of lithium concentrate, and (ii) manufacturing of lithium compounds and derivatives. By leveraging the high-quality and low-cost lithium concentrate from the Greenbushes Mine, we are able to achieve self-sufficiency in lithium raw materials for efficient manufacturing of high-quality lithium compounds and derivatives. The diagram below illustrates our integrated business model and the interconnections between our production processes.



Note:

(1) We gain exposure through our equity investment in SQM.

Our products are primarily divided into two categories, (i) lithium concentrate products and (ii) lithium compounds and derivatives products. Lithium concentrate products include chemical grade and technical grade lithium concentrate, whereas lithium compounds and derivatives products include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. Our products are widely used in a number of end markets, mainly including EV, energy storage system, aircraft, ceramics and glass. We are a market leader in a number of products globally. For example, according to the Wood Mackenzie Report, we are the world's second largest supplier of battery-grade lithium carbonate, and the world's top ten supplier in battery-grade lithium hydroxide, as measured by production in 2021.

Our Business Segments

Our revenue are generated from two business segments, namely (i) sales of lithium compounds and derivatives and (ii) sales of lithium concentrates. The following table sets forth a breakdown of our total revenue by business segments, each expressed in an absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	2,902.3	60.3	1,735.3	54.0	4,960.2	65.3
Sales of lithium concentrates	1,914.1	39.7	1,479.9	46.0	2,637.7	34.7
Total Revenue	**4,816.4**	**100.0**	**3,215.2**	**100.0**	**7,597.9**	**100.0**

The following table sets forth a breakdown of our revenue from manufacturing and sales of lithium compounds and derivatives by product type, each expressed as an absolute amount and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
	(RMB in millions, except for percentage)					
Lithium carbonate	2,107.2	72.7	1,082.9	62.3	3,849.5	77.6
Lithium hydroxide	403.9	13.9	322.8	18.6	639.9	12.9
Lithium chloride(1)	33.1	1.1	53.2	3.1	82.5	1.7
Lithium metal	319.1	11.0	240.6	13.9	326.6	6.6
Others(2)	39.0	1.3	35.8	2.1	61.7	1.2
Total lithium compounds and derivatives	**2,902.3**	**100.0**	**1,735.3**	**100.0**	**4,960.2**	**100.0**

Notes:

(1) Majority of the lithium chloride we produced is consumed internally for manufacture of lithium metal.

(2) Others primarily include sodium sulfate, sodium hypochlorite and mineral ash and slag.

The following table sets forth a breakdown of our cost of sales by business segment, expressed as an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	1,521.1	71.8	1,333.1	70.6	1,908.0	65.6
Sales of lithium concentrate	598.0	28.2	555.1	29.4	1,002.0	34.4
Total cost of sales	**2,119.1**	**100.0**	**1,888.2**	**100.0**	**2,910.0**	**100.0**

The following table sets forth a breakdown of our cost of sales attributable to our sales of lithium compounds and derivatives business by the type of cost incurred, expressed as an absolute amount and as a percentage of our production cost attributable to our sales of lithium compounds and derivatives business, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Lithium concentrate	577.1	38.5	425.4	35.3	693.6	37.1
Other raw materials	207.2	13.8	160.8	13.3	284.1	15.1
Utilities	243.7	16.3	203.7	16.9	220.2	11.7
Depreciation	157.3	10.5	161.2	13.4	159.4	8.5
Overhead	191.3	12.8	157.7	13.1	393.0	20.9
Labor	120.9	8.1	96.2	8.0	125.8	6.7
Total production cost attributable to production of lithium compounds and derivatives	**1,497.5**	**100.0**	**1,205.0**	**100.0**	**1,876.1**	**100.0**
Inventory movement	23.6		128.1		31.9	
Total cost of sales attributable to sales of lithium compounds and derivatives	**1,521.1**		**1,333.1**		**1,908.0**	

The following table sets forth a breakdown of our cost of sales attributable to our sales of lithium concentrate business by the type of cost incurred, expressed as an absolute amount and as a percentage of our production cost attributable to our sales of lithium concentrate business, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Processing	431.6	33.6	305.2	34.1	415.9	27.0
Mining	359.5	28.0	213.1	23.8	284.1	18.4
Royalties	203.2	15.8	84.1	9.4	388.4	25.2
Depreciation and amortization	126.6	9.9	156.1	17.5	255.5	16.6
Transportation	91.2	7.1	63.9	7.1	96.4	6.3
Mine administration	72.2	5.6	72.1	8.1	101.2	6.5
Total production cost attributable to sales of lithium concentrate	**1,284.3**	**100.0**	**894.5**	**100.0**	**1,541.5**	**100.0**
Shipping cost	143.2		53.2		172.2	
Inventory movement	(252.4)		32.8		(18.1)	
Less: Lithium concentrate used for lithium compounds and derivatives production	(577.1)		(425.4)		(693.6)	
Total cost of sales attributable to sales of lithium concentrate	**598.0**		**555.1**		**1,002.0**	

The following table sets forth a breakdown of our gross profit and gross profit margin by business segments, for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	1,381.2	47.6	402.2	23.2	3,052.2	61.5
Sales of lithium concentrates	1,316.1	68.8	924.8	62.5	1,635.7	62.0
Total Gross Profit	**2,697.3**	**56.0**	**1,327.0**	**41.3**	**4,687.9**	**61.7**

The following table sets forth our sales volume and average selling price of each business segment for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(ton)	(RMB in thousands /ton)	(ton)	(RMB in thousands /ton)	(ton)	(RMB in thousands /ton)
Sales of lithium compounds and derivatives	40,847.9	71.0	35,701.0	48.6	47,710.9	104.0
Sales of lithium concentrates	345,506.9	5.5	352,746.8	4.2	551,190.0	4.8

The fluctuation in the sales volume of our lithium compounds and derivatives during the Track Record Period was primarily driven by adjustments to production volume and fluctuations in market demand. The average selling price of our lithium compounds and derivatives experienced significant volatility during the Track Record Period and up to the Latest Practicable Date. The fluctuation in the average selling price of our lithium compounds and derivatives during the Track Record Period was generally in line with the market prices that we used as benchmarks to price our own products. We do not have any hedging policy to hedge the risk of selling price volatility.

The sales volume of our lithium concentrates stayed relatively stable in 2019 and 2020. The sales volume of our lithium concentrates increased from 352,746.8 tons in the year ended December 31, 2020 to 551,190.0 tons in the year ended December 31, 2021, primarily due to increased orders from both shareholders of Windfield, which was in turn driven by increased market demand for lithium products. The average selling price of our lithium concentrates during the Track Record Period was generally in line with the market prices that we used as benchmarks to price our own products during the same period.

Our Lithium Resources Assets

We currently own two lithium resources assets, namely the Greenbushes Mine in Australia and the Yajiang Cuola Mine in China. The Greenbushes Mine is currently in operation, and the Yajiang Cuola Mine lithium resources asset is held for future development. As of the Latest Practicable Date, we held a total of 18 valid mining and related ancillary permits and licenses in China and Australia, collectively covering a total area of 10,336.7 hectares. In addition, we held an exploration license which covers an area of two blocks (one block = one graticule which is one minute of latitude by one minute of longitude). See “Business—Our Mining Permits” for more information. The following table sets forth our ownership percentages in the two mines and their respective acquisition time, locations, lithium resources or reserves amounts and grades as of December 31, 2021, according to the BDA Report.

Assets	Ownership	Acquisition time	Location	Type	Resources					Reserves			
					Measured (Mt LCE)[7]	Indicated (Mt LCE)[7]	Inferred (Mt LCE)[7]	Total (Mt LCE)[7]	Grade (lithium oxide)	Proved (Mt LCE)[8]	Probable (Mt LCE)[8]	Total (Mt LCE)[8]	Grade (lithium oxide)
Greenbushes Mine	26.01%[1]	May 2014	Greenbushes, Australia	Spodumene									
—Central Lode and Kapanga					0.04	10.3	2.7	13.1	1.6%[4]	0.04	8.2	8.3	2.0%[5]
—TSF1					—	0.5	0.1	0.6	1.3%[4]	—	0.4	0.4	1.4%[5]
Yajiang Cuola Mine	100%[2]	October 2008	Cuola, Yajiang, PRC	Spodumene	—	0.5	0.2	0.6	1.3%[6]	—[3]	—[3]	—[3]	—[3]

Notes:

(1) As of the Latest Practicable Date, we held a 51% equity interest in TLEA, which owned 51% of equity interest in Windfield. Talison is a wholly owned subsidiary of Windfield, and owns 100% equity interest in and holds the lithium mining titles at the Greenbushes Mine.

(2) We owned 100% equity interest in Yajiang Cuola Mine through our wholly owned subsidiary, Shenghe Lithium, as of the Latest Practicable Date.

(3) As of December 31, 2021, the lithium reserves were considered not defined for the Yajiang Cuola Mine under the JORC standards, according to the BDA Report.

(4) Lithium oxide grade for measured resources, indicated resources and inferred resources in the Central Lode and Kapanga were 3.2%, 1.8% and 1.0%, respectively, as of December 31, 2021. Lithium oxide grade for the indicated resources in the enriched zone and inferred resources in depleted zone of TSF1 were 1.5% and 0.8%, respectively, as of December 31, 2021.

(5) Lithium oxide grade for proven ore reserves and probable ore reserves in the Central Lode and Kapanga were 3.2% and 2.0%, respectively, as of December 31, 2021. Lithium oxide grade for probable reserves in the TSF1 was 1.4%, as of December 31, 2021.

(6) Lithium oxide grade for indicated resource and inferred resource of Yajiang Cuola Mine were 1.3% and 1.3%, respectively, as of December 31, 2021.

(7) Resources in the Central Lode and Kapanga areas of the Greenbushes Mine were based on a cut-off grade of 0.5% lithium oxide. Resources in TSF1 of the Greenbushes Mine were based on a cut-off grade of 0.7% lithium oxide. Resources in the Yajiang Cuola Mine were based on a cut-off grade of 0.5% lithium oxide. The cut-off grades on which our resources are based are in accordance with industry standard commonly used by experts for the same type of mines as the Greenbushes Mine and Yajiang Cuola Mine.

(8) Reserves in the Central Lode and Kapanga of the Greenbushes Mine were based on a block cut-off grade of 0.7% lithium oxide. Reserves in TSF1 of the Greenbushes Mine were based on a cut-off grade of 0.7% lithium oxide. The cut-off grades on which our reserves are based are in accordance with industry standards commonly used by experts for the same type of mine as the Greenbushes Mine.

Greenbushes Mine

We hold the lithium mining rights at the Greenbushes Mine through Talison. As of the Latest Practicable Date, we relied on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials.

With respect to the holding structure, as of the Latest Practicable Date, we held a 51% equity interest in TLEA, with the remaining 49% owned by IGO, a leading mining and exploration company listed on the Australian Securities Exchange. TLEA in turn owned 51% of equity interest in Windfield, with the remaining 49% owned by RT Lithium, an Independent Third Party save for its shareholding in Windfield. Talison is a wholly owned subsidiary of Windfield, and thus we indirectly hold a 26.01% equity interest in Talison.

The Greenbushes Mine was the world’s largest hard rock mine as measured by production volume and the size of reserves in 2021, according to the Wood Mackenzie Report. The Greenbushes Mine was also the lowest cost large-scale lithium mine in 2021, according to the Wood Mackenzie Report. The Greenbushes Mine is located in Greenbushes, approximately 250km south of Perth and

90km southeast of the port of Bunbury, Western Australia, a major bulk-handling port in the southwest of Western Australia.

According to the BDA Report, as of December 31, 2021, the remaining LoM of the Greenbushes Mine was estimated to be approximately 21 years based on the ore reserves on December 31, 2021, taking into consideration the expansion projects currently undertaken, planned and considered. The Greenbushes Mining Titles are subject to certain mining mortgages and caveats in relation to a corporate loan borrowed by our Australian subsidiaries.

The expiry dates of our mining leases for the Greenbushes Mine range from December 27, 2026 to September 27, 2036. Upon the expiry of current terms of our mining leases, the Western Australian Minister for Mines and Petroleum (the "**Minister**") will have the discretion to extend the leases for further periods (no more than 21 years each) subject to our compliance with the conditions in the leases. Although the Minister has the discretion to extend the term, their decision must be exercised reasonably. Furthermore, in March 2022, the Western Australian Department of Mines indicated in its discussions with us that the Minister will consider (i) whether the mining leases are in good standing and (ii) if the mining lease holder has been in compliance with the conditions when examining and considering the application for renewal. General conditions mainly include (i) requirements to incur expenditure on the mining leases in excess of a minimum amount per year; (ii) rehabilitation obligations in relation to disturbance to the land the subject of mining operations; (iii) an obligation to pay an annual rental fee; (iv) compliance with specified legislation relevant to the conducting of mining operations; (v) payment of royalties in accordance with the Mining Act 1978 (WA); and (vi) submitting annual reports in relation to project operations, environmental management and rehabilitation work. The expiry date of our exploration license is March 7, 2026. Upon the expiry of the current term of our exploration license, the Minister for Mines and Petroleum will have the discretion to extend the license for a term of five years and any subsequent renewal terms of two years if the Minister is satisfied that the exploration license is in good standing and a prescribed ground for extension of the exploration license exists. The prescribed grounds to renew an exploration license include (i) where an exploration program could not be completed or undertaken in certain circumstances; (ii) the land has been unworkable; or (iii) work already carried out justifies further exploration. If the Minister is satisfied that one or more of these grounds are met at the time of the renewal application, the term of the exploration licence will be renewed.

After due and careful review, the Directors are of the view that they do not foresee material obstacles for the extension of the mining leases of the Greenbushes Mine when renewals are required on the following basis: (i) as a common practice, if mining leases are in good standing, the Minister will generally grant an extension, and the Mining Titles Online Register maintained by the Western Australian Department of Mines indicated that all the mining leases held in connection with the Greenbushes Mine were in good standing in May 2022; and (ii) the Australian Legal Advisor is of the view that, to the best of its knowledge and subject to the mining leases being in good standing and there being appropriate grounds at the time for the relevant tenements to be renewed, there is no material legal impediment that would prevent the Company from being granted renewals of the mining leases. After due and careful review, the Directors are of the view that they do not foresee material obstacles for the extension of the exploration license of the Greenbushes Mine when renewals are required on the following basis: (i) as a common practice, if the exploration license is in good standing, the Minister will generally grant an extension, and the Mining Titles Online Register maintained by the Western Australian Department of Mines indicated that the exploration license held in connection with the Greenbushes Mine was in good standing in May 2022; (ii) to the best knowledge of the Directors, substantive work has been carried out in the Greenbushes Mine under the exploration license, which in the Directors' view may justify further exploration; and (iii) the Australian Legal Advisor is of the view that, to the best of its knowledge and subject to the exploration license being in good standing and there being appropriate grounds at the time for the relevant tenements to be renewed, there is no material legal impediment that would prevent the Company from being granted renewal of the exploration license. For more information about the relevant risks relating to the extension of the mining leases and the exploration license, see "Risk Factors—Risks Relating to Our Business—We currently rely on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials and we are exposed to risks and uncertainties in relation to this mine" and "Risk Factors—Risks Relating to Our Business—Failure to obtain or maintain required government permits, licenses and approvals for our mining and exploration activities or renewals thereof could materially and adversely affect our business, results of operations, financial position and growth prospects."

We are currently consulting with the ATO in respect of the tax treatment of the IGO Transaction to obtain certainty of the tax outcome. As this engagement process is in its early stages, the timeline for the conclusion of the ATO engagement is uncertain and outside of our control. After consulting with our tax advisor who is qualified to advise on the compliance status and the potential tax liability in relation to the IGO Transaction, we are of the view that (i) there has been no non-compliance with Australian tax laws as of the Latest Practicable Date in connection with the IGO Transaction, as no tax lodgments have been made for the year in which the IGO Transaction occurred and the application of Part IVA is at the discretion of the ATO, which has not been exercised as of the Latest Practicable Date, and (ii) if the ATO were to exercise its discretion to apply Part IVA, this would not result in non-compliance, and the assessed total tax liability could be up to A$167 million (before penalties and interest) based on what is considered to be the most likely counterfactual if Part IVA were to apply as of the Latest Practicable Date.

In addition, there have been heightened tensions in international economic relations recently, such as between China and Australia. As of the Latest Practicable Date, there had been no restrictions in China that materially and adversely affect the import of lithium raw materials from Australia, and as of the Latest Practical Date, we had not experienced any mining or trading restrictions on the lithium products that would have a material impact on our results of operations or financial condition. See "Risk Factors—Risks Relating To Our Business—Tensions in international economic relations, in particular between the U.S. and China and between Australia and China, respectively, may have an adverse effect on our business, financial condition and results of operation."

Yajiang Cuola Mine

We hold 100% equity interest in the Yajiang Cuola Mine through our wholly-owned subsidiary, Shenghe Lithium, and have obtained the mining license for the spodumene deposits in the Yajiang Cuola Mine in April 2012. According to the BDA Report, the Yajiang Cuola Mine is part of the larger Jiajika lithium mineralization district, which is believed to be the largest hard rock lithium mineralization district in China and Asia. The Yajiang Cuola Mine had approximately 632,000 tons LCE of lithium resources as of December 31, 2021, according to the BDA Report. Currently, we hold the Yajiang Cuola Mine as an important lithium asset for future development. Our mining license is valid until 2032 and is renewable subject to certain conditions. After due and careful review, the Directors are of the view that they do not foresee material obstacles for the renewal of the mining permit of the Yajiang Cuola Mine on the following basis: (i) the current term of the mining permit will not expire until 2032; (ii) the Company is able to fulfill the substantive conditions prescribed under the currently effective rules and regulations in all material respects, such as the full payment of prescribed fees, and the Directors do not foresee material obstacles to satisfy the procedural conditions thereunder, including the timely completion of prescribed renewal application; (iii) the Company closely monitors the legislative and regulatory development, so as to ensure that it could always meet the major renewal requirements; and (iv) the PRC Legal Advisor is of the view that, subject to the fulfillment of prescribed conditions, there is no material legal impediment that would prevent the Company from renewing the permit.

All the lithium operations in the Jiajika District, including the construction of our Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013, due to an alleged environmental incident related to a neighboring mine owned and constructed by a third party. The People's Government of Ganzi Tibetan Autonomous Prefecture published a regulatory guidance relating to the construction recommencement in a press release in 2019, which provided policy guidance for our business development in Ganzi, in particular, in relation to our development and construction at Yajiang Cuola Mine. We are conducting a feasibility study of recommencing the development and production of the Yajiang Cuola Mine, and expect to complete the feasibility study in the second half of 2022. We had spent approximately RMB150 million on the Yajiang Cuola Mine for cost incurred for mining rights and capital expenditure incurred for construction as of the Latest Practicable Date. We expect the construction will resume in the second half of 2022 and complete in 2025. We do not foresee any material impediments for recommencing the development and production pursuant to the regulatory guidance relating to the construction recommencement published in a press release by the People's Government of Ganzi Tibetan Autonomous Prefecture in 2019. See "Risk Factors—Risks Relating to Our Business—The development of our Yajiang Cuola Mine is currently on hold and we cannot assure you that the development of our Yajiang Cuola Mine will resume in the near future."

Mining, Exploration and Other Related Ancillary Permits

The following table sets forth details of our mining, exploration and other related ancillary permits as of the Latest Practicable Date:

Mines	Permit Type	Permit Holder (interest)	Area (hectare)	Permitted annual production volume (million tons)	Permit Number	Issuance Date	Expiry Date	Status
Greenbushes Mine	Mining Lease	Talison (100%)	968.9	—	M01/02	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999.6	—	M01/03	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	998.9	—	M01/04	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999.4	—	M01/05	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	984.1	—	M01/06	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	997.1	—	M01/07	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999	—	M01/08	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	997.3	—	M01/09	December 28, 1984	December 27, 2026	Valid

Mines	Permit Type	Permit Holder (interest)	Area (hectare)	Permitted annual production volume (million tons)	Permit Number	Issuance Date	Expiry Date	Status
	Mining Lease	Talison (100%)	999.6	—	M01/10	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	998.9	—	M01/11	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	18	—	M01/16	June 6, 1986	June 5, 2028	Valid
	Mining Lease	Talison (100%)	3	—	M01/18	September 28, 1994	September 27, 2036	Valid
	Mining Lease	Talison (100%)	70.4	—	M70/765	June 20, 1994	June 19, 2036	Valid
	Miscellaneous License	Talison (100%)	9.3	—	L01/01	March 19, 1986	December 27, 2026	Valid
	Miscellaneous Licence	Talison (100%)	66.3	—	L70/232	April 21, 2022	April 20, 2043	Valid
	General Purpose Lease	Talison (100%)	10	—	G01/01	November 17, 1986	June 5, 2028	Valid
	General Purpose Lease	Talison (100%)	10	—	G01/04	April 21, 2022	April 20, 2043	Valid
	Exploration License	Talison (100%)	—	—	E 70/5540	March 8, 2021	March 7, 2026	Valid
	General Purpose Lease (pending)	Talison (100%)	15.1	—	G70/267	—	—	Pending
	General Purpose Lease (pending)	Talison (100%)	32.1	—	G70/268	—	—	Pending
	Prospecting License (pending)	Talison (100%)	9.3	—	P 01/2	—	—	Pending
Yajiang Cuola Mine	Certificate of Mining	Shenghe Lithium (100%)	206.9	1.2	C510000201204 5210124005	April 6, 2012	April 6, 2032	Valid

For more details of our mining licenses and permits, see "Business—Our Mining Permits."

The following table sets forth the operating cash costs of the Greenbushes Mine for the periods indicated, according to the BDA Report:

Unit Operating Costs	For the year ended December 31, 2019	2020	2021
	(A$/t spodumene concentrate)		
Mining cost	103.5	113.7	82.5
Processing cost	116.3	104.1	96.6
General and administrative cost	19.5	25.1	22.0
Total Site Operating Cost[(1)]	**239.3**	**243.0**	**201.1**
Product transportation and marketing cost	24.6	22.3	21.0
Royalty	54.8	29.3	84.5
Total Operating Cash Cost	**318.6**	**294.5**	**306.5**

Note:

(1) The unit site operating costs increased by 2% in 2020, primarily because we reduced our production in 2020 in response to lithium market downturn and thus the unit fixed costs were higher. The unit site operating costs decreased in 2021, mainly because our production increased by over 60% in 2021 and thereby the unit fixed costs were lower.

Our Lithium Concentrate Processing Plants

The Greenbushes Mine has three plants for the processing of lithium ore into lithium concentrates, which are located adjacent to the open pit mining operation. The three plants, namely the Technical-Grade Plant ("**TGP**"), the Chemical-Grade Plant No. 1 ("**CGP1**") and the Chemical-Grade Plant No. 2 ("**CGP2**"), produce lithium concentrates containing a range of grades with varying iron impurity levels. Low iron technical-grade concentrates are produced at the TGP, and chemical-grade concentrates which contain higher levels of iron are produced at CGP1 and CGP2. Talison has completed commissioning of CGP2 and its associated crusher, CR2, which is in the ramp up stage. Total spodumene concentrate production capacity is expected to be approximately 1.34 million tons per annum on completion of the CGP2 ramp up and yield improvements, according to the BDA Report. CGP2 is expected to reach full production by the fourth quarter of 2022. For the year ended December 31, 2021, CGP1 processed around 1.83 million tons of ore, CGP2 processed around 1.39 million tons of ore, and the TGP processed around 0.35 million tons of ore, with total production of 0.95 million tons of technical- and chemical-grade concentrates, according to the BDA Report. The following table sets forth a summary of effective processing capacity and utilization rates for our processing plants at the Greenbushes Mine during the Track Record Period.

	For the year ended December 31,					
	2019		2020		2021	
	Effective Processing Capacity(1)	Utilization Rate(2)	Effective Processing Capacity(1)	Utilization Rate(2)	Effective Processing Capacity(1)	Utilization Rate(2)
	(tons of ore)	%	(tons of ore)	%	(tons of ore)	%
TGP	374,000	100	374,000	62	374,000	95
CGP1	1,820,000	91	1,820,000	77	1,820,000	101
CGP2	800,000	47	800,000	35	1,600,000	87

Notes:

(1) The effective processing capacity represents the average of each month's designed processing capacity multiplied by the number of months in actual processing.

(2) The utilization rate is calculated based on the actual output for the relevant period divided by the effective processing capacity for the relevant period.

Our Lithium Compounds and Derivatives Manufacturing Plants

We operate three lithium compounds and derivatives manufacturing plants in China, which are located in Shehong, Zhangjiagang and Tongliang. Located in Sichuan province, our Shehong Plant processes lithium concentrates supplied by the Greenbushes Mine to produce a variety of lithium compounds, predominantly lithium carbonate with smaller volumes of lithium hydroxides lithium chloride and lithium metal. As of the Latest Practicable Date, we had upgraded a number of production technologies and techniques at Shehong Plant, including the automation modification of production line, improvement of production techniques of lithium carbonate and lithium chloride, as well as improvements in environmental protection facilities, in order to increase our production capacity and production efficiency. Located in Jiangsu province, our Zhangjiagang Plant was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world, as of the Latest Practicable Date, according to the Wood Mackenzie Report. As of the Latest Practicable Date, we had upgraded a number of production technologies and techniques at Zhangjiagang Plant, including the optimization of utilization of raw materials as well as improvement of environment protection facilities, in order to increase our production capacity and production efficiency. Located in Chongqing, our Tongliang Plant focuses on the production of lithium metal products. As of the Latest Practicable Date, we were conducting comprehensive upgrades of our Tongliang Plant, including establishing the world's first lithium metal automatic production line designed to produce lithium metal products, and improving environmental protection facilities and production techniques. We have maintained consistently high utilization rates during the Track Record Period. The following table sets forth a summary of our annual effective production capacity and utilization rates for our manufacturing plants for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)
	(tons)	%	(tons)	%	(tons)	%
Shehong Plant	24,200	102	24,200	81	24,200	99
Zhangjiagang Plant	18,500	100	20,000	90	20,000	96
Tongliang Plant	600	84	600	76	600	84

Notes:

(1) The effective production capacity represents the average of each month's designed production capacity multiplied by the number of months in actual production. The effective production capacity is measured in tons.

(2) The utilization rate is calculated based on the actual output for the relevant period divided by the effective production capacity for the relevant period.

Our Industry and Market

The supply of mined lithium is dominated by five producers, with an aggregate market share of approximately 85% in terms of output in 2021, among which Albemarle, SQM, Ganfeng and our Company are the key players, according to the Wood Mackenzie Report. These four companies accounted for approximately 50% of the global supply of the refined lithium products, which include lithium compounds and lithium metal, in 2021, according to the Wood Mackenzie Report. According to the Wood Mackenzie Report, these four companies were also the top four lithium compound producers and we were the world's fourth largest and Asia's second largest lithium compound producer in 2021. For battery-grade lithium carbonate, the major producers include Albemarle, our Company, SQM, Nanshi Group and Ganfeng, with an aggregate market share of around 57% as measured by output in 2021, according to the Wood Mackenzie Report. For battery-grade lithium hydroxide products, the market is becoming increasingly competitive due to the increase in demand since 2015, and we are one of the world's top ten suppliers of battery-grade lithium hydroxide in terms of production output in 2021, according to the same source.

Through our subsidiary Talison, we hold lithium mining rights at the Greenbushes Mine, which was the largest lithium mining operation in the world as measured by spodumene concentrate output in 2021 and accounted for approximately 38% of the global lithium mining output in 2021, according to the Wood Mackenzie Report. We are the only producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates.

A number of entry barriers to the global lithium industry need to be considered. According to the Wood Mackenzie Report, key barriers to entry for companies in the lithium mining industry include high capital requirements, long development process, technological know-how, scarcity of quality resources, increasingly stringent environmental, social and corporate governance standards and political and environmental factors.

The global annual lithium demand is expected to increase at a CAGR of 15.4% from 2022 to 2026, reaching a total of 1.07 million tons LCE in 2026, according to the Wood Mackenzie Report. In particular, lithium demand from lithium-ion batteries for use as EV rechargeable batteries, one of our key end-markets, is estimated to grow at a CAGR of 21.2% from 2022 to 2026, reaching a total of 675.4 thousand tons LCE in 2026, according to the Wood Mackenzie Report. In addition, along with the global energy transition and "carbon neutrality" goals, energy storage system will also be one of the fastest growing end markets for the lithium industry in the next ten years. According to the Wood Mackenzie Report, the lithium demand for energy storage system is expected to grow at a CAGR of 11.6% from 2022 to 2026, reaching 59.0 thousand tons LCE by 2026. By leveraging our self-sufficiency in high-quality lithium raw materials, diversified product portfolio and advanced production capabilities, we are able to keep in step with the latest market developments and technological breakthroughs in the lithium-based new energy sectors.

Our Products and Customers

We sell our technical-grade lithium concentrates primarily to Albemarle Germany, an indirect shareholder of Talison through Windfield, and companies engaged in the glass, ceramics and porcelain industries, and our chemical-grade lithium concentrates primarily to Albemarle Germany. Our key customers for lithium compounds include battery material producers, glass production companies, manufacturers of pharmaceutical intermediaries and manufacturers of alloys for use in aircrafts. Our battery-grade lithium compound products accounted for 70.6%, 67.2% and 84.3% of our total revenue generated from the sales of lithium compounds and derivatives in 2019, 2020 and 2021, respectively. We expect that our sales will continue to be driven by the demand in the end markets we serve.

We have a stable customer base consisting of top-tier battery material manufacturers, multinational electronics companies and global glass producers. Our products are supplied to three of the five largest manufacturers of large-cell lithium-ion batteries in the world, as well as six of the ten largest cathode manufacturers in the world as measured by market share in 2021, according to the Wood Mackenzie Report. Certain of these customers were among our top ten customers during the Track Record Period. Please see "Business—Sales and Marketing—Customers" in this Prospectus for more information.

In 2019, 2020 and 2021, revenue generated from our largest customer, Albemarle and its related entities, amounted to RMB1,321.7 million, RMB1,041.1 million and RMB1,350.5 million, respectively, representing 27.4%, 32.4% and 17.8% of our total revenue, respectively. During the same periods, revenue generated from our five largest customers amounted to RMB2,456.4 million, RMB1,821.5 million and RMB3,781.7 million, respectively, representing 51.0%, 56.7% and 49.8% of our total revenue, respectively.

Our Suppliers and Contractors

We use suppliers and contractors to procure a wide range of goods and services, including utilities, energy, raw materials, mining operation services, construction services and other ancillary goods and services. For the years ended December 31, 2019, 2020 and 2021, purchases from our largest supplier amounted to RMB2,329.7 million, RMB225.4 million and RMB262.6 million, representing 41.9%, 9.9% and 8.6% of the total amount of purchases from our suppliers and contractors. During the same periods, purchases from our five largest suppliers and contractors amounted to RMB2,981.9 million, RMB635.5 million and RMB772.4 million, respectively, representing 53.7%, 28.1% and 25.2% of our total purchases, respectively. Please see "Business—Suppliers and Contractors" in this Prospectus for more information.

Our Research and Development Capabilities

As of the Latest Practicable Date, we had assembled a team of 38 employees in our research and development department in China and Australia dedicated to product development and technology advancement. Our core team comprises a group of experts with advanced degrees and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy and other scientific fields essential to the research and development of lithium products. We encourage open and constructive competition internally and pursue merit-based appointment of leaders for our research and development projects. Our research and development teams are located in Chengdu, Shehong, Zhangjiagang, Tongliang and Western Australia.

Our research and development costs decreased from RMB48.4 million in 2019 to RMB24.3 million in 2020, primarily attributable to (i) a decrease in the employee benefit expense, and (ii) a decrease in fees and expense paid in connection with our commissioned research and development project, due to the suspension of the aluminium silicate treatment commissioned research and development project of the first stage of the lithium hydroxide processing plant at Kwinana, Western Australia ("**LHPP1**") in 2020 because of the shrinking demand in 2019 and 2020 during the lithium market downturn. Our research and development costs further decreased to RMB18.9 million in 2021, primarily attributable to the decreased amortization of intangible assets due to the disposal of some patent rights in Chongqing Tianqi.

We place great importance on the creation, application, management and protection of our intellectual property rights. Through research and development, we have obtained various intellectual property rights that are material to our business. As of the Latest Practicable Date, we had a total of 166 authorized patents. See "Business—Intellectual Property" for details.

OUR COMPETITIVE STRENGTHS

We believe that the following strengths will contribute to our growth and differentiate us from our competitors:

- Leading lithium producer in China and globally
- Optimally positioned to capitalize on the fast development of end markets, especially in the EV and energy storage sectors, and particularly in China
- Strategic exposure to two of the world's large-scale, low-cost and high-grade lithium resources, and strategic holdings in high-quality reserve lithium assets
- Our 100% lithium concentrate self-sufficiency, sizable capability to produce a variety of end-products with consistency and quality, and advanced production technologies give us a cost advantage that leads to operational efficiencies, security and higher profitability
- Established leader in the global lithium industry that has built a stable customer base and a critical partner in the supply chain of many key battery and EV OEMs around the world

OUR STRATEGIES

To solidify our leadership position in the lithium producing industry, we intend to pursue the following strategies:

- Expand our mining operations to support our future business growth
- Further enhance our production capacity for lithium compounds and derivatives and enrich product offerings
- Establish various strategic partnerships with leading companies in the upstream and downstream of the value chain to fully capture the latest opportunities
- Continue to expand our global business and develop our global customer base
- Reinforce our R&D capabilities, enhance our know-how of the lithium battery value chain, and improve our core competitiveness

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in the section headed "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face relate to (i) market fluctuations of lithium prices; (ii) our reliance on the Greenbushes Mine; (iii) tension in international economic relations; (iv) net losses incurred in the past; (v) our indebtedness, particularly the substantial SQM Indebtedness which may decrease our business flexibility and adversely impact our financial results, and other financial risks; (vi) the market forces in the lithium industry, including the current and expected supply and demand dynamics of lithium; (vii) competition in the lithium industry; (viii) operational risks associated with our mining and production businesses; and (ix) new legislations or changes in the PRC regulatory requirements regarding the end markets of our products.

LISTING OF OUR A SHARES

We have been listed on the Shenzhen Stock Exchange since August 31, 2010 (stock code: 002466). As of the Latest Practicable Date, we had 1,477,099,383 A Shares in issue, all of which were listed and traded on the Shenzhen Stock Exchange.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2019, 2020 and 2021 as set forth in the Accountants' Report in Appendix I to this Prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial information as set forth in the Accountants' Report in Appendix I to this Prospectus, including the related notes.

Our consolidated financial information was prepared in accordance with IFRSs.

Summary Consolidated Statements of Profit or Loss

	For the year ended December 31		
	2019	2020	2021
	(RMB in millions)		
Revenue[1]	**4,816.4**	**3,215.2**	**7,597.9**
Cost of sales	(2,119.1)	(1,888.2)	(2,910.0)
Gross profit	**2,697.3**	**1,327.0**	**4,687.9**
Other net income/(loss)	350.5	(195.1)	478.6
Selling and distribution expenses	(22.5)	(20.5)	(20.5)
Administrative expenses	(432.7)	(414.7)	(478.1)
Research and development costs	(48.4)	(24.3)	(18.9)
(Provision)/reversal of impairment losses	(5,310.1)	(51.3)	1,652.4
(Loss)/Profit from operations	**(2,765.9)**	**621.1**	**6,301.4**
Finance costs	(2,045.5)	(1,835.6)	(1,474.8)
Share of profits less losses of associates	333.1	161.1	752.8
(Loss)/Profit before taxation	**(4,478.3)**	**(1,053.4)**	**5,579.4**
Income tax	(1,002.1)	(71.2)	(1,373.6)
(Loss)/Profit for the year	**(5,480.4)**	**(1,124.6)**	**4,205.8**
Attributable to:			
Equity shareholders of the Company	(5,981.4)	(1,830.9)	3,649.2
Non-controlling interests	501.0	706.3	556.6

Note:

(1) See "Summary—Overview—Our Business Segments" for a breakdown of our revenue by business segment.

The following table sets out a breakdown of our revenue by geographic region, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
China	3,527.4	73.2	2,473.1	76.9	6,578.9	86.6
Overseas	1,289.0	26.8	742.1	23.1	1,019.0	13.4
Total revenue	**4,816.4**	**100.0**	**3,215.2**	**100.0**	**7,597.9**	**100.0**

The following table sets forth a breakdown of our cost of sales by geographic location, expressed as an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
China	1,650.4	77.9	1,559.4	82.6	2,435.8	83.7
Overseas	468.7	22.1	328.8	17.4	474.2	16.3
Total cost of sales	**2,119.1**	**100.0**	**1,888.2**	**100.0**	**2,910.0**	**100.0**

The following table sets out a breakdown of our gross profit and gross profit margin by geographic location for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(RMB in millions, except for percentage)					
China	1,877.0	53.2	913.7	36.9	4,143.1	63.0
Overseas	820.3	63.6	413.3	55.7	544.8	53.5
Total	**2,697.3**	**56.0**	**1,327.0**	**41.3**	**4,687.9**	**61.7**

Fluctuations in our gross profit margin attributable to China were primarily driven by fluctuations in the average selling price of our lithium compounds and derivatives products in China in line with prevailing market prices.

Gross profit margin attributable to sales to overseas decreased in 2020, primarily driven by decreases in the average selling price of our lithium concentrates in overseas markets in line with prevailing market prices. Gross profit margin attributable to sales to overseas further decreased to 53.5% in 2021, primarily driven by (i) slower increase in selling prices of our lithium compounds and derivatives sold under long-term contracts overseas which were less responsive to the market prices volatilities, as compared to faster increase of cost in sales attributable to overseas; and (ii) slower increase of selling price of our lithium concentrate overseas which was updated every six months, and this was offset by increased production cost.

Our net losses decreased to RMB1,124.6 million for the year ended December 31, 2020, mainly due to decreased impairment loss we recognized in connection with our shareholding in SQM in 2019. We incurred a net profit of RMB4,205.8 million for the year ended December 31, 2021, primarily driven by our increased revenue and gross profit margin and reversal of impairment losses for the same period in 2021.

Summary Consolidated Statements of Financial Position Data

The following table sets forth summary information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report in Appendix I to this Prospectus:

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
ASSET			
Non-current assets			
Property, plant and equipment	13,720.3	14,503.6	13,734.4
Intangible assets	165.0	131.3	118.8
Goodwill	416.1	416.1	416.1
Interests in associates	25,087.9	23,400.6	24,120.8
Interests in a joint venture	65.0	64.5	112.8
Financial assets measured at fair value	50.4	50.4	695.6
Derivative financial instruments	232.5	—	—
Deferred tax assets	524.9	866.5	115.6
Restricted deposits	11.8	12.1	11.2

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Other non-current assets	0.8	0.8	22.6
Total non-current assets	**40,274.7**	**39,445.9**	**39,347.9**
Current assets			
Inventories	917.0	851.0	871.8
Trade and other receivables	1,024.4	891.8	3,369.5
Financial assets measured at fair value	10.0	—	—
Prepaid tax	12.1	117.0	235.3
Derivative financial instruments	0.3	—	—
Restricted deposits	496.3	193.8	209.8
Cash and cash equivalents	3,930.9	788.2	1,766.1
Total current assets	**6,391.0**	**2,841.8**	**6,452.5**
Total assets	**46,665.7**	**42,287.7**	**45,800.4**
LIABILITIES			
Current liabilities			
Trade and other payables	1,942.0	2,039.4	1,536.1
Derivative financial instruments	—	65.6	388.4
Contract liabilities	172.3	158.1	164.5
Bank loans and other borrowings	19,537.1	23,823.2	9,762.5
Lease liabilities	11.9	43.7	48.9
Deferred income	4.2	3.9	6.1
Current taxation	541.1	230.3	686.9
Total current liabilities	**22,208.6**	**26,364.2**	**12,593.4**
Net current liabilities	**(15,817.6)**	**(23,522.4)**	**(6,140.9)**
Total assets less current liabilities	**24,457.1**	**15,923.5**	**33,207.0**
Non-current liabilities			
Bank loans and other borrowings	14,326.0	6,329.4	11,800.2
Deferred income	71.0	70.1	66.5
Deferred tax liabilities	555.1	993.2	978.5
Lease liabilities	201.3	246.0	200.4
Derivative financial instruments	46.7	424.8	—
Provision	321.7	403.4	335.3
Other non-current liabilities	29.1	29.0	33.1
Total non-current liabilities	**15,550.9**	**8,495.9**	**13,414.0**
NET ASSETS	**8,906.2**	**7,427.6**	**19,793.0**
CAPITAL AND RESERVES			
Share capital	1,477.1	1,477.1	1,477.1
Reserves	5,482.7	3,724.3	12,880.0
Total equity attributable to equity shareholders of the Company	6,959.8	5,201.4	14,357.1
Non-controlling interests	1,946.4	2,226.2	5,435.9
TOTAL EQUITY	**8,906.2**	**7,427.6**	**19,793.0**

Our net assets decreased from RMB8,906.2 million as of December 31, 2019 to RMB7,427.6 million as of December 31, 2020, mainly due to the losses incurred in 2020 during the market downturn. Our net assets increased to RMB19,793.0 million as of December 31, 2021, primarily due to increased earnings under the strong lithium market and issuance of shares of a subsidiary to a non-controlling shareholder in 2021.

Our net current liabilities increased from RMB15,817.6 million as of December 31, 2019 to RMB23,522.4 million as of December 31, 2020, primarily due to our decreased cash and cash equivalents and restricted deposits, and increased current bank loans and other borrowings. Our net current liabilities decreased to RMB6,140.9 million as of December 31, 2021, primarily due to (i) the increase in cash and cash equivalents as well as the increase in trade and other receivables in line with our increased revenue, (ii) the decrease in current bank loans and other borrowings resulting from the modification of the SQM Indebtedness, and (iii) the decrease in trade and other payables.

During the Track Record Period, we conducted the following measures to improve our net current liabilities position: (i) delayed some of the capital expenditure. For example, we suspended construction of the Kwinana Plant and Phase I of the Anju Plant in 2019; (ii) completed the IGO Transaction and repaid part of the syndicated loan using the transaction proceeds; (iii) reached an agreement with the banks on the syndicated loan amendment, including extension of the maturity dates, and adjustments of the interest rate and interest period; and (iv) improved the turnovers of the receivables and inventories to manage the working capital more efficiently. We intend to continue to improve our net current liabilities position through (i) maintaining a stable cash flow from operations, for example, we recorded net cash generated from operating activities of RMB3,642.3 million for the three months ended March 31, 2022; (ii) improving working capital sufficiency; and (iii) optimizing debt structure by exploring long-term financing options and reducing short-term borrowings.

Summary Consolidated Statements of Cash Flows Data

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Net cash generated from operating activities	2,046.9	915.8	2,233.0
Net cash used in investing activities	(3,338.0)	(520.5)	(65.2)
Net cash generated from / (used in) financing activities	4,003.3	(3,508.0)	(1,147.9)
Net increase / (decrease) in cash and cash equivalents	**2,712.2**	**(3,112.7)**	**1,019.9**
Cash and cash equivalents at January 1	1,201.7	3,930.9	788.2
Effect of foreign exchange rate changes	17.0	(30.0)	(42.0)
Cash and cash equivalents at December 31	**3,930.9**	**788.2**	**1,766.1**

MAJOR FINANCIAL RATIOS

The following table sets forth a summary of our major financial ratios as of the dates or for the periods indicated.

	As of and for the year ended December 31,		
	2019	2020	2021
Profitability:			
Gross profit margin	56.0%	41.3%	61.7%
Net profit margin	(113.8%)	(35.0%)	55.4%
Rates of return:			
Return on assets[(1)]	(11.7%)	(2.7%)	9.2%
Return on equity[(2)]	(61.5%)	(15.1%)	21.2%
Liquidity:			
Current ratio[(3)]	28.8%	10.8%	51.2%
Quick ratio[(4)]	24.6%	7.6%	44.3%
Gearing ratio[(5)]	382.6%	409.9%	110.2%

Notes:

(1) Return on assets ratio is calculated using net profit/loss divided by total assets at the end of the year, multiplied by 100%.

(2) Return on equity ratio is calculated using net profit/loss divided by total equity at the end of the year, multiplied by 100%.

(3) Current ratio is calculated using total current assets divided by total current liabilities.

(4) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(5) Gearing ratio is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity.

DIVIDEND POLICY

Our Articles of Association require us to distribute cash dividends of no less than 30% of the average annual distributable profit under the PRC GAAP in any rolling three-year period, subject to significant investment or capital expenditure plans and working capital requirements. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

We did not declare any dividends in relation to our operations during the Track Record Period. We paid dividends of RMB205.6 million, nil and nil to our ordinary equity shareholders in 2019, 2020 and 2021, respectively.

CONNECTED TRANSACTIONS

We have applied to the Stock Exchange for waivers for certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules. With respect to the Albemarle Agreements (as defined below), we have applied for (i) a waiver from strict compliance with the announcement requirement under Rule 14A.105 of the Listing Rules, and (ii) a waiver from strict compliance with Rule 14A.53(1) of the Listing Rules such that no annual cap expressed in monetary terms is required for the Albemarle Agreements.

Please refer to the sections headed "Waivers from Strict Compliance with the Listing Rules" and "Connected Transactions—Non-Exempted Continuing Connected Transactions Subject to Reporting and Announcement Requirements" for further details.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), our Company will be owned as to 25.37% by Tianqi Group Company, which in turn is owned as to 90% by Mr. Jiang Weiping and as to 10% by Ms. Jiang Anqi. Ms. Zhang Jing, the spouse of Mr. Jiang Weiping will also directly hold 4.18% of the total issued share capital of our Company. As such, Tianqi Group Company, Mr. Jiang Weiping, Ms. Zhang Jing and Ms. Jiang Anqi will continue to hold approximately 29.55% of the total issued share capital of our Company immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Therefore, they will remain as our Single Largest Group of Shareholders upon listing. See the section headed "Relationship with Our Single Largest Group of Shareholders" for further details about our Single Largest Group of Shareholders.

RECENT DEVELOPMENTS

Summary of Financial Performance and Financial Position for the Three Months ended March 31, 2022

As required by the Shenzhen Stock Exchange listing rules, we published our quarterly report on April 30, 2022, containing our unaudited consolidated financial statements as of and for the three months ended March 31, 2022, prepared under the PRC GAAP. We have included our unaudited interim financial report prepared in accordance with IAS 34 as of and for the three months ended March 31, 2022 in Appendix II to this Prospectus. Our unaudited consolidated financial statements have been reviewed by the Reporting Accountants in accordance with Hong Kong Standard on Review Engagements 2410.

Summary Consolidated Statements of Profit or Loss

The table below sets forth our condensed consolidated statements of profit or loss for the periods indicated:

	For the three months ended March 31,	
	2021	2022
	(RMB in thousands)	
Revenue	899,632	5,213,142
Cost of sales	(490,925)	(772,177)
Gross profit	408,707	4,440,965
Other net income/(loss)	(171,578)	495,307
Selling and distribution expenses	(4,242)	(5,814)
Administrative expenses	(91,222)	(138,141)
Research and development costs	(5,492)	(5,682)
(Provision for)/reversal of impairment losses	193	(5,976)
Profit/(loss) from operations	136,366	4,780,659
Finance costs	(345,241)	(280,208)
Share of profits less losses of associates	66,124	1,178,217
Profit/(loss) before taxation	(142,751)	5,678,668
Income tax	(37,711)	(1,115,051)
Profit/(loss) for the period	(180,462)	4,563,617
Attributable to:		
Equity shareholders of the Company	(246,408)	3,955,913
Non-controlling interests	65,946	607,704

Our revenue significantly increased from RMB899.6 million for the three months ended March 31, 2021 to RMB5,213.1 million for the three months ended March 31, 2022, primarily attributable to the increased revenue generated from sales of both lithium compounds and derivatives and lithium concentrate segments, which were mainly driven by increased average selling prices of both segments and the increased sales volume of lithium concentrate. The average selling price of lithium compounds and derivatives increased significantly from RMB59,280.9 per ton for the three months ended March 31, 2021 to RMB326,525.4 per ton for the three months ended March 31, 2022, and the average selling price of lithium concentrates increased from RMB3,451.3 per ton to RMB11,576.5 per ton during the same period. The sales volume of lithium concentrates increased from 97,160 tons for the three months ended March 31, 2021 to 168,841 tons for the three months ended March 31, 2022.

Our cost of sales increased from RMB490.9 million for the three months ended March 31, 2021 to RMB772.2 million for the three months ended March 31, 2022, which was mainly in line with the increase of our sales volume. Despite of the increase in our cost of sales for the three months ended March 31, 2022, the average production cost of our lithium compounds and derivatives remained relatively stable and less affected by the price change of the upstream raw materials, due to our self-sufficiency in lithium raw materials for efficient manufacturing of lithium compounds and derivatives. The average production cost of our lithium concentrate increased mainly due to the increase in the minerals resource rent tax in Australia, in line with the increase in the average selling price of lithium concentrate.

Our gross profit significantly increased from RMB408.7 million for the three months ended March 31, 2021 to RMB4,441.0 million for the three months ended March 31, 2022, which was primarily due to the increased average selling prices of both lithium compounds and derivatives and lithium concentrate, as well as the increase in sales volume of lithium concentrate. The increases in the average selling price and sales volume of lithium concentrates were primarily driven by the increased prevailing market price and market demand. Our gross profit margin increased from 45.4% for the three months ended March 31, 2021 to 85.2% for the three months ended March 31, 2022. The increase in our gross profit margin was primarily due to (i) the significant increase in the average selling prices of our lithium compounds and derivatives and lithium concentrates, which was in line with the respective increased prevailing market prices, and (ii) a relatively stable average production cost of our lithium compounds and derivatives, partially offset by the increased average production cost of our lithium concentrates.

Our other income for the three months ended March 31, 2022 was affected by the gains on deemed disposal of an associate as a result of the listing of Solid Energy System Corporation. See note 10 to the unaudited interim financial information included in Appendix II to this Prospectus issued by the reporting accountants.

During the three months ended March 31, 2022, our impairment losses of RMB6.0 million were recognized due to the increase of our trade receivables from RMB657.5 million as of December 31, 2021 to RMB1,745.8 million as of March 31, 2022, which was in line with the increase of our revenue. Our impairment losses recognized represented the provision of the expected credit losses for our trade receivables in accordance with the accounting policy. Please see "Financial Information— Critical Accounting Policies and Estimates—Credit Losses and Impairment of Assets—Credit losses from financial instruments" for details.

As a result of the foregoing, we recorded net profit of RMB4,563.6 million for the three months ended March 31, 2022, as compared to a net loss of RMB180.5 million for the three months ended March 31, 2021.

Summary Consolidated Statements of Financial Position Data

The table below sets forth summary information from our consolidated statement of financial position as of the dates indicated:

	As of December 31, 2021	As of March 31, 2022
	(RMB in thousands)	
Non-current assets		
Property, plant and equipment	13,734,405	14,228,350
Intangible assets	118,811	122,159
Goodwill	416,101	416,101
Interests in associates	24,120,755	24,353,259
Interests in a joint venture	112,810	122,085
Financial assets measured at fair value	695,617	2,281,937
Deferred tax assets	115,568	195,417
Restricted deposits	11,157	11,499
Other non-current assets	22,572	36,468
	39,347,796	41,767,275
Current assets		
Inventories	871,756	1,109,373
Trade and other receivables	3,369,533	3,399,493
Prepaid tax	235,299	234,947
Restricted deposits	209,828	248,748
Cash and cash equivalents	1,766,096	2,225,533
	6,452,512	7,218,094
Current liabilities		
Trade and other payables	1,536,113	1,604,120
Derivative financial instruments	388,401	876,211
Contract liabilities	164,475	321,320
Bank loans and other borrowings	9,762,521	6,676,325
Lease liabilities	48,940	53,213
Deferred income	6,093	6,094
Current taxation	686,872	1,212,050
	12,593,415	10,749,333
Net current liabilities	(6,140,903)	(3,531,239)
Total assets less current liabilities	33,206,893	38,236,036
Non-current liabilities		
Bank loans and other borrowings	11,800,154	11,843,503
Deferred income	66,477	65,580
Deferred tax liabilities	978,520	1,012,159
Lease liabilities	200,442	207,762
Provision	335,270	311,168
Other non-current liabilities	33,078	36,074
	13,413,941	13,476,246
NET ASSETS	19,792,952	24,759,790
CAPITAL AND RESERVES		
Share capital	1,477,099	1,477,099
Reserves	12,879,967	17,297,467
Total equity attributable to equity shareholders of the Company	14,357,066	18,774,566
Non-controlling interests	5,435,886	5,985,224
TOTAL EQUITY	19,792,952	24,759,790

Our net current liabilities decreased significantly from RMB6,140.9 million as of December 31, 2021 to RMB3,531.2 million as of March 31, 2022. Our net assets increased from RMB19,793.0 million as of December 31, 2021 to RMB24,759.8 million as of March 31, 2022, which was mainly due to the net profit of RMB4,563.6 million for the three months ended March 31, 2022.

Selected Items of Condensed Consolidated Statements of Cash Flows Data

The table below sets forth selected information from our condensed consolidated statements of cash flows for the periods indicated:

	For the three months ended March 31,	
	2021	2022
	(RMB in thousands)	
Net cash generated from operating activities	341,616	3,642,310
Net cash used in investing activities	(99,517)	(292,146)
Net cash used in financing activities	(66,892)	(2,923,206)
Net increase in cash and cash equivalents	**175,207**	**426,958**
Cash and cash equivalents at January 1	788,206	1,766,096
Effect of foreign exchange rate changes	7,946	32,479
Cash and cash equivalents at March 31	**971,359**	**2,225,533**

We recorded net cash generated from operating activities of RMB3,642.3 million for the three months ended March 31, 2022, which was primarily attributable to the increase of our profit before taxation to RMB5,678.7 million resulting from the increase of the selling price of the lithium products.

We expect the average selling prices and sales volume of our lithium products to increase for the first six months ending June 30, 2022 compared to the same period last year, thus leading to expected increase in our revenue for the first six months ending June 30, 2022 compared to the same period last year. Our actual results may differ due to the completion of our financial closing procedures and other developments that may arise between the date of this Prospectus and the time the financial results for the first six months ending June 30, 2022 are finalized.

COVID-19 Pandemic

In response to the spread of the COVID-19 virus, including variants and mutant strains, such as the recently detected Delta and Omicron variants, the PRC government and governments in other countries where we have established operations implemented numerous measures, including travel bans and restrictions, quarantines, stay-at-home orders and shutdowns. We took a series of measures in response to the outbreak to protect our employees in compliance with governments' measures, including, temporary closure of our offices, remote working arrangements for our employees, and travel restrictions or suspension. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic in the first quarter of 2020, we experienced temporary disruptions to our supply chain and logistics operations. At our Shehong Plant, the supply of raw materials was temporarily delayed due to restrictions on transportation and logistics imposed by local government on January 29, 2020. The normal supply of raw materials resumed on February 24, 2020 as the Shehong Plant implemented various measures, including special logistics arrangements. Our other manufacturing facilities were not affected by the COVID-19 pandemic.

The economic slow-down and regional lock-down resulting from the COVID-19 pandemic, negatively impacted our business and results of operations in 2020. Between 2019 and 2020, market prices for lithium products experienced a steady decrease, primarily as a result of slowdown in global economy and decreased sales volume in our end-users, attributing to the decreased market demand. Our revenue decreased from RMB4,816.4 million for the year ended December 31, 2019 to RMB3,215.2 million for the year ended December 31, 2020.

Since the second quarter of 2020, many of the quarantine measures within China have been relaxed, with sporadic resurgence of the pandemic in different regions. We witnessed a growth in our revenue from RMB3,215.2 million in 2020 to RMB7,597.9 million in 2021.

Since January 1, 2022, certain areas across the PRC have suffered from some regional outbreaks of COVID-19 variants including Delta and Omicron variants. In response, local governments in the affected areas imposed various restrictions on business and social activities, including city lockdowns, restrictions on travel and emergency quarantines. We have not experienced any material operating difficulties, labor shortages, supply chain disruptions or order cancellations due to the recent recurrence of COVID-19. In addition, our business and revenue have continued to grow. Our revenue increased significantly from RMB899.6 million for the three months ended March 31, 2021 to RMB5,213.1 million for the three months ended March 31, 2022. Although our operations have not been directly affected by the COVID-19 pandemic, we are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business, results of operations and financial condition. As the COVID-19 pandemic remains an evolving situation, there is great uncertainty as to the development of the disease.

We believe the impact on demand growth, our sales volumes and our average selling prices will depend on the duration of the COVID-19 pandemic in the regions where we operate, the efficiency of the measures implemented to contain the spread of the COVID-19 pandemic and relevant fiscal incentives that may be implemented to promote economic recovery. While we have resumed business operations, there remain significant uncertainties surrounding the COVID-19 pandemic and its further development. In the event of the resurgence of the COVID-19 pandemic, governments may re-impose or implement strengthened measures to combat it, which may impact our business and operations, our results of operations, financial condition, cash flow and liquidity in the future.

Investment in SQM

In May 2018, we entered into the SQM Share Purchase Agreement with Nutrien, pursuant to which we agreed to purchase and Nutrien agreed to sell 62,556,568 Series A shares in SQM at a consideration of approximately US$4.07 billion. As of the Latest Practicable Date, we held an approximately 22.78% equity interest in and are the second largest shareholder of SQM.

We sought to broaden our network in the manufacture and sales of lithium products by investing in SQM, which has generated consistent and attractive benefits to us both financially and strategically. From financial perspective, SQM has provided consistent dividend payouts to us. During the years ended December 31, 2019, 2020 and 2021, we received cash dividends of US$79.6 million, US$51.4 million and US$124.0 million from SQM, respectively. From strategic perspective, we believe that our investment in SQM will strengthen our ability to capitalize on the strong growth prospects of the lithium-ion battery and EV markets. We view our investment in SQM as strategic investment considering (i) SQM as the largest lithium compounds producer from brine as measured by production output in 2021, according to the Wood Mackenzie Report; and (ii) our right to nominate three out of eight board seats. The investment in SQM will also enable us to financially benefit from

SQM's operations. Therefore, we believe our investment in SQM will generate long-term value and can help create future cooperation opportunities.

We do not have access to SQM's lithium brine resources, and we have no previous experience in dealing with lithium brine as resources. In addition, we do not have any offtake agreements or any other arrangements with SQM with respect to its lithium resources.

SQM Indebtedness

In addition to our cash on hand, we financed the consideration for the SQM Transaction through bank borrowings incurred under two syndicated facility agreements with aggregate term loan facilities of US$3.5 billion. On April 1, 2022, we and the lenders under the Facility Agreements entered into an amendment deed, pursuant to which the lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the release of the obligations under the Shareholder Guarantee and termination of subordination of Shareholder Loans upon the satisfaction of certain conditions such as the completion of our Listing and partial repayment of the Facilities. As of June 10, 2022, the outstanding principal amount of SQM Indebtedness totaled approximately US$1.13 billion, which is expected to be fully repaid using the IPO proceeds.

Under the facility agreements of the SQM Indebtedness, we are subject to information undertakings, certain general customary covenants with certain permitted exceptions and a number of restrictive covenants on certain financial ratios. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant restrictive covenants under the facility agreements of the SQM Indebtedness. The substantial SQM Indebtedness may decrease our business flexibility and adversely impact our financial results.

Tianqi Extrajudicial Agreement with the FNE

Considering the possible impact of concentration of the operators after the SQM transaction, the Chilean antitrust regulator, the Chilean National Economic Prosecutor's Office (the "**FNE**"), initiated an investigation on the SQM transaction. On August 27, 2018, we and the FNE entered into an extra-judicial settlement agreement (the "**FNE Agreement**"), which subjects us to certain restrictive measures with respect to our rights as an SQM shareholder and our dealings with SQM. Such measures, including but not limited to certain restrictions on our rights in electing directors on SQM's board and accessing SQM's sensitive information and certain requirements to notify the FNE of potential contracts with SQM and investments in SQM, could further limit our ability to exercise any control or have any decisive influence over SQM and its underlying business. Such FNE Agreement has an effective term of four years and will be automatically renewed for two years thereafter, and is expected to expire around 2024. Due to the impact of the FNE Agreement, we are not able to exercise any control or have any decisive influence over SQM or its underlying business. See "Risk Factors—Risks Relating to Our Business—We may not realize the expected benefits of the SQM Transaction."

For more information, see "Business—Our Investments in the Global Lithium Value Chain—Investment in SQM."

Facility Agreements

In April 2022, we received a commitment letter from certain financial institutions, pursuant to which they conditionally commit to provide a term loan facility with an aggregate principal amount of

US$800 million for a term of three years, which is earmarked for (i) the repayment of the SQM Indebtedness; (ii) the payment of the relevant fees, expenses and the day one interest reserve of the US$800 million facility; (iii) the repayment of the five-year USD bond issued in 2017; and (iv) future capital expenditure and working capital needs if the SQM Indebtedness and the relevant fees, expenses and interest reserve of the US$800 million facility have been fully repaid and there is sufficient liquidity to fully repay the five-year USD bond issued in 2017. In May 2022, we entered into a facility agreement for an approved line of credit of RMB600 million (the "**RMB600 Million Facility**") for a term of 36 months from the drawdown date secured by share pledges of Tianqi Shenghe and pledge of the exploration right for spodumene deposits in Yajiang Cuola Mine, which is earmarked for the repayment of the SQM Indebtedness. On June 8, 2022, we completed the drawdown of all of the RMB600 million principal amount under the RMB600 Million Facility, which was fully used for the repayment of SQM Indebtedness on June 10, 2022.

Lithium Price

Lithium price has been surging over the past year. However, the price of battery grade lithium carbonate experienced a slight downturn in April 2022 amid further pandemic lockdowns and seasonable factors. There is no assurance that a drop in the price of lithium will not occur, which may materially and adversely affect our businesses, financial condition and results of operations. See "Risk Factors—Risks Relating to Our Business—We are exposed to market fluctuations of lithium prices."

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there has not been any material adverse change in our financial or trading positions or prospects since December 31, 2021, and there is no event since December 31, 2021 which would materially affect the information shown in the Accountants' Report in Appendix I to this Prospectus.

OFFER STATISTICS

The statistics in the following table are based on the assumptions that (i) the Global Offering is completed and 164,122,200 H Shares are newly issued in the Global Offering, (ii) the Over-allotment Option for the Global Offering is not exercised, and (iii) 1,641,221,583 Shares are issued and outstanding following the completion of the Global Offering:

	Based on an Offer Price of HK$62.10, after Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK$69.00	Based on an Offer Price of HK$82.00
Market capitalization of our Shares(1)	HK$101,920 million	HK$113,244 million	HK$134,580 million
Unaudited pro forma adjusted consolidated net tangible assets per H Share(2)	RMB13.57 (HK15.87)(3)	RMB14.15 (HK$16.55)(3)	RMB15.23 (HK$17.81)(3)

Notes:

(1) The calculation of market capitalization is based on 164,122,200 H Shares and 1,477,099,383 A Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in "Appendix III Unaudited Pro Forma Financial Information" in this Prospectus.

(3) The estimated net proceeds from the Global Offering are translated into Renminbi at the rate of RMB0.8550 to HK$1.00, the exchange rate set by the PBOC prevailing on the Latest Practicable Date. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi at that rate or at any other rate.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds of the Global Offering (after deducting the relevant expenses) are estimated to be approximately HK$12,022 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$75.5 per H Share, being the mid-point of the indicative Offer Price range between HK$69.0 and HK$82.0 per H Share. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional H Shares will be approximately HK$1,812 million, after deducting the relevant expenses, assuming an Offer Price of HK$75.5 per H Share. We intend to apply the net proceeds (approximately HK$12,022 million) from the Global Offering (assuming the Over-allotment Option is not exercised) in the following manner:

- Approximately HK$8,865 million of the net proceeds will be used to repay the outstanding balance of the SQM Indebtedness. For details of the SQM Indebtedness, please refer to the section headed "Financial Information—Indebtedness relating to the SQM Transaction".
- Approximately HK$1,170 million of the net proceeds will be used to fund the construction of Phase I of the Anju Plant.
- Approximately HK$785 million of the net proceeds will be used to repay certain PRC domestic bank loans with interest rates range from 4.35% to 5.49% and maturity dates range from September 2022 to June 2025, which were used for working capital purposes and the construction of Tianqi Global Research Center in Tianfu New District, Chengdu, China.
- The remaining HK$1,202 million of the net proceeds will be used for working capital and general corporate purposes.

If the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, being HK$82.0 or HK$69.0 per H Share, respectively, the net proceeds to us from the Global Offering (assuming that the Over-allotment Option is not exercised) will respectively increase or decrease by approximately HK$1,040 million. In such case, the net proceeds of HK$8,865 million will first be applied to the first purpose mentioned above (namely to repay the outstanding balance of the SQM Indebtedness), and the remaining amount will increase or decrease accordingly and be applied to the second, third and fourth purposes mentioned above (namely to fund the construction of the Phase I of the Anju Plant, repayment of domestic bank loans, as well as general corporate purposes).

If the Over-allotment Option is exercised in full, we estimate that we will receive total net proceeds of approximately HK$12,637 million at the low-end of the indicative Offer Price range of HK$69.0 per Offer Share and HK$15,030 million at the high-end of the indicative Offer Price range of HK$82.0 per Offer Share, after deducting the estimated underwriting fees and expenses payable by us. After applying HK$8,865 million to the first purpose mentioned above (namely to repay the outstanding balance of the SQM Indebtedness), any additional net proceeds received from the exercise of the Over-allotment Option will be applied to the second, third and fourth purposes mentioned above (namely to fund the construction of the Phase I of the Anju Plant, repayment of domestic bank loans, as well as general corporate purposes).

To the extent that the net proceeds of the Global Offering are not immediately required for or applied for the above purpose, we will hold such funds in short-term deposits with licensed banks and authorized financial institutions in Hong Kong or in the PRC.

LISTING EXPENSES

Our Listing expenses mainly comprise professional fees payable to Joint Sponsors, Joint Bookrunners, Underwriters, legal advisors and our reporting accountants for their services rendered in relation to the Listing and the Global Offering. The total amount of Listing expenses that will be borne by us is estimated to be approximately RMB316.1 million (based on the mid-point of our indicative price range for the Global Offering), representing approximately 3.0% of our gross proceeds from the Global Offering (assuming an Offer Price of HK$75.50 per H Share, being the mid-point of the stated range of the Offer Price per H Share), of which approximately RMB313.4 million is expected to be accounted for as a deduction from equity and the remaining amount of approximately RMB2.7 million is expected to be charged to our profit or loss contained in the consolidated statements of profit or loss and other comprehensive income. The aforementioned estimated listing expenses of approximately RMB316.1 million include (i) the underwriting related expenses of approximately RMB256.8 million, (ii) non-underwriting related fees and expenses paid and payable to legal advisers and reporting accountants, of approximately RMB40.6 million, and (iii) other non-underwriting related fees and expenses of approximately RMB18.7 million. None of the Listing expenses was charged to our profit or loss for the years ended December 31, 2019, 2020 and 2021. For the year ended December 31, 2021, we incurred listing expenses of RMB8.9 million, which was recorded in “other non-current assets” in our consolidated statements of financial position and will be accounted for as a deduction from equity upon the listing of our H Shares. Our Directors do not expect such expenses alone to materially impact our results of operations in 2022.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We are applying for the Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenues for the year ended December 31, 2021, being RMB7,597.9 million, which is significantly over HK$500 million required by Rule 8.05(3); and (ii) our expected market capitalization at the time of Listing, which, based on the Offer Price of HK$69.00 per Offer Share, significantly exceeds HK$4 billion required by Rule 8.05(3).

In this Prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

"A Shares"	domestic shares of our Company with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange and traded in RMB
"Anju Plant"	a lithium carbonate manufacturing plant in Anju District of Suining, Sichuan Province, PRC that we will construct. See "Business—Manufacture and Sales of Lithium Compounds and Derivatives—Production Expansion Plan" for more details
"Articles of Association" or "Articles"	the articles of association of the Company adopted on December 13, 2021 and effective upon Listing, a summary of which is set out in Appendix VII to this Prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit and Risk Committee"	the audit and risk committee of the Board
"BDA Report"	the competent person's report prepared by Behre Dolbear Australia Pty Limited, the effective date of which is January 1, 2022, and details of which are set out in "Appendix IV—Competent Person's Report"
"Board of Directors" or "Board"	our board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"CAGR"	compound annual growth rate
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"Chengdu Tianqi"	Chengdu Tianqi Lithium Co., Limited (成都天齊鋰業有限公司), a company with limited liability incorporated in the PRC on August 22, 2014, which is a wholly-owned subsidiary of the Company
"Chile SLI"	Inversiones SLI Chile Limitada, a company with limited liability incorporated in Chile on October 24, 2009, in which the Company holds a 26.01% equity interest through Windfield
"China" or "PRC"	the People's Republic of China, for the purpose of this Prospectus, excluding Hong Kong, Macau and Taiwan
"Chile SALA"	Salares de Atacama Sociedad Contractual Minera, a company incorporated with limited liability in Chile on November 28, 2008, in which each of Chile SLI and San Antonio SpA holds 50% equity interest respectively, and which they account for as a joint venture. Since the Company indirectly holds a 26.01% equity interest in Talison, the Company also holds a 13% equity interest in Chile SALA
"Chongqing Tianqi"	Chongqing Tianqi Lithium Co., Limited (重慶天齊鋰業有限責任公司), a company with limited liability incorporated in the PRC on February 13, 2017, a subsidiary of the Company in which the Company holds a 86.38% equity interest through Chengdu Tianqi
"Company," "our Company," "we" or "us"	Tianqi Lithium Corporation (天齊鋰業股份有限公司), a company incorporated in the PRC on October 16, 1995 and converted into a joint stock company on December 25, 2007, the A Shares of which are listed on the Shenzhen Stock Exchange with the stock code 002466, and, if the context required, including its predecessors, subsidiaries and branch offices
"Company Law"	Company Law of the PRC (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Eighth National People's Congress on October 27, 2005 and effective on January 1, 2006, as amended, supplemented and otherwise modified from time to time
"Connected Person(s)"	has the meaning ascribed thereto in the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	director(s) of our Company
"Downward Offer Price Adjustment"	an adjustment that has the effect of setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range

"First Six Month Period"	the period commencing on the date of this Prospectus and ending on the date which is six months from the date on which dealings in our H Shares commence on the Stock Exchange
"FRC"	Financial Reporting Council
"GAM"	Global Advanced Metals Greenbushes Pty Ltd
"GAM Agreement"	the reserved mineral rights agreement entered into by and between Talison and GAM in 2009
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Greenbushes Mine"	a lithium mine located in Greenbushes, Western Australia, Australia and operated by Talison. See the section headed "Business—Mining, Production and Sales of Lithium Concentrate—Our Lithium Assets" in this Prospectus for more details
"Group"	the Company and its subsidiaries
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, to be subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK$" or "Hong Kong dollars" or "HK dollars" or "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong at this time
"HKSCC"	Hong Kong Securities Clearing Company Limited, wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Hong Kong Offer Shares"	the H Shares offered by us for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offering by the Company of initially 16,412,400 H Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this Prospectus) for cash at the Offer Price on the terms and conditions described in this Prospectus and the **GREEN** Application Form
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting—Hong Kong Underwriters" in this Prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 28, 2022 relating to the Hong Kong Public Offering and entered into by, among others, the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters and our Company as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses" in this Prospectus
"IASB"	International Accounting Standards Board
"IFRSs"	the International Financial Reporting Standards, which include all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by IASB
"IGO"	IGO Limited, a limited liability company incorporated in Australia on October 5, 2000 and listed on the Australian Securities Exchange (stock code: IGO), which holds 49% equity interest in TLEA through its wholly-owned subsidiary IGO Lithium
"IGO Lithium"	IGO Lithium Holdings Pty Ltd, a limited liability company incorporated in Australia on April 30, 2018, which is a wholly-owned subsidiary of IGO and holds 49% equity interest in TLEA
"Independent Third Party(ies)"	party(ies) and their respective ultimate beneficial owner(s), which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, are not connected persons of the Company
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters with professional and institutional investors for cash at the Offer Price, and (i) to persons in the United States or to or for the account or benefit of, U.S. Persons,

	in each case that are both Qualified Institutional Buyers and Qualified Purchasers in transactions exempt from or not subject to the registration requirements the Securities Act in reliance on Rule 144A and the U.S. Investment Company Act in reliance on Section 3(c)(7) of that act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur, as further described in the section headed "Structure of the Global Offering" in this Prospectus
"International Offer Shares"	the 147,709,800 H Shares initially offered by our Company for subscription pursuant to the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus) together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Underwriters"	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into by, among others, the Joint Representatives (on behalf of the International Underwriters) and us in respect of the International Offering, as further described in the section headed "Underwriting—Underwriting Arrangements and Expenses—The International Offering"
"ITS"	Inversiones TLC SpA, a stock corporation incorporated in Chile on July 10, 2018, which is a wholly-owned subsidiary of the Company
"Joint Bookrunners"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, BNP Paribas Securities (Asia) Limited and Credit Suisse (Hong Kong) Limited, Banco BTG Pactual S.A. — Cayman Branch *(in relation to the International Offering only)*, China Galaxy International Securities (Hong Kong) Co., Limited, Futu Securities International (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited
"Joint Global Coordinators"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, BNP Paribas Securities (Asia) Limited and Credit Suisse (Hong Kong) Limited

"Joint Lead Managers"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, BNP Paribas Securities (Asia) Limited and Credit Suisse (Hong Kong) Limited, Banco BTG Pactual S.A. — Cayman Branch *(in relation to the International Offering only)*, China Galaxy International Securities (Hong Kong) Co., Limited, Futu Securities International (Hong Kong) Limited and Huatai Financial Holdings (Hong Kong) Limited
"Joint Representatives"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited
"Joint Sponsors"	Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited
"Kwinana Plant"	a lithium hydroxide manufacturing plant in Kwinana, Western Australia. See section headed "Business—Manufacture and Sales of Lithium Compounds and Derivatives—Production Expansion Plan" in this Prospectus for more details
"Latest Practicable Date"	June 20, 2022, the latest practicable date for the inclusion of certain information in this Prospectus prior to its publication
"Listing"	listing of our H Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Wednesday, July 13, 2022, on which our H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the Main Board of the Stock Exchange
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (《到境外上市公司章程必 備條款》), for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas, promulgated by the former State Council Securities Committee and other PRC government departments on September 29, 1994, as amended, supplemented or otherwise modified from time to time
"Ministry of Commerce"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NPC" or "National People's Congress"	the National People's Congress of the PRC

"Nutrien"	Nutrien Ltd., a company incorporated in Canada on June 2, 2017 and listed on the Toronto Stock Exchange (stock code: NTR.TO) and the New York Stock Exchange (stock code: NTR), which is an Independent Third Party
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage fee of 1%, FRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), at which Hong Kong Offer Shares are to be subscribed, to be determined in the manner further described in the section headed "Structure of the Global Offering—Pricing of the Global Offering" in this Prospectus, subject to any Downward Offer Price Adjustment
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, collectively, and where relevant, together with any additional H Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters, exercisable by the Joint Representatives on behalf of the International Underwriters pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 24,618,200 additional H Shares at the Offer Price to cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this Prospectus
"PBOC"	People's Bank of China (中國人民銀行)
"People's Congress"	the PRC's legislative apparatus, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives (on behalf of the Underwriters) and us on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or about Wednesday, July 6, 2022 (Hong Kong time) on which the Offer Price is determined, or such later time as the Joint Representatives (on behalf of the

	Underwriters) and we may agree, but in any event no later than Thursday, July 7, 2022
"Promoters"	the promoters of the Company, namely Tianqi Group Company and Ms. Zhang Jing
"Prospectus"	this Prospectus being issued in connection with the Hong Kong Public Offering
"QIBs" or "Qualified Institutional Buyers"	qualified institutional buyers within the meaning of Rule 144A under the U.S. Securities Act
"QPs" or "Qualified Purchasers"	qualified purchasers, as defined in Section 2(a)(51) of the U.S. Investment Company Act and Rule 2a51-1 thereunder
"Regulation S"	Regulation S under the Securities Act
"Renminbi" or "RMB"	the lawful currency of the PRC
"RT Lithium"	RT Lithium Limited, an Independent Third Party, other than its 49% shareholding in Windfield
"Rule 144A"	Rule 144A under the Securities Act
"Runfeng Minerals"	Yajiang County Runfeng Minerals Co., Ltd. (雅江縣潤豐礦 業有限責任公司), a company with limited liability incorporated in the PRC on November 26, 2003 and a connected person of the Company, in which Tianqi Group Company holds a 53.15% equity interest and the remaining interests are held as to 24.79% by Jiang Weimin, the brother of Mr. Jiang Weiping, 6.20% by TQMMM, 1.52% by Jiang Anqi, 1.52% by Chen Zemin, and the remaining 12.82% by Independent Third Parties
"SAFE"	State Administration of Foreign Exchange of the PRC (國 家外匯管理局)
"SEC"	the U.S. Securities and Exchange Commission
"Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"Shareholder(s)"	holder(s) of our Shares

"Shares"	shares in the share capital of the Company, with a nominal value of RMB1.00 each, comprising our A Shares and our H Shares
"Shehong Lithium"	Sichuan Shehong Lithium Co., Limited (四川省射洪鋰業有限責任公司), the predecessor of the Company, a state owned enterprise incorporated in the PRC on October 16, 1995 that had already been deregistered
"Shehong Plant"	a lithium compounds and derivatives manufacturing plant located in Shehong, Sichuan Province, PRC and operated by Shehong Tianqi. See section headed "Business—Manufacture and Sales of Lithium Compounds and Derivatives—Existing Manufacturing Plants" in this Prospectus for more details
"Shehong Tianqi"	Tianqi Lithium (Shehong) Co., Limited (天齊鋰業（射洪） 有限公司), a limited liability company incorporated in the PRC on March 23, 2016, which is a wholly-owned subsidiary of the Company
"Shenghe Lithium"	Sichuan Tianqi Shenghe Lithium Co., Ltd. (四川天齊盛合鋰業有限公司), a limited liability company incorporated in the PRC on November 4, 2008, in which the Company holds 49% equity interest with the remaining 51% held by Shehong Tianqi
"Shigatse Zabuye''	Tibet Shigatse Zabuye Lithium High-Tech Co., Limited (西藏日喀則紮布耶鋰業高科技有限公司), a limited liability company incorporated in the PRC on June 30, 1999, in which the Company holds 20% equity interest with the remaining 80% equity interest held as to 50.72% by Tibet Mining Development Co., Ltd. (西藏礦業發展股份有限公司), 18% by BYD Co., Ltd. (比亞迪股份有限公司), 3.94% by Tibet Jinhao Investment Co., Ltd. (西藏金浩投資有限公司), and 1.21% by Tibet Mining Assets Management Co., Ltd. (西藏礦業資產經營有限公司), all of whom are Independent Third Parties
"Single Largest Group of Shareholders"	refers to Tianqi Group Company, Mr. Jiang Weiping (蔣衛平), Ms. Jiang Anqi （蔣安琪）and Ms. Zhang Jing (張靜). See the section headed "Relationship with Our Single Largest Group of Shareholders" in this Prospectus
"Special Regulations"	Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), promulgated by the State Council on August 4, 1994, as amended from time to time
"SQM"	Sociedad Quimica y Minera de Chile S.A., a publicly held company incorporated in Chile on June 29, 1968 and listed on the Santiago Stock Exchange, the Santiago Electronic Stock

	Exchange and the New York Stock Exchange, in which the Company held approximately 22.78% of the equity interest as of the Latest Practicable Date
"SQM Indebtedness"	bank borrowings incurred under two syndicated facility agreements with aggregate term loan facilities of US$3.5 billion to finance the purchase price, acquisition costs and fees associated with the SQM Transaction, as further described in the section headed "Financial Information—Indebtedness—Indebtedness relating to SQM Transaction" in this Prospectus
"SQM Transaction"	the acquisition of an approximately 23.77% additional equity interest in SQM in accordance with the terms and conditions set out in the SQM Share Purchase Agreement
"SQM Share Purchase Agreement"	the share purchase agreement dated May 17, 2018 entered into between our Company and Nutrien, pursuant to which Nutrien agreed to sell and our Company agreed to purchase 62,556,568 Series A shares of SQM at an aggregate consideration of approximately US$4.07 billion
"Stabilizing Manager"	Morgan Stanley Asia Limited
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Exchange," "SEHK" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto in section 15 of the Hong Kong Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules
"Supervisor(s)"	one (or all) of our supervisors
"SZSE" or "Shenzhen Stock Exchange"	Shenzhen Stock Exchange
"Talison"	Talison Lithium Pty Ltd, formerly known as Talison Lithium Limited, a limited liability company incorporated in Australia on October 22, 2009, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Talison Lithium Australia"	Talison Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on September 11, 2009, in which the Company holds a 26.01% equity interest indirectly through Windfield

"Talison Lithium Canada"	Talison Lithium (Canada) Inc., a limited liability company incorporated in Canada on June 28, 2012, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Talison MCP"	Talison Lithium (MCP) Pty Ltd, a limited liability company incorporated in Australia on June 28, 2011, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Talison Minerals"	Talison Minerals Pty Ltd, a limited liability company incorporated in Australia on May 24, 2007, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Talison Services"	Talison Services Pty Ltd, a limited liability company incorporated in Australia on May 25, 2007, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Tianqi Australia Investments 1"	Tianqi Lithium Australia Investments 1 Pty Ltd, a limited liability company incorporated in Australia on May 4, 2018, in which the Company holds a 90.23% equity interest through Tianqi Australia Investments 2 and the remaining 9.77% equity interest held through TLH
"Tianqi Australia Investments 2"	Tianqi Lithium Australia Investments 2 Pty Ltd, a limited liability company incorporated in Australia on May 4, 2018, which is a wholly-owned subsidiary of the Company
"Tianqi Bond"	Tianqi Bond Co., Ltd., a limited liability company incorporated in the British Virgin Islands on June 20, 2019, which is a wholly-owned subsidiary of the Company
"Tianqi Finco"	Tianqi Finco Co., Ltd, a limited liability company incorporated in the British Virgin Islands on June 6, 2017, which is a wholly-owned subsidiary of the Company
"Tianqi Group Company"	Chengdu Tianqi Industrial (Group) Co., Limited (成都天齊實業(集團)有限公司), a company with limited liability incorporated in the PRC on December 6, 2003, which is a member of the Single Largest Group of Shareholders of the Company holding 416,316,432 A Shares, representing 28.18% of the total issued share capital of the Company as of the Latest Practicable Date
"Tianqi Group HK"	Tianqi Group HK Co., Limited, a limited liability company incorporated in Hong Kong on July 26, 2012 which is controlled by Tianqi Group Company and a connected person of the Company
"Tianqi HK"	Tianqi HK Co., Limited, a limited liability company incorporated in Hong Kong on January 24, 2013, which was a wholly-owned subsidiary of the Company that had been deregistered

"Tianqi Lithium HK"	Tianqi Lithium HK Co., Limited, a limited liability company incorporated in Hong Kong on March 11, 2015, which is a wholly-owned subsidiary of the Company
"Tianqi Lithium International"	Tianqi Lithium International Limited (天齊鋰業國際有限公司), formerly known as Galaxy Lithium International Limited (銀河鋰業國際有限公司), a limited liability company incorporated in Hong Kong on July 23, 2009, which was a wholly-owned subsidiary of the Company that had been deregistered
"Tianqi Lithium (Jiangsu)"	Tianqi Lithium (Jiangsu) Co., Limited (天齊鋰業(江蘇)有限公司), formerly known as Galaxy Lithium (Jiangsu) Co., Limited (銀河鋰業(江蘇)有限公司), a limited liability company incorporated in the PRC on February 10, 2010, which is a wholly-owned subsidiary of the Company
"Tianqi Mining"	Sichuan Tianqi Mining Co., Limited (四川天齊礦業有限責任公司), a limited liability company incorporated in the PRC, formerly a wholly-owned subsidiary of the Company and since June 2016, a wholly-owned subsidiary of Tianqi Group Company that had been deregistered
"Tianqi Resources"	Tianqi Lithium Resource Recycling Technologies Research & Development (Jiangsu) Co., Limited (天齊鋰業資源循環技術研發(江蘇)有限公司), a limited liability company incorporated in the PRC on September 28, 2017, which is a wholly-owned subsidiary of the Company
"Tianqi Silicon"	Ganzi Tibetan Autonomous Prefecture Tianqi Silicon Co., Limited (甘孜州天齊矽業有限公司), a limited liability company incorporated in the PRC on November 4, 2008, which was a wholly-owned subsidiary of Tianqi Group Company that had been deregistered
"Tianqi Suining"	Suining Tianqi Lithium Co., Ltd. (遂寧天齊鋰業有限公司), a limited liability company incorporated in the PRC on January 3, 2018, which is a wholly-owned subsidiary of the Company
"Tianqi Xinlong"	Tianqi Xinlong Science & Technology (Chengdu) Co., Limited (天齊鑫隆科技（成都）有限公司), a limited liability company incorporated in the PRC on May 3, 2017, which is a wholly-owned subsidiary of the Company
"Tianqichuang Lithium"	Tianqichuang Lithium Technology (Shenzhen) Co., Ltd. (天齊創鋰科技（深圳）有限公司), a limited liability company incorporated in the PRC on September 14, 2021, which is a wholly-owned subsidiary of the Company

"TGVE"	Tianqi Grand Vision Energy Limited, a private company limited by shares incorporated in Hong Kong on September 29, 2021, which is a wholly-owned subsidiary of the Company
"TLA"	Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on November 9, 2017, formerly a wholly-owned subsidiary of TLH, now a wholly-owned subsidiary of TLEA
"TLEA"	Tianqi Lithium Energy Australia Pty Ltd, formerly known as Tianqi UK Limited (天齊英國有限公司), a limited liability company incorporated in the United Kingdom on March 26, 2014, in which the Company holds a 51% equity interest and the remaining 49% equity interest is held by IGO Lithium
"TLH"	Tianqi Lithium Holdings Pty Ltd, a limited liability company incorporated in Australia on November 9, 2017, which is a wholly-owned subsidiary of the Company
"TLK"	Tianqi Lithium Kwinana Pty Ltd, formerly known as Tianqi Lithium Australia Pty Ltd (TLA), a limited liability company incorporated in Australia on April 27, 2016, which is a wholly-owned subsidiary of TLEA
"Tongliang Plant"	a lithium metal manufacturing plant located in Tongliang, Chongqing, PRC and operated by Chongqing Tianqi. See section headed "Business—Manufacture and Sales of Lithium Compounds and Derivatives—Existing Manufacturing Plants" in this Prospectus for more details
"TQMMM"	Chengdu Tianqi Machinery, Metals & Minerals Import & Export Co., Ltd. (成都天齊機械五礦進出口有限責任公司), a limited liability company incorporated in the PRC on January 22, 1998, which is controlled by Tianqi Group Company and a connected person of the Company
"Track Record Period"	the years ended December 31, 2019, 2020 and 2021
"TSF1"	the original tailings storage facility at the Greenbushes Mine
"Underwriters"	the International Underwriters and the Hong Kong Underwriters
"Underwriting Agreements"	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency for the time being of the United States

"U.S. Investment Company Act"	the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder
"U.S. Persons"	the U.S. persons as defined in Regulation S under the Securities Act
"VAT"	value-added tax
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at www.eipo.com.hk
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Windfield"	Windfield Holdings Pty Ltd, a limited liability company incorporated in Australia on September 21, 2012, in which the Company holds a 26.01% equity interest through TLEA
"Windfield Finco"	Windfield Finco Pty Ltd, a limited liability incorporated in Australia on February 18, 2013, in which the Company holds a 26.01% equity interest through Windfield
"Withdrawal Mechanism"	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (such as the Offer Price) in the prospectus; (b) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach, for example requiring investors to positively confirm their applications for H Shares despite the change
"Wood Mackenzie Report"	the independent industry report prepared by Wood Mackenzie (Asia Pacific) Pty. Ltd.
"Yajiang Cuola Mine"	a lithium mine located in Yajiang County, Sichuan Province, PRC and wholly owned by Shehong Lithium. See section headed "Business—Mining, Production and Sales of Lithium Concentrate—Our Lithium Assets" in this Prospectus for more details
"Zhangjiagang Plant"	a lithium carbonate manufacturing plant located in Zhangjiagang, Jiangsu Province, PRC and operated by Tianqi Lithium (Jiangsu). See section headed "Business—Manufacture and Sales of Lithium Compounds and Derivatives—Existing Manufacturing Plants" in this Prospectus for more details

In this Prospectus, the terms "associate," "close associate," "connected person," "connected transaction," "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this Prospectus have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this Prospectus in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

In this Prospectus, in addition to terms defined elsewhere and unless the context otherwise requires, the following technical terms have the following meanings. These terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"beneficiation"	the process of removing gangue minerals from ores to produce a higher grade product
"BEV"	battery electric vehicles are zero-emission vehicles which run solely on stored electrical energy, typically in the form of a battery
"CIF"	cost, insurance, freight agreement
"Central Lode"	central lode of Greenbushes Mine
"effective production capacity"	effective production capacity is calculated by the average of each month's designed production capacity multiplied by the number of months in actual production
"ERP system"	an enterprise resource planning software
"EV"	electric vehicle
"exploration"	activity to prove the location, volume and quantity of a mineral deposit
"grade"	the percentage of metal elements or their component in ore, usually expressed as a percentage or gram per ton
"HEV"	hybrid electric vehicles are powered by both a battery connected to an electric motor as well as by an internal combustion engine running on conventional fuel.
"JORC"	the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code"), which is a professional code of practice that sets minimum standards for public reporting of minerals exploration results, mineral resources and ore reserves
"km"	kilometer
"LCE"	lithium carbonate equivalent, a unit of measurement for lithium
"LoM"	life of mine
"lithium alloy"	a mixture of lithium with other metals or a mixture of lithium with another element

“lithium brine”	a solution of lithium in water that naturally occurs on earth’s surface, crust and within brine pools on ocean bottom
“lithium carbonate”	a compound of colorless monoclinic crystal or white powder that can be dissolved in dilute acid and is commonly used for lithium-ion battery materials
“lithium chloride”	a compound that is mainly used for the production of lithium metal through electrolysis.
“lithium concentrate”	lithium mineral feedstock processed from lithium ore and to be consumed directly or used for manufacturing and sales of lithium compounds and derivatives.
“lithium foil”	a very thin sheet of lithium metal
“lithium hydroxide”	a compound that is commonly used for lithium-ion battery materials
“lithium metal”	a soft, silvery-white metal
“mining”	the extraction of useful minerals or other geological materials from the crust, from an orebody, vein or coal seam
“Mt”	million tons
“MVR system”	mechanical vapor recompression system
“NMC”	lithium nickel manganese cobalt oxide
“OEM”	original equipment manufacturer
“offtake agreement”	an agreement between a producer of a resource and a buyer of a resource to purchase and sell portions of the producer’s future production
“ore”	an occurrence of rock or sediment that contains minerals and can be mined economically
“PHEV”	plug-in hybrid electric vehicles are equipped with both battery electric motor system and an internal combustion engine
“ppm”	parts per million
“R&D”	research and development
“reagent”	a substance or compound added to a system to cause a chemical reaction

"Ore Reserve"	the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified
"Mineral Resource"	a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.
"spodumene"	a pyroxene mineral consisting of lithium aluminosilicate and a source of lithium
"sq.m." or "m^2"	square meter(s)
"ton"	metric tonne

FORWARD LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "going forward," "continue," "predict" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our ability to successfully implement our business plan and strategies;
- future development, trends and conditions in the lithium industry;
- our operations and business prospects;
- the competitive markets for our products and the actions and development of our competitors;
- our financial condition and performance;
- general political and economic conditions, including those related to the PRC;
- costs, fluctuations in the price and availability of raw materials;
- expansion, consolidation or other trends in the lithium industry;
- our dividend policy;
- the exchange rate fluctuations and the development of legal systems, in each case pertaining to the PRC, Australia, Chile and the industry and markets in which we operate;
- regulations and restrictions on, including tariffs and environmental regulations;
- changes to our expansion plans and estimated capital expenditures; and
- macroeconomic measures taken by the PRC government to manage economic growth.

Additional factors that could cause actual performance or achievements to differ materially include, but not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this Prospectus. We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this Prospectus. We undertake no obligations to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this Prospectus and, in particular, the risks and uncertainties described below, before making an investment in our H Shares. We are affected materially by requirements and restrictions that arise under laws, regulations, judicial interpretations and government policies in nearly all aspects of our businesses in the jurisdictions where we operate.

The risks described below are not the only risks that may affect us or our H Shares. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition and results of operations. If any of the possible events described below occur, our business, financial condition and results of operations could be materially and adversely affected. The trading price of our H Shares could decline owing to any of these risks, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in the section headed "Forward-looking Statements" in this Prospectus.

RISKS RELATING TO OUR BUSINESS

We are exposed to market fluctuations of lithium prices.

Changes in current and expected supply and demand impact the current and expected prices of lithium products. Between 2019 and 2020, market prices for lithium products experienced a steady decrease, primarily as a result of decreased demand from end users and the negative impact from the COVID-19 pandemic. According to the Wood Mackenzie Report, the average contract price for battery-grade lithium carbonate peaked in 2018 at US$14,319 per ton cost, insurance, freight agreement to Asia (**CIF Asia**) and declined to US$9,174 per ton in 2020, and further declined to US$8,707 in 2021. The average spot prices for battery-grade lithium carbonate in China decreased from US$8,748 per ton in 2019 to US$5,051 per ton in 2020, representing a decrease of 42%, before increasing to US$13,308 per ton in 2021; the average spot price for industrial-grade lithium carbonate in China decreased from US$7,530 per ton in 2019 to US$4,283 per ton in 2020, representing a decrease of 43%, and increased to US$12,542 per ton in 2021. Any decline in lithium prices could materially and adversely affect our business, financial condition and results of operations. According to the Wood Mackenzie Report, factors that may impact lithium prices include global economic growth, the COVID-19 impact, supply and demand dynamics, changes to the cost of production including energy and raw materials costs, changes to the cost of production including labor costs, changes to freight costs, changes to exchange rates, stockpiling of commodities and technological developments. There is no assurance that a fall in prices of lithium will not occur. These factors may materially and adversely affect our businesses, financial condition and results of operations in various ways, including but not limited to the following:

- a significant or sustained reduction in lithium prices could result in customers' unwillingness to honor their contractual commitments to purchase lithium products at pre-agreed pricing terms;
- a significant or sustained reduction in lithium prices could result in a reduction in our sales and earnings;

- a significant or sustained reduction in lithium prices could result in a decline in the value of our lithium products which may result in write-downs to our assets, including impairment losses in our equity investment in SQM; and
- the production of lithium products may be curtailed or suspended if it is no longer economically viable.

On the other hand, in the event of a significant or sustained increase in lithium prices, customers may seek alternatives such as hydrogen batteries or other more affordable energy solutions, which may reduce the market demand for lithium batteries. Consequently, our financial condition and results of operations may be materially and adversely affected.

We currently rely on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials and we are exposed to risks and uncertainties in relation to this mine.

As of the Latest Practicable Date, we relied on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials. Any disruption to the supply of lithium concentrate from the Greenbushes Mine may materially affect our production processes.

We expect that all of our revenue from the mining, production and sales of lithium concentrate will continue to be generated from the Greenbushes Mine. According the BDA Report, there are a number of risks in relation to the Greenbushes Mine, including but not limited to the following: (i) the bulk of the resource drilling grid is irregular, which is relatively wide for detailed definition of the mineralisation at the highest confidence level, accordingly, the in-situ resources have been classified as indicated and inferred; (ii) localized or significant pit wall failure in open pit mining may occur which may reduce the quantity of ore available; (iii) high rainfall events may occur which may affect short-term mine production in open pit mining; (iv) the design of CGP3 and CGP4 is based on prior operating experience; (v) the power supply to site may be vulnerable to short-term outages such as lightning strikes; there may be a production shortfall during the future transition period for upgrade in production units; (vi) there may be social risks arising from impacts associated with dust, noise, traffic and other issues associated with the mining activities; (vii) there may be shortfalls in achieving targets during transition to higher production rates and the planned increase in production capacity relies on significant expansion in world-wide demand for lithium, which may not take place as anticipated; (viii) there may be overrun in capital costs during the design and construction of resource projects; and (ix) unit operating cost may escalate in the future, particularly during production expansion, which may cause the actual operating cost to deviate from our estimation. See "Appendix IV—Competent Person's Report" for more information. Any material failure to avoid or mitigate such risks could have a material adverse effect on our business, financial condition and results of operations.

Tensions in international economic relations, in particular between the U.S. and China and between Australia and China, respectively, may have an adverse effect on our business, financial condition and results of operation.

Recently, there have been heightened tensions in international economic relations, such as that between the U.S. and China. Political tensions between the U.S. and China have escalated due to, among other things, trade disputes, the COVID-19 pandemic, sanctions imposed by the U.S. Department of Treasury on certain officials of the Hong Kong Special Administrative Region and the PRC central government and the executive orders issued by the U.S. government in August 2020 that prohibit certain transactions with certain China-based companies and their respective subsidiaries. Rising trade, political and regulatory tension between the U.S. and China could reduce levels of trades, investments, technological exchanges and other economic activities between the two major economies, which would have a material adverse effect on global economic conditions and the stability of global financial markets. In addition, in recent years, trade tensions between China and Australia have escalated and China has imposed trading restrictions on imports of certain products from Australia. We currently rely on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials. As of the Latest Practicable Date, there had been no restrictions in China that materially and adversely affect the import of lithium raw materials from Australia, and as of the Latest Practical Date, we had not experienced any mining or trading restrictions on the lithium products that would have a material impact on our results of operations or financial condition. However, the development of the trade policy between China and Australia and the trading restriction on imports from Australia imposed by China as well as the related impact on our business are unclear at this time. We cannot foresee whether and how developments in these trading restrictions, or other trading restrictions taken by the Australia or the PRC government will impact our business and financial performance. If we are unable to identify alternative materials or suppliers and secure approval for their use in a timely manner, our business could be harmed. Any current and future actions or escalations by either the U.S., Australia or China may cause global economic turmoil and potentially have a negative impact on our business, financial condition and results of operations, and we cannot provide any assurance as to whether such actions will occur or the form that they may take.

We had incurred net losses for the years ended December 31, 2019 and 2020, and we cannot assure you that we will continue to be profitable in the future.

In 2019 and 2020, we had net losses of RMB5,480.4 million and RMB1,124.6 million, respectively. Although we have generated profits of RMB4,205.8 million for the year ended December 31, 2021, we cannot assure you that we will continue to be profitable in the future. We generate our revenues from sale of lithium concentrate, lithium compounds and derivatives. Any material decrease in the price of the lithium products or the current and expected supply and demand dynamics of lithium would have a significant impact on our financial conditions. In addition, we anticipate that we will continue to grow our business, manufacture lithium compounds and derivatives, construct or continue to construct mining sites and manufacturing plants and adopt new technologies and construction methods. These efforts may prove more costly than we currently anticipate, and we may not succeed in increasing our revenues sufficiently to offset the high expenses. As a result of the foregoing and other factors, we cannot guarantee that we will continue to be profitable in the future.

We incurred substantial additional indebtedness to finance the SQM Transaction, which may decrease our business flexibility and adversely affect our financial results.

On December 3, 2018, we completed our acquisition of 62,556,568 Series A shares of SQM from Nutrien at a consideration of approximately US$4.07 billion. In addition to our cash on hand, we entered into two facilities agreements on October 26, 2018 (the "**Syndicated Loan A and Syndicated Loan B**") and a further facility agreement on October 29, 2018 (the "**Syndicated Loan C**") and have drawn down all available facilities thereunder of US$3.5 billion to finance the consideration for the SQM Transaction. As a result, our total debt obligations increased following the completion of the SQM Transaction. The Syndicated Loan A, Syndicated Loan B and Syndicated Loan C are secured by pledge over shares of certain of our subsidiaries and all the SQM shares held by us, a personal guarantee provided by our chairman, Mr. Jiang Weiping, and a deed of undertaking provided by the Single Largest Group of Shareholders pursuant to which the Single Largest Group of Shareholders must pledge A Shares to the lenders under certain circumstances.

In January 2020, we repaid a portion of the principal of the Syndicated Loan C. On December 28, 2020, we entered into an amendment and extension deed and the amended and restated facility agreement with the lenders of Syndicated Loan A and Syndicated Loan C, pursuant to which the lenders conditionally agreed to modify the terms of the loans, mainly including the extension of the maturity dates, and adjustments of the interest rate and interest period. The maturity date of Syndicated Loan A and Syndicated Loan C was then extended to November 26, 2021 with conditional automatic extension, and the maturity date of Syndicated Loan B was extended to November 29, 2023. The maturity date of Syndicated Loan A and Syndicated Loan C were further extended to November 25, 2022. Although we incurred net gains from modification of syndicated bank loans of RMB671.2 million for the year ended December 31, 2021, the financial and other covenants to which we have agreed in connection with the SQM Indebtedness, the pledge over shares of certain of our subsidiaries and all the SQM shares held by us, and our increased indebtedness and higher debt-to-equity ratio in comparison to our historical figures may have the effect, among others, of reducing our flexibility to respond to changing business and economic conditions, thereby placing us at a competitive disadvantage compared to competitors that have less indebtedness and making us more vulnerable to general adverse economic and industry conditions. The increased indebtedness will also increase borrowing costs and the covenants pertaining thereto may also limit our ability to obtain additional financing to fund working capital, capital expenditures, additional acquisitions, business development efforts or general corporate requirements. We will also be required to dedicate a larger portion of our cash flow from operations to payments on indebtedness, thereby reducing the availability of our cash flow for other purposes, including working capital, capital expenditures and general corporate purposes. In addition, certain terms and conditions of the SQM Indebtedness may not be favorable to us, the facility agreements of the SQM Indebtedness contain a number of restrictive covenants of certain financial ratios, as well as pledge over shares of certain of our subsidiaries and as such, could further increase the cost of the SQM Indebtedness, as well as the overall burden of such debt upon us and our business flexibility. Further, since a portion of the SQM Indebtedness is at variable rates of interest, we will be exposed to the risk of increased interest rates. As a result, increases in interest rates will increase the cost of servicing our financial instruments with exposure to interest rate risk and could materially reduce our profitability and cash flows. Please refer to the section headed "Financial Information—Indebtedness relating to the SQM Transaction" for details of the SQM Indebtedness.

We plan to apply approximately HK$8,865 million out of the total net proceeds of HK$12,022 million from the Global Offering (assuming an Offer Price of HK$75.50 per H Share, being the mid-point of the stated range of the Offer Price per H Share) to repay the outstanding balance of SQM Indebtedness. See "Future Plans and Use of Proceeds—Use of Proceeds." We also expect that the Global Offering will increase our net assets, decrease our debt-to-asset ratio and enhance our resistance capacity against financial risks. If, however, for any reason the Global Offering is not completed as planned, we would not be able to realize the aforementioned benefits. Any of the foregoing consequences could adversely affect our financial results.

If we do not obtain additional financing, our business may be at risk or execution of our development plan may be delayed.

As of December 31, 2021, we had cash and cash equivalents of RMB1,766.1 million, and we incurred net losses of RMB5,480.4 million and RMB1,124.6 million for the years ended December 31, 2019 and 2020, respectively, before generating net profit of RMB4,205.8 million for the year ended December 31, 2021. Given our historical net losses and limited funds, we may need to seek additional funds in the future through equity or debt financings. Obtaining additional funding will be subject to various factors, including general market conditions, investor acceptance of our business plans and ongoing results from our construction and commissioning efforts. These financings could require contractual or other restrictions on our operations or on alternatives that may be available to us. If we raise additional funds by issuing debt securities, these debt securities could impose significant restrictions on our operations. Any such required financing may not be available in amount or on terms acceptable to us, and the failure to procure such required financing could have a material and adverse effect on our development plan and continuous growth.

We may not be able to acquire additional funds on acceptable terms, or at all. If we are unable to raise adequate funds, we may have to delay some of our plants construction, therefore affecting our profitability in the short and long term. If we do not have, or are not able to obtain, sufficient funds, we may be required to delay further development or commercialization of our mineral resources. Any of these factors could harm our operating results.

We recorded net current liabilities during the Track Record Period. We cannot assure you that we will not experience net current liabilities in the future, which could expose us to liquidity risks.

During the Track Record Period, we recorded net current liabilities of RMB15,817.6 million, RMB23,522.4 million and RMB6,140.9 million as of December 31, 2019, 2020 and 2021, respectively. Our net current liability position was primarily attributable to our bank loans and other borrowings. However, there can be no assurance that we will not experience liquidity problems in the future. The net current liabilities and/or net liabilities position would expose us to liquidity risk which could restrict our ability to make necessary capital expenditure or develop business opportunities, and our business, results of operations and financial condition could be materially and adversely affected.

The COVID-19 pandemic could have a material adverse effect on our business, financial condition and results of operation.

The COVID-19 pandemic has created significant uncertainty and economic disruption. In response to the spread of the COVID-19, virus, including variants and mutant strains, such as the recently detected Delta and Omicron variants, the PRC government and many other countries have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, social distancing, quarantines, stay-at-home or shelter-in-place orders, and business shutdowns. These measures by government authorities may remain in place for a significant period of time and they are likely to continue to adversely affect our workforce and operations, our customers' businesses and the demand for our products, our suppliers and the supply chain network and the global economies. We may experience disruptions and delays within our supply chain and logistics operations in China, Australia, Chile and other countries or areas. This may include challenges at ports due to national quarantines, difficulties with scheduling cargo ships, additional warehouse costs due to shipment delays, and the restriction of movements by trucks within and between countries. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic in the first quarter of 2020, we experienced temporary disruptions to our supply chain and logistics operations. At our Shehong Plant, the supply of raw materials was temporarily delayed due to restrictions on transportation and logistics imposed by local government on January 29, 2020. The normal supply of raw materials resumed on February 24, 2020 as the Shehong Plant implemented various measures, including special logistics arrangements. However, new or continuing government restrictions, and any failure to obtain or retain an exemption, may lead to a negative impact on our business, including increased costs and/or an inability to meet supply obligations to customers.

Our domestic and overseas plants cooperated with the pandemic prevention measures in the respective countries and areas, resumed production in an orderly and safe manner, actively fulfilled corporate social responsibilities, and donated medical supplies in a timely manner. The extent to which the COVID-19 pandemic continues to impact our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and spread of the pandemic, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating activities can resume. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact to our business resulting from the global economic slowdown, including any recession that has occurred or may occur in the future.

There are no comparable recent events that may provide guidance as to the effect of the spread of COVID-19, and, as a result, the ultimate impact of the COVID-19 pandemic or a similar health epidemic may be uncertain.

Our auditors with respect to our A Shares listed on the Shenzhen Stock Exchange issued a qualified audit report for the year ended December 31, 2019, which was later modified by a special report, and expressed doubt about our ability to continue as a going concern for the years ended December 31, 2019 and 2020.

On April 28, 2020, ShineWing Certified Public Accountants (Special General Partnership) (“**ShineWing China**”), our auditor with respect to our A Shares listed on the Shenzhen Stock Exchange, issued a qualified audit report on our financial statements for the year ended December 31, 2019 due to our failure to provide the complete construction expenses breakdown and other sufficient audit evidence in relation to our investments in the Kwinana project, Western Australia, which was caused by the termination of the engagement with the engineering, procurement and construction contractor, and the subsequent delay in the account closing of the engineering investments, as well as the failure of ShineWing China to complete other on-site audit procedure due to the COVID-19 pandemic. On July 16, 2020, ShineWing China issued a special report, confirming that the audit issue causing the issuance of the qualified audit report for the year ended December 31, 2019 no longer existed and no retrospective adjustment on the 2019 financial statements was required. In addition, in the qualified audit report for the year ended December 31, 2019 and unqualified audit report for the year ended December 31, 2020, ShineWing China included a section headed “material uncertainty related to going concern” which takes into account the liquidity risk mainly arising from the additional indebtedness to finance the SQM transaction. We cannot assure you that our auditor with respect to our A Shares listed on the Shenzhen Stock Exchange will not issue a qualified audit report or an audit report emphasizing a going concern issue in the future, which may have a negative impact over our ability to raise fund through offerings of equity or debt securities in the capital market in China or our overall fund raising capabilities.

The Greenbushes Mine has a limited life and we may need to replenish our lithium reserves and resources from time to time.

We currently rely on the Greenbushes Mine, our only active mining operation, for our lithium raw materials supply. However, the Greenbushes Mine has a limited life and will eventually be depleted. We may need to replenish our lithium reserves from time to time in order to support our production of lithium compounds and derivatives. There is no assurance that we will be able to discover or acquire new and valuable lithium reserves or resources, or that the actual production results may match the expected results.

To acquire additional reserves, we will need to identify new lithium resources. There are a number of uncertainties inherent in the acquisition of new lithium reserves, including but not limited to (i) the availability and timing of necessary governmental approvals; (ii) the timing and costs to construct mining and processing facilities; (iii) the availability and costs of labor, utilities, auxiliary materials and other supplies and the accessibility of transportation and other infrastructure; and (iv) the availability of funds to finance construction and production activities. There can be no assurance that any future acquisition initiatives will result in any economic mining operations and this may have a material adverse effect on our business, financial condition and results of operations.

Failure to obtain or maintain required government permits, licenses and approvals for our mining and exploration activities or renewals thereof could materially and adversely affect our business, results of operations, financial position and growth prospects.

Under the relevant PRC mineral laws and regulations, all mineral resources in China are owned by the state. Mining companies are required to obtain mining and exploration permits prior to undertaking any mining or exploration activities, and the mining and exploration permits are limited to a specific geographic area and period. Our mining permit in China is generally granted with a term of up to 20 years and renewable subject to certain conditions. Under the relevant Australian laws and regulations, such as the Mining Act 1978 (WA) and Mining Regulations 1981 (WA) in Western Australia, the state generally owns and regulates all the mineral resources, and ownership of minerals does not pass to the miner until the minerals have been extracted from the land. Mining companies are required to obtain the relevant exploratory titles, mining titles and ancillary titles prior to undertaking any mining or exploration activities. In addition, pursuant to the PRC and Australian laws and regulations, before commencing mining operations, we are required to pass a number of inspections and obtain permits and licenses with respect to environmental protection, production safety and, in case of our Australian operations, acknowledgment and protection of aboriginal people's property and heritage interest and rights, among other things. As of the Latest Practicable Date, we held one valid mining permit in China with respect to our Yajiang Cuola Mine, which is valid until 2032 and renewable subject to certain conditions. As of the Latest Practicable Date, we held a total of 13 valid mining leases, one exploration license and four related ancillary titles for the Greenbushes Mine. Applications for two general purpose licenses and a prospecting license are pending. The expiry dates for these mining leases and ancillary titles are set out in the table in "Business—Our Mining Permits." The expiry dates of our mining leases for the Greenbushes Mine range from December 27, 2026 to September 27, 2036. Upon the expiry of current terms of our mining leases, the Western Australian Minister for Mines and Petroleum will have the discretion to extend the leases for further periods (no more than 21 years each) subject to our compliance with the conditions in the leases. See "Business—Our Mining Permits" for more information. In addition, Talison's mining titles and related ancillary licenses for the Greenbushes Mine are subject to encumbrances including registered mining mortgage and caveats in relation to certain corporate loan taken by our Australian subsidiaries. The expiry date of our exploration license is March 7, 2026. Upon the expiry of the current term of our exploration license, the Western Australian Minister for Mines and Petroleum will have the discretion to extend the license for a term of five years and any subsequent renewal terms of two years if the Minister is satisfied that the exploration license is in good standing and a prescribed ground for extension of the exploration license exists. See "Business—Our Mining Permits" for more information.

Changes in local laws, regulations and policies relating to our mining licenses and permits that are out of our control may affect our ability to obtain timely renewals for such licenses and permits and as a result we might suspend or cease mining and exploration activities. As of the Latest Practicable

Date, we had obtained the requisite approvals, licenses and permits for our current operations in all material aspects. There can be no assurance that we will be able to fully and economically utilize the entire mineral resources of all of our lithium mines during the currently effective permit or approval periods. We cannot assure that the government authorities with jurisdiction over our mining operations, including the Greenbushes Mine, will not revoke or significantly alter our licenses, permits or approvals or that our licenses, permits or approvals will not be challenged or impugned in the future. Moreover, we may not be able to obtain or renew such approvals, licenses or permits, comply with all conditions requested by government authorities to maintain those approvals, licenses or permits, or obtain, retain or renew other approvals, licenses and permits necessary for our business operations in the future, either in respect of our existing mines or at any mines we may operate in the future. As of the Latest Practicable Date, we did not have any mining permits being renewed or required to be renewed in the near future in the PRC or Australia. For our operations at the Greenbushes Mine, there are a number of ancillary permits, authorizations and approvals primarily related to environmental and planning compliance that are required to be renewed before June 30, 2022.

Any failure to obtain, retain or renew, or any delay in obtaining or renewing, such approvals, licenses or permits could subject us to a variety of administrative penalties or other government actions and adversely impact our business operations.

In addition, our mineral property interests may interact with others' mining rights, which could adversely impact our ability to access our mining properties and could adversely impact the viability of our mining claims and concessions. There can be no guarantee that we will be successful in negotiating with other mining license owners to acquire their rights, if we determine that we need their permission to drill or mine on the land covered by such mining licenses. If we are unable to obtain the necessary rights, the viability of our mining claims and concessions could be materially impacted and we may not be able to develop any such properties.

We are exposed to the market forces in the lithium industry, including the current and expected supply and demand dynamics of lithium.

We are exposed to the market forces in the lithium industry, including the current and expected supply and demand dynamics of lithium, which are primarily based on resource availability, the competitive landscape of the lithium industry, discovery of new mines/brines, end market demand for products in which lithium is used, technological developments, government policies and global and regional economic conditions.

The current or expected supply of lithium may fluctuate, depending on resource availability in the lithium market. Currently, the lithium industry is competitive. The majority of raw material is produced by fewer than ten lithium suppliers. There is no assurance that we may continue to be able to secure high quality lithium supply at relatively low cost. We may face increasing competition with new market entrants over time. The discovery and successful exploration of new lithium mines by new or existing competitors may also affect our businesses. For example, new lithium mines are being explored in Australia and South America and could therefore provide new or existing competitors with an abundant source of lithium at competitive cost, which in turn may affect the global lithium supply, the global price of lithium and our businesses.

The demand for lithium depends on factors such as the use of lithium in the end markets, technological developments resulting in product or technological substitutions and general economic conditions. Our customers generally engage us to design, develop and produce products for use in end products, such as EVs, consumer electronics, chemicals and pharmaceuticals. Accordingly, demand for our products is determined in part by the demand for the end products that our customers design, develop, produce and sell and the pace of industry acceptance and adoption of new technologies or standards, and any reduction in demand or activity in such industries could cause our customers to place fewer orders or reduce the volume of their orders, materially impacting our business, financial condition and results of operations. If we fail to anticipate the industry trends of the end markets that we serve, our prospects will be materially and adversely affected. Accordingly, a decrease in customer demand for our products as a result of a general decline in the global lithium end markets as well as the fluctuations in orders placed by our customers in the global lithium end markets based on their respective product introduction schedules may affect our revenue generated from our sales of goods. The growth of lithium demand over the last decade has been led by the rapidly increasing use of lithium in rechargeable battery applications in the form of lithium carbonate and more recently lithium hydroxide. As we believe that the market for high-quality lithium-based batteries has promising growth potential, we have focused our initiatives on enhancing our products' quality and features. However, there is no assurance that the demand for lithium-based batteries will continue to increase. In addition, if a more cost-effective substitute for lithium-based batteries gains market acceptance, our business, financial condition and results of operations may be materially and adversely affected.

We rely on the market demand for lithium batteries from the electric vehicles market and any technological development of the lithium batteries for electric vehicles could result in substitute products and may have a material impact on us.

Our battery-grade lithium compound products are preferred raw materials for production and manufacturing of lithium batteries used for electric vehicles. The revenue generated from our battery-grade lithium compound products, which are largely purchased by battery material manufacturers, accounted for 70.6%, 67.2% and 84.3% of our total revenue generated from lithium compound in 2019, 2020 and 2021, respectively. Changes in technology, the development of substitute chemicals or minerals used for electric vehicle batteries could adversely affect the demand for our battery-grade lithium compound products and other products we produce. In addition, other alternatives to our products may become more economically attractive as global commodity prices shift. Any of these events could have a material adverse effect on our business, financial condition and results of operations.

We may not realize the expected benefits of the SQM Transaction.

We are the second largest shareholder of SQM. However, we are not able to exercise any control or have any decisive influence over SQM or its underlying business, and we currently do not have any offtake agreements or any other arrangements with SQM with respect to its lithium resources. In particular, on May 17, 2018, we entered into the SQM Share Purchase Agreement with Nutrien. Considering the possible impact of concentration of the operators after the transaction, the Production Development Corporation (the "**CORFO**") demanded the Chilean antitrust regulator, the FNE to initiate an investigation on the SQM Transaction. On June 15, 2018, FNE initiated the investigation. On August 27, 2018, we and FNE entered into the FNE Agreement which subjects us to certain restrictive measures with respect to our rights as an SQM shareholder and our dealings with SQM. Such measures, including but not limited to certain restrictions on our rights in electing directors on SQM's board and accessing SQM's sensitive information and certain requirements to notify the FNE of potential contracts with SQM and investments in SQM, could further limit our ability to exercise any control or have any decisive influence over SQM and its underlying business. Such FNE

Agreement has an effective term of four years and will be automatically renewed for two years thereafter, and is expected to expire around 2024. We do not have access to SQM's lithium brine resources, and we have no previous experience in dealing with lithium brine as resources. In addition, in light of our positive outlook on the lithium market, we expect that our holding of SQM equity will bring long-term stable financial returns to us given SQM's strong profitability and steady cash dividends. However, the amount of dividend distributions by SQM will be determined by its board of directors based on a number of financial parameters, and dividends declared or paid by SQM in prior periods may not be indicative of future dividend distributions. Accordingly, we cannot ensure you that SQM will make steady cash dividends payments to us, or at all, in which case our liquidity may be adversely affected.

We negotiated the purchase price for the SQM Transaction based on a valuation of the market value of the equity interest in SQM. However, our valuation may not be entirely accurate, due to various factors such as our lack of full access to all the financial documents of SQM, and the possibility that the assumptions we made in our evaluation do not align with SQM's actual performance in the future. Furthermore, the transaction does not entail any representation, warranty, or guarantee with respect to future business performance of SQM, and we will not be indemnified if SQM's future performance falls short of our expectation.

If the anticipated benefits of the SQM Transaction are not realized or if SQM is unsuccessful in addressing the risks related to its business, our financial condition and results of operations may be materially and adversely affected.

We may incur impairment losses in connection with our investment in SQM.

Our investment in SQM is adjusted for the post acquisition change in our share of SQM's net assets and any impairment losses relating to the investment. At each reporting date, we assess whether there is any objective evidence that our investment is impaired. In view of a significant and prolonged decline in the fair value of SQM in its equity instrument, the adverse macro-economic changes, the latest lithium product price forecast derived from the published industry report, as well as the delay of SQM's project construction for production capacity expansion announced in early 2020, we assessed the recoverable amount of the interest in SQM and as a result an impairment loss of RMB5,236.6 million was recognised in "impairment losses" for the year ended December 31, 2019. In 2021, with the recovery of the fair value of SQM in its equity instrument, the macro-economic condition and continuing strong performance of lithium industry, we determined that the indicators for impairment recognised in prior periods for SQM had decreased and assessed the recoverable amount of the interest in SQM and as a result a reversal of impairment loss of RMB1,601.3 million was recognised in "reversal of impairment losses" for the year ended December 31, 2021. We cannot assure you that we will not incur further impairment losses in connection with our investment in SQM in the future.

We face competition in the lithium industry.

We compete with a number of domestic and international companies focused on the mining of lithium resources, production of lithium concentrate, and manufacturing of lithium compounds and derivatives, particularly those with extensive marketing and sales networks and large reserves of lithium resources. Competition in our industry may intensify as our competitors expand their products, or as new competitors enter into our existing or new markets. The majority of lithium mine supply is dominated by seven companies, operating mines in Australia and China, according to the Wood

Mackenzie Report. As of December 31, 2021, the top four lithium compounds and derivatives suppliers accounted for approximately 50% of global mined lithium output, according to the Wood Mackenzie Report. Expansion of existing competitors and threat from new entrants could be disruptive to the near-term and medium-term supply demand equilibrium. New and existing competitors strive to increase their market shares with continued research and development efforts, optimized production processes, active marketing campaigns and high talent pool. Our competitors may have longer operating histories and greater financial, technical and other resources. They may also have better track records, greater brand recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion and sale of their products. Competition could also have an adverse impact on the demand for, and pricing of, our lithium products, which in turn affects our growth and market share. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position. If we fail to compete effectively, we may not be able to retain or expand our market share, which would have a material adverse effect on our businesses, results of operations and financial condition.

The mining and manufacturing processes are complex and dangerous and we may experience accidents or disruptions in our mining and manufacturing process, which could damage our reputation, subject us to liability claims and result in substantial costs.

The mining and manufacturing of lithium compounds and derivatives and other products involves complex, precise and often dangerous processes, requiring production in tightly controlled environments. As a result, our operations are subject to manufacturing risks, including, among others:

- the failure to achieve an acceptable success rate in the manufacturing of our products. Our operations may also be subject to production difficulties such as capacity constraints, mechanical and systems failures, construction and upgrade delays and delays in the delivery of machinery. The likelihood of facing such difficulties is higher when transitioning to new methods of production, which may occur from time to time during various stages of the mining and manufacturing process. The interruption of certain processes or the failure to achieve acceptable manufacturing yields at any of our facilities could adversely affect our business and results of operations;
- risks associated with the use of hazardous, toxic or flammable raw materials and intermediate products. The storage of such materials near our production facilities and the handling of these materials in the mining and production process pose inherent risks. An accident could materially disrupt our mining and manufacturing operations and could lead to death or personal injuries. Any such accident could have a material adverse effect on our operations, business and financial condition. Any such accident may also subject us to adverse publicity and damage to our brand name and reputation. Due to the growing awareness of and concern about safety and environmental protection, the risk of such accident may result in social demonstrations against the construction and operation of our plants and facilities, which may further disrupt our business operations, negatively affect our image and reputation and materially and adversely affect our business and financial condition;
- the consumption of substantial amounts of electricity and natural gas in our mining and production processes. Despite taking certain measures to reduce interruptions and to facilitate a continuous source of electricity and natural gas, we cannot assure you that power shortages would not adversely affect our results of operations and financial condition; and

- certain inherently dangerous activities undertaking by in the course of our operations that expose us to a number of additional risks, including the risk of fire, explosion, leakage, release of toxic fumes or other unexpected or hazardous conditions causing personal injuries or death, property damage, environmental damage or interruption of operations. Any of these consequences, if significant, could result in business interruption, legal liability and damage to our reputation and corporate image. In addition, we may also be subject to claims resulting from subsequent use by the customers or other third parties of the facilities and the products we produced.

We cannot assure you that such accidents will not happen in the future. Furthermore, our operations could be adversely affected if we are not able to overcome mining and manufacturing problems, secure access to advanced mining and manufacturing process technologies or maintain necessary safety measures in a timely and cost-effective manner.

We normally seek to lower our exposure to potential claims associated with our businesses through contractual limitations on liability, indemnities from customers and suppliers, and insurance. These measures, however, may not always be effective due to various factors, many of which may be out of our control. The occurrence of any of these risks may harm our business operations and reputation, which could inhibit our ability to take on other contracts or otherwise grow our businesses.

We are subject to extensive environmental, chemical manufacturing, health and safety laws and regulations and production standards, and our compliance with these laws, regulations and standards may be onerous and costly.

Our business and operational activities, such as mining, production and sales of lithium concentrate, manufacturing and sales of lithium compounds and derivatives, storage of raw materials, transportation and exportation of lithium products and certain other activities, are affected by laws and regulations, administrative adjudications, court decisions and other legal and regulatory constraints, especially the extensive environmental, chemical manufacturing, health and safety laws and regulations and stringent standards which are promulgated by the PRC government and the governments of overseas jurisdictions in which we operate, including Australia and Chile. We are required to obtain and maintain relevant environmental, chemical production, health and safety related licenses and certificates for our mining, production and sales of lithium concentrate and lithium compounds and derivatives. For more information, see "Regulatory Environment—Western Australian Mining Laws and Regulations—Environmental Law in Australia."

We are also required to comply with the restrictions and conditions imposed by various government authorities in order to conduct our businesses. If we fail to comply with any of the regulations or to satisfy any of the conditions required for the maintenance of our licenses and certificates, such licenses and certificates could be temporarily suspended, revoked, or rejected upon renewal or delayed for renewal upon expiry of their original terms. This could materially and adversely affect our business, financial condition and results of operations.

To comply with the extensive environmental laws and regulations relating to air, water and soil quality, waste management and public health and safety in China, Australia and Chile, we must prepare environmental impact assessment reports and obtain the relevant approvals for our mines and production facilities in operation and projects under construction. In China, we must also pass both periodic and sporadic inspections of our production facilities by relevant authorities to ensure the safety of our equipment. If we fail to obtain such environmental approvals or pass the inspections, the relevant authorities may suspend our mines, construction projects or production facilities and may impose a fine on us.

Given the magnitude, complexity and continuous amendments to these laws and regulations, compliance therewith may be onerous and may cost substantial financial and other resources to establish efficient compliance and monitoring systems. The liabilities, costs, obligations and requirements associated with these laws and regulations may therefore be substantial and may delay the commencement of, or cause interruptions to, our operations. Non-compliance with the laws and regulations applicable to our operations may even result in substantial penalties or fines, suspension or revocation of our relevant licenses, termination of government contracts or suspension of their operations. Such events could impact on our results of operations, financial condition and reputation, all of which could adversely affect our ability to stay profitable and attract new customers.

In addition, environmental, chemical manufacturing and health and safety laws and regulations, administrative adjudications and court decisions in China and other jurisdictions which we are subject to continue to evolve, which may lead to stricter standards and enforcement trends, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed mines or production facilities, as well as increased liability exposure for us and our officers, directors and employees. Any changes or amendments to such laws or regulations may cause us to incur additional capital expenditures, costs that may not be able to be passed on to our customers, or other obligations or liabilities, which could decrease our capital and our ability to pursue developments in other areas. In recent years, the regulatory landscape of environmental protection in China has undergone substantial development. The scope of environmental protection has been continuously expanded and regulatory scrutiny regarding environmental protection has been enhanced. Consequentially, the number of environmental regulatory actions has been increasing in recent years. Recent environmental protection legislations and policies in China include, but are not limited to, the Environmental Protection Tax Law of the PRC (《中華人民共和國環境保護稅法》) and the relevant regulation on the implementation, the Public Participation Measures for Environmental Impact Assessment (《環境影響評價公眾參與辦法》), the Soil Pollution Prevention and Control Law of the PRC (《中華人民共和國土壤污染防治法》), the Three-Year Action Plan for Quality Supervision and Inspection of Ecological Environment Monitoring (2018-2020) (《生態環境監測質量監督檢查三年行動計劃 (2018-2020年) 》) and the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》). In addition, on September 12, 2018, the General Office of the State Council issued the Notice on Carrying out the Cleanup of Ecological Environment Protection Laws, Regulations, and Regulatory Documents (《關於開展生態環境保護法規、規章、規範性文件清理工作的通知》) to promote a comprehensive overhaul to the existing environmental protection laws, regulations, judicial interpretations and normative documents in order to enhance environmental protection measures in China. On January 2, 2019, the Supreme People's Procuratorate and the other nine ministries jointly issued the Opinions on Strengthening Cooperation in Procuratorial Public Interest Litigation to Fight the Battle to Prevent and Control Pollution (《關於在檢察公益訴訟中加強協作配合依法打好污染防治攻堅戰的意見》) to give full play to the role of procuratorial organs and administrative agencies in the prevention and control of environmental pollution. With the implementation and development of these policies and regulations, our manufacturing operations' compliance costs, including those related to air pollutants, water pollutants and solid waste emissions taxable, public environmental impact assessment procedures for construction projects, soil pollution-related litigation, fees for self-inspection and rectification, may increase in the future. If we fail to meet the requirements and standards of the continuously changing environmental policies and regulations in China, the operations of our manufacturing plants in China and our financial condition may be materially and adversely affected. In addition, the development of our future projects in China may be altered, restricted or aborted due to changes to environmental protection regulations and policies in China. Furthermore, some of the new overseas markets that we may enter could have more stringent environmental, chemical manufacturing and health and safety regulations than China's, and compliance with such regulations may be costly and could hinder our endeavors to enter these new overseas markets.

There can be no assurance that we will be able to comply with the relevant environmental laws or to maintain or renew our existing licenses and certificates or obtain future licenses and certificates required for our continued operations on a timely basis or at all. In the event that we fail to comply with applicable laws and regulations or fail to maintain, renew or obtain the necessary licenses or certificates, our qualification to conduct our various businesses may be adversely affected, which may adversely affect our business, financial condition and results of operations.

New legislations or changes in the PRC regulatory requirements regarding the lithium industry and the end markets of our products may affect our business operations and prospects.

Our products are used in the production of, or are incorporated into, final products that are sold into a number of end markets which include battery-related, glass and ceramics, aircraft and other markets. New legislations or changes in the PRC regulatory requirements regarding these end markets may affect our business, financial condition, results of operations and prospects. For instance, on October 20, 2020, the General Office of the State Council issued the New Energy Automobile Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021—2035年)》) (國辦發[2020]39號), further supporting the accelerated development of new energy vehicles. On March 11, 2021, the National People's Congress passed Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), which focused on the development of new generation of new energy vehicles and other strategic emerging industries. On December 10, 2021, the MIIT issued the Lithium-Ion Battery Industry Standard Conditions (2021 version) (《鋰離子電池行業規範條件 (2021年本)》) and the Interim Measures for the Administration of the Lithium-ion Battery Industry Specification Announcement (2021 version) (《鋰離子電池行業規範公告管理暫行辦法(2021年本)》). The standard is proposed to guide enterprises to reduce manufacturing projects that simply expand production capacity, strengthen technological innovation, improve product quality, and reduce production costs. It also requires enterprises to adopt technology-advanced, energy-saving, environmentally friendly, safe, stable and highly intelligent production processes and equipment. We may need to change or adapt our business focuses from time to time in response to the new rules and regulations regarding the end markets of our products, but we may not be able to do so in a timely and efficiently manner.

Short-term orders from customers and counterparty risks may adversely affect our businesses.

Although our customer base is stable, our lithium compounds and derivatives business is characterized by short-term orders from our major customers. We primarily rely on ongoing communication with our customers in order to predict the future volume of purchase orders. We cannot guarantee that our existing customers will continue to place orders with us in the future, or will place orders of no less than the current volume of lithium products. A variety of conditions, both specific to an individual customer and generally affecting the customer's industry, can cause a customer to reduce or delay orders previously anticipated by us, which could adversely impact our business. Given the volatility of short-term orders, we may experience a material change in our revenue.

In 2019, 2020 and 2021, sales to our largest customer, Albemarle and its related entities, accounted for 27.4%, 32.4% and 17.8% of our total revenue, respectively. For the same periods, our sales to our five largest customers accounted for 51.0%, 56.7% and 49.8% of our total revenue, respectively. If any of these customers terminates its contracts with us or significantly reduces the amount of purchases from us, we may not be able to find replacement customers in the near term and our results of operations could be materially and adversely affected.

While we generally evaluate our customers' credit in accordance with our internal risk management criteria, such as credit history and likelihood of default, we have limited access to information about our customers and may encounter difficulties in the collection of receivables from certain customers or in certain geographic areas with which we have less experience in our dealings.

We cannot guarantee that all of our customers will fully perform their obligations under their respective contracts with us, and the deterioration of any customers' credit or payment conditions may result in those customers defaulting on their contractual obligations, which could materially and adversely affect our businesses, financial condition and results of operations.

Our businesses are vulnerable to downturns in the general economy.

The global macroeconomic environment is facing numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies. There have also been concerns over unrest in countries including the Middle East and Africa, which have resulted in volatility in commodity prices and other markets. Unfavorable financial or economic conditions may adversely affect the demand for lithium concentrate and lithium compounds and derivatives. Furthermore, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, unemployment, consumer confidence, asset values, capital market volatility and liquidity issues may create difficult operating conditions in the future. Additionally, the recent trade tensions between the U.S. and China and between Australia and China, and any future economic conflicts escalated therefrom, may materially and adversely affect our industry and end markets, as well as the global economic conditions in general.

In addition, the PRC government has from time to time adjusted China's monetary, fiscal and other policies and measures to manage the rate of growth of the economy or control the overheating of the general economy or certain industries or markets. As a result, the general economy of China, the world or any particular industry in which we operate or which we serve may grow at a lower-than-expected rate or even experience a downturn. This in turn could materially and adversely affect our business, financial condition and results of operations.

We may undertake acquisitions, investments, joint ventures or other alliances, which could prove difficult to integrate, disrupt our business or otherwise negatively impact our results of operations.

As part of our business strategy, we regularly evaluate potential acquisitions, investments and alliances, including joint ventures, minority equity investments and strategic investments. These transactions involve numerous risks, including:

- the failure to achieve the expected benefits of the acquisition, investment or alliance;
- difficulties in, and the cost of, integrating operations, technologies, services and personnel;

- write-offs of investments or acquired assets;
- non-performance by, or conflicts of interest with, the parties with whom we enter into investments or alliances;
- limited ability to monitor or control the actions of other parties with whom we enter into investments or alliances;
- misuse of proprietary information shared in connection with an acquisition, investment or alliance; and
- depending on the nature of the acquisition, investment or alliance, exposure to new regulatory risks.

The realization of any of these risks could materially and adversely affect our business. In addition, if we finance acquisitions by issuing equity or convertible debt securities, our existing shareholders may be diluted, which could affect the market price of our Shares. Furthermore, we may fail to identify or secure suitable acquisition, investment and other strategic opportunities, or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

Our businesses and operations require significant capital resources on an ongoing basis and are subject to uncertainties.

Our businesses and operations are capital intensive. We have been undertaking, and may undertake in the future, capital intensive projects or businesses as part of our growth strategies, which could be delayed or otherwise adversely affected by a number of risks and uncertainties, including, those relating to market conditions, policies and regulations of the PRC and other relevant jurisdictions, availability of sufficient funding, disputes with business partners, technology, equipment and raw material suppliers and other contractors, employees, and local governments and communities, natural disasters, availability of power and other energy supplies, availability of technical or human resources, adverse changes in the relationships between China and relevant foreign countries, and war or other significant adverse developments in international relations.

Before we commence new projects or businesses, we typically conduct extensive feasibility studies, which may require significant capital outlay. There is no assurance that each project or business, either ongoing, planned or to be undertaken, will ultimately be implemented or will generate any profit. Moreover, actual costs for these projects or businesses may exceed the initial budgets due to factors such as delays, changes in scope, increases in funding costs due to foreign exchange and interest rate volatility and increases in raw material, equipment or labor costs. In addition, these projects or businesses may not be able to achieve the anticipated economic results and commercial viability due to various factors, including but not limited to adverse changes in market conditions, lower-than-expected grade or yield of lithium reserves, low capacity utilization in respect of production and manufacturing facilities, high construction and production costs, and decreased demand for and prices of our products. If any of these projects or businesses is not completed as planned, exceeds our initial budgets or time limits, or fails to achieve the anticipated economic results or commercial viability, our business, financial condition and results of operations could be materially and adversely affected.

In addition, we require significant capital resources to obtain exploration and mining rights and purchase and maintain mining, processing and manufacturing plants, machinery and equipment in

China and abroad, such as Australia. We also require significant capital to build, maintain, operate and expand production facilities, purchase machinery and equipment, and develop new technologies and products. Furthermore, we may incur various encumbrances, including mortgage secured by our mining tenements, when raising capital to finance our projects. We also require substantial capital resources to fund our research and development programs. For the years ended December 31, 2019, 2020 and 2021, our capital expenditures were RMB3,735.4 million, RMB962.9 million and RMB1,000.9 million, respectively. The fluctuations of our capital expenditure during the Track Record Period were primarily driven by (i) the decrease in capital expenditure incurred for the Greenbushes Mines and the Kwinana Plant, as the construction of Greenbushes CGP2 and the first phase of the Kwinana Plant had completed in 2019 and the construction of the second phase of the Kwinana Plant has suspended since 2019, and (ii) the fluctuation of exchange rates.

We currently fund our operations primarily through cash generated from operations, bank loans and other borrowings, and proceeds from the issuance of equity and debt instruments. We may need to obtain additional financing for business growth, future acquisitions and investment opportunities. For instance, we may expand our existing production facilities or acquire new mining resources. In addition, if we acquire or invest in another company, the company we acquire or invest in may require additional financing to fund continuing operations and/or growth.

There is no assurance that cash generated from our existing operations will be sufficient to fund our development and expansion. The availability of external funding is subject to various factors, including governmental approvals, market conditions, credit availability, interest rates and the performance of the businesses we operate. To the extent that additional financing proves to be unavailable or unaffordable when needed for a particular investment or acquisition, we may be compelled to restructure, delay or abandon the transaction and, as a result, our business, financial condition, results of operations, growth prospects and expansion plans may be materially and adversely affected.

Our lithium production depends on a stable, timely and adequate supply of raw materials, utilities and energy at commercially reasonable prices.

In addition to lithium raw materials, we depend on the supply of utilities, energy and other raw materials, such as electricity, oil fuel, water and chemicals, in order to maintain our production processes. Our production volume and production costs are dependent on our ability to source the raw materials, utilities and energy at acceptable prices and maintain a stable supply. The prices for raw materials are subject to price volatility attributable to a number of factors which may be beyond our control, including inflation, supplier capacity constraints, general economic conditions, commodity price fluctuations, demand from other industries for the same raw materials, the availability of complementary and substitute raw materials, and local and national regulatory requirements. Furthermore, there can be no assurance that shortages of raw materials, utilities and energy will not occur in the future or that we will be able to pass on any cost increases in raw materials, utilities and energy to our customers. Significant fluctuations in such costs may have a material effect on our profitability if we are unable to adjust the price of our products accordingly, and may also harm our competitive advantage with respect to the affected products. In particular, increases in raw material, utilities and energy prices that we are unable to pass onto our consumers will reduce our profit margin. Moreover, if the supply of raw materials, utilities and energy is affected by natural disasters, adverse weather conditions, suppliers' equipment failures, disruptions in transport or other inclement factors, we may not be able to locate alternative sources of supply in sufficient quantities, of suitable quality, and/or at acceptable prices. Any such events may have a material adverse effect on our business, financial condition and results of operations.

We are exposed to foreign currency exchange fluctuations.

A substantial portion of our revenues and cost of sales is denominated in Renminbi. However, as we operate part of our business in Australia and other international jurisdictions, we have made and expect to continue to make significant equity and other investments outside of China. We are therefore subject to significant risks associated with foreign currency exchange fluctuations.

Changes in the value of foreign currencies could increase our Renminbi costs for, or reduce our Renminbi revenues from, our foreign operations, or affect the prices of our exported products and the prices of our imported equipment and materials. The fluctuation of foreign exchange rates also affects the value of our monetary and other assets and liabilities denominated in foreign currencies, primarily Australian dollars and U.S. dollars. With respect to our monetary assets and liabilities denominated in foreign currencies, we recorded net foreign exchange gains of RMB20.2 million and RMB497.1 million for 2019 and 2020, respectively, and net foreign exchange loss of RMB242.4 million for 2021. With respect to our operations outside of China, we recorded other comprehensive income on exchange differences on translation of financial statements of subsidiaries outside of China of RMB90.5 million and RMB206.0 million for 2019 and 2020, respectively, and other comprehensive losses on exchange differences on translation of financial statements of subsidiaries outside of China of RMB773.8 million for 2021. The exchange differences were recognized in other comprehensive income during the Track Record Period, and may be reclassified subsequently to profit or loss in the event of a disposal of the relevant foreign operations. We cannot guarantee that future fluctuations of exchange rates would not have a material adverse impact on our financial condition and results of operations.

The value of the Renminbi is subject to changes in the PRC's governmental policies and international economic and political environment. The PRC government may adopt further reforms of the PRC's exchange rate system in the future. There can be no assurance that such exchange rate will remain stable against the U.S. dollar or other foreign currencies in the market. Further appreciation of the Renminbi against foreign currencies may affect our overseas operations.

During the Track Record Period, we used a variety of forward contracts, currency options, currency swaps and other hedging instruments to protect us from fluctuations in foreign currency exchange rates, particularly the exchange rates between Renminbi, U.S. dollar and Australian dollar. We have established a set of policies to guide the approval and management of our foreign exchange hedging activities. According to such policies, we do not engage in foreign exchange hedging activities for any speculative purposes. We base our hedging decisions on our foreign exchange receipts and payments forecasts, including those generated from our foreign transactions, investments and financings. Our finance department is in charge of analyzing foreign exchange trends and hedging instruments to plan our hedging activities. Our audit department periodically reviews and monitors our hedging activities. However, our foreign exchange hedging activities and the relevant policies may fail to sufficiently protect us against foreign exchange fluctuations. As a result, our financial condition, results of operation and business may be materially and adversely affected.

We are exposed to credit risk of our customers and failure to collect our trade and other receivables in a timely manner may affect our financial condition and results of operations.

Historically, we have not experienced any material collection issue in connection with our trade and other receivables. For the years ended December 31, 2019, 2020 and 2021, our trade receivables turnover days were 35.2 days, 33.2 days and 21.0 days, respectively. We generally require our domestic customers to pay in advance of delivery. As of December 31, 2019, 2020 and 2021, our trade and other receivables amounted to RMB1,024.4 million, RMB891.8 million and RMB3,369.5 million, respectively, representing 16.0%, 31.4% and 52.2% of our total current assets, respectively. For the years ended December 31, 2019, 2020 and 2021, we recognized impairment/(reversal of impairment) losses on trade and other receivables of RMB0.6 million (impairment losses), RMB3.6 million (reversal of impairment losses) and RMB10.4 million (impairment losses), respectively.

In the event that the creditworthiness of our customers deteriorates or that a significant number of our customers fail to settle their trade and other receivables in full for any reason, we may incur impairment losses and our results of operations and financial condition could be materially and adversely affected. In addition, there may be a risk of delay in payment by our customers from their respective credit period, which in turn may also result in an impairment loss provision. There is no assurance that we will be able to fully recover our trade and other receivables from the customers or that they will settle our trade and other receivables in a timely manner.

We are exposed to the risk of obsolescence of our inventory.

Our inventories primarily consist of raw materials, work-in-progress, finished goods and low-value consumption goods. As of December 31, 2019, 2020 and 2021, our inventories amounted to RMB917.0 million, RMB851.0 million and RMB871.8 million, respectively, accounting for 14.3%, 29.9% and 13.5% of our total current assets, respectively. While most of our inventories are not exposed to the risk of obsolescence since they do not deteriorate easily, we made provision for write-down of inventories for certain low-value consumption goods. When the carrying amount of inventories is greater than their net realizable value at the end of a period, we will write down our inventory to net realizable value and record a provision of write-down of inventories. Our provision for write-down of inventories slightly decreased from RMB2.6 million as of December 31, 2019 to RMB2.4 million as of December 31, 2020 and further decreased to RMB1.8 million as of December 31, 2021. For more details, see "Financial Information—Analysis of Selected Consolidated Statements of Financial Position—Inventories."

We have been actively managing our inventory turnover days to more effectively plan our production and monitor our inventory level to minimize the risk of obsolescence of our inventory. Given that certain of our inventories inherently face obsolescence risks, if we fail to manage them at a proper level due to various factors, such as interruptions in our production lines, failure to achieve anticipated production expansions, excessive purchases and decrease in the demand of our products, which may expedite the deterioration of our inventories and increase the volume of obsolete inventory and in turn heighten the risk of inventory obsolescence, we may need to either sell off such inventory at a lower price to third parties or write off such inventory, in the event of which our financial condition and results of operations may be materially and adversely affected.

We are uncertain about the recoverability of our deferred tax assets, which may affect our financial condition in the future.

As of December 31, 2019, 2020 and 2021, our deferred tax assets amounted to RMB524.9 million, RMB866.5 million and RMB115.6 million, respectively. Deferred tax assets arise from the deductible temporary differences between the carrying amounts of assets and liabilities from financial reporting purposes and their tax base, as well as unused tax losses and unused tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgment on the tax treatment of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered. In this context, we cannot guarantee that the recoverability of our deferred tax assets, and to what extent they may affect our financial condition in the future.

Impairment losses relating to goodwill and other intangible assets could materially affect our profits.

As of December 31, 2019, 2020 and 2021, we had goodwill of RMB416.1 million, RMB416.1 million and RMB416.1 million, and intangible assets of RMB165.0 million, RMB131.3 million and RMB118.8 million, in each case respectively. Our intangible assets consisted of software, patents, mining rights and development cost during the Track Record Period. As of December 31, 2021, the net book value of our software, patents, mining rights and development cost was RMB26.7 million, RMB4.1 million, RMB88.0 million and nil, respectively.

There are inherent uncertainties in the estimates, judgments and assumptions used in assessing recoverability of goodwill and intangible assets. Economic, legal, regulatory, competitive, reputational, contractual, and other factors could result in future declines in the operating results of our business or market values that do not support the carrying value of the goodwill and other intangible assets. Any reduction in or impairment of the value of goodwill or intangible assets will result in a charge against our profits, which could have a material adverse impact on our results of operations and financial condition.

We face exposure to fair value change for FVPL and valuation uncertainty due to the use of unobservable inputs.

For the years ended December 31, 2019 and 2020, we recorded net realized and unrealized gain on financial assets measured at FVPL of RMB4.5 million and RMB35,000, respectively. We recorded a carrying amount of financial assets at FVPL of RMB10.0 million as of December 31, 2019. We face exposure to fair value change for the financial assets at FVPL. We cannot assure you that we can recognize comparable fair value gains in the future and we may on the contrary recognize fair value losses, which would affect our result of operations for future periods. In addition, the valuation of fair value change of financial assets at FVPL are subject to uncertainties in estimations. Such estimated changes in fair values involve the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs, which, by their nature, are subjective and uncertain. As such, the financial assets at FVPL valuation has been, and will continue to be, subject to uncertainties in estimations, which may not reflect the actual fair value of these financial assets and result in significant fluctuations in profit or loss from year to year.

Our financial assets measured at FVOCI and derivative financial instruments are subject to the uncertainties in accounting estimates. Fluctuations in fair value of our financial assets at FVOCI and derivative financial instruments due to the use of unobservable inputs would affect our financial results.

Our financial instruments include our investment in wealth management products issued by banks at fair value through profit or loss ("FVTPL"), our bank acceptance note receivable and investment in unlisted equity securities at fair value through other comprehensive income ("FVOCI") and our derivative financial instruments, categorized into three-level fair value hierarchy as defined in IFRS 13, fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows: (i) level 1 valuations which refer to unadjusted quoted prices in active markets for identical assets or liabilities, (ii) level 2 valuations which refer to valuation techniques which fails to meet level 1 valuations but not using significant unobservable inputs, and (iii) level 3 valuations which refer to valuation techniques using significant unobservable inputs. See note 33(e) to the Accountants' Report included in Appendix I to this Prospectus issued by the reporting accountants. In particular, the fair value of our investment in collar options is determined by option pricing model with significant unobservable input of expected volatility, the fair value of our investment in wealth management products issued by banks is determined using the forecast future cashflow discounted by risk-adjusted discount rate, and the fair value of unlisted equity instruments is determined with reference to the latest transaction price.

As of December 31, 2019, 2020 and 2021, we recorded financial assets at FVOCI of RMB495.3 million, RMB181.0 million and RMB2,710.0 million, respectively. As of December 31, 2019, 2020 and 2021, we recorded assets of derivative financial instrument of RMB232.8 million, nil and nil, respectively, while we recorded liabilities of derivative financial instrument of RMB46.7 million, RMB490.4 million and RMB388.4 million, respectively. We have a team headed by the finance manager performing valuations for the financial instruments and discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year. We have formulated policies setting out the approval process for the purchase of funds and wealth management products, and the responsible person/department for the enforcement of the policies. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. In addition, for the years ended December 31, 2019 and 2021, we recorded net realized and unrealized gains on derivative financial instruments of RMB238.8 million and RMB51.0 million, and recorded net realized and unrealized losses on derivative financial instruments of RMB661.9 million for the year ended December 31, 2020. We cannot assure you that we will not incur any such loss on derivative financial instruments nor incur any other fair value losses in the future. In the event that we incur such losses, our results of operations, financial condition and prospects may be adversely affected.

Share-based compensation expenses may cause shareholding dilution to our existing Shareholders and have a material and adverse effect on our financial performance.

We adopted a restricted share incentive plan for the benefit of our directors, senior management and key employees as remuneration for their outstanding services provided to us to incentivize and reward the eligible persons who have contributed to our success. For the years ended December 31, 2019, 2020 and 2021, we incurred share-based payment expenses of RMB4.3 million, nil and nil, respectively. To further incentivize our directors, senior management and key employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing Shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position

Our contract liabilities are recognized when the customer pays non-refundable consideration before we recognize the related revenue and also when we have an unconditional right to receive non-refundable consideration before we recognize the related revenue. As of December 31, 2019, 2020 and 2021, we had contract liabilities of RMB172.3 million, RMB158.1 million and RMB164.5 million, respectively. If we are not able to fulfil our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognised as revenue. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

Our investments in joint ventures and associates may subject us to risks, including the associated liquidity risk if we are not able to receive dividends from our joint ventures or associates.

In the course of our business, we have formed, and will continue to form, joint ventures or associate with other parties, to jointly engage in certain business activities, which include, among other things, undertaking mining projects, acquiring and operating mines, resources development projects, and production of lithium products. We generally expect to incur share of profit and loss in such joint ventures or associates. In light of our rapid growth in business scale and cooperation with joint ventures and associates, the carrying amount of such investments was significant to us during the Track Record Period. As of December 31, 2019, 2020 and 2021, our interest in associates amounted to RMB25,087.9 million, RMB23,400.6 million and RMB24,120.8 million, respectively. As of the same dates, our interest in joint venture were RMB65.0 million, RMB64.5 million and RMB112.8 million, respectively.

Furthermore, even if profits of our joint ventures and associates are recognized, such share of profits will not result in additional cash inflow without the declaration of dividends from such joint ventures and associates. Therefore, we may not receive any final remittance of surplus funds, which is typically in the form of dividend distribution, from these joint ventures and associates until declaration of dividends. Such declaration will be at the discretion of the boards and shareholders of the joint ventures and associates and therefore not within our control. Moreover, payments of dividends by our joint ventures and associates may be subject to restrictions under covenants contained in agreements such as bank facility agreements to which they are subject to. Accordingly, our investments in these joint ventures and associates are not as liquid as our investments in our subsidiaries. As we invest and expect to continue investing in joint ventures and associates for our businesses, our liquidity may be restricted if we are not able to receive dividends from our existing or future joint ventures or associates, which could materially and adversely affect our ability to conduct our business, and the performance of our financial condition and results of operations.

We may incur impairment losses in relation to our investments in joint ventures and associates. For example, we recognized an impairment loss of RMB5,309.5 million for the year ended December 31, 2019, primarily due to the impairment loss we recognized in connection with our shareholding in SQM in 2019. Any significant impairment losses charged against our investments in associates or joint ventures could have a material adverse effect on our business, financial condition and results of operations.

We are subject to uncertainties surrounding our estimated resources and reserves of lithium as our raw material, and the volume and grade of lithium we produce may not conform to current estimates.

Our estimated resources and reserves of lithium are based on a number of assumptions in accordance with relevant industry standards, such as the JORC Code. There can be no assurance that our estimated lithium resources and reserves will prove to be accurate or that we will be able to mine or process our lithium reserves at a profit. Estimated resources and reserves of lithium are inherently prone to variation. They involve expressions of judgment with regard to the presence and grade of lithium and the economic viability to extract and process the lithium. These judgments are based on a variety of factors, such as knowledge, experience and industry practice. The accuracy of these estimates may be affected by many factors, including the quality of the extraction, sampling results, analysis of the samples, the procedures adopted, and the level of experience of the persons making the estimates. Lithium actually mined may be different from the estimated reserves in various aspects, such as quality, volume, mining costs and processing costs. In addition, lithium may not ultimately be extracted at a profit.

If we encounter conditions different from those predicted based on historical examinations, such as governmental policies on export and tax rates, geopolitical relationships, natural disasters and transportation disruptions, we may have to adjust our mining or production plans, which could materially and adversely affect our businesses, financial condition and results of operations and reduce the estimated amount of resources and reserves available for production and expansion plans.

SQM faces risks associated with its international operations.

Headquartered in Santiago, Chile, SQM has regional offices in more than 20 countries worldwide including the United States, Belgium, Spain, Mexico, Italy, Germany, Thailand, China and South Africa. The success of our investment in SQM will depend significantly upon the successful operations of SQM in various regions of the world. We will depend on the board of directors and management of SQM for their experience in and expertise and knowledge of operating their business in Chile and other overseas jurisdictions.

The operations of SQM in various regions involve considerable risks and may not continue to be successful. Such risks include:

- political, economic and demographic developments in certain countries where SQM conducts a large portion of its business;
- the nature and extent of future competition in SQM's principal markets;
- SQM's ability to implement capital expenditure programs, including its ability to obtain financing when required;
- risks relating to the estimation of its reserves;
- changes in raw material and energy prices;
- changes in its quality standards or technology applications;

- risks relating to SQM's ability to continue operating certain mines located within areas that are leased from Chilean regulatory authorities;
- adverse legal, regulatory or labor disputes or proceedings involving SQM; and
- changes in governmental regulations affecting SQM.

We cannot anticipate all the risks relating to SQM's international operations or that we will be successful in our investment in SQM.

We are exposed to risks associated with legal proceedings, regulatory actions and other liabilities of SQM.

SQM is subject to legal proceedings and regulatory actions from time to time, which include but not limited to the following matters:

- A Chilean subsidiary of SQM holds exclusive and temporary exploitation rights to substantial mineral resources in the Salar de Atacama between 1993 and 2030 pursuant to a lease agreement with a Chilean government entity as the owner. The government entity initiated a series of arbitration proceedings against SQM regarding its performance under the lease agreement. In January 2018, the parties entered into an arbitration agreement to end the arbitration proceedings and amend the lease agreement to, among other things, increase lithium production quota to SQM. SQM challenged a governmental entity´s resolution to eliminate certain provision in such authorization that allows the relevant authority to revoke the amendment if any person or entity acquires control or decisive influence over SQM without prior antitrust approval. On April 26, 2021, the government authority accepted most of the sensitive points challenged by SQM and stipulated that the company, "upon formal knowledge of a relevant share ownership change," must inform the Chilean Antitrust Court within ten business days so that it "may exercise its legal powers in this matter." In addition, there have been pending legal actions initiated by certain local community organization to challenge the relevant government authorization of the amendment.
- SQM is subject to substantial risks as a result of various investigations by the relevant government authorities regarding certain allegedly improper payments made in Chile. In 2017, SQM reached a Deferred Prosecution Agreement ("**DPA**") with the U.S. Department of Justice and received a cease and desist order from the U.S. Securities and Exchange Commission, under which it agreed to pay a fine of US$15,487,500 and accept an external monitor for 24 months. The three-year term of the DPA ended on April 30, 2020, and on June 1, 2020, the SQM's CEO and CFO submitted the certification regarding the company's disclosure obligations, as required under the DPA. On November 11, 2020, the U.S. Department of Justice presented a motion to dismiss the criminal information against SQM, stating that SQM had "fully met its obligations under the DPA". On January 21, 2021, the motion to dismiss was approved by the United States District Court of the District of Columbia.
- In connection with the matter described in the preceding paragraph, a consolidated class action has been pending against SQM since 2015. The complaint alleges that certain statements, including SEC filings and press releases, made by SQM are materially false and/or misleading in violation of the relevant U.S. securities regulations, and the lead plaintiff seeks damages of an undetermined amount. On December 11, 2020, the company

and the lead plaintiff, the Council of the Borough of South Tyneside, filed a Stipulation of Settlement of the class action litigation. Pursuant to the Stipulation of Settlement, SQM agreed to pay US$62.5 million. The Stipulation of Settlement was finally approved on April 26, 2021, by the United States District Court for the Southern District of New York.

- SQM and SQM North America Corporation have been in lawsuits filed by the City of Pomona (the "**Pomona Lawsuit**") and City of Lindsay respectively in California since 2010 for alleged groundwater contamination by SQM's fertilizer products. Regarding the Pomona Lawsuit, on May 17, 2018, the District Judge Gary Klausner ruled in favor of SQM North America Corporation following the jury verdict. On February 6, 2020, the United States Court of Appeals for the Ninth Circuit demanded a retrial before the District Court, and in September 2021, the defendant was condemned to pay US$48,100,000 to the claimant. The decision is not final and after the judgment was issued, SQM by means of a material event notice dated September 8, 2021, made public its intention to file the corresponding remedies against it.

- Since 2016, SQM has been subject to certain regulatory actions of the relevant Chilean environmental agency related to the water usage and environmental impact of a local project. On August 6, 2020, the Superintendence of the Environment ordered SQM to implement a series of provisional measures, for a period of 30 calendar days. Such term has been successively renewed. On September 8, 2021, an indigenous community filed a petition for a new provisional measure, consisting of the temporary suspension of RCA 226/2006 or, the reduction of brine extraction from the Salar de Atacama.

- SQM is the defendant in several civil proceedings relating to tax, insurance and other causes of action.

Any legal proceedings and regulatory actions in which SQM is involved, if adversely concluded, could have a material adverse effect on its business, financial condition and results of operations. As one of the principal shareholders of SQM, we may lose the value of our holdings of SQM, our reputation, business and financial condition and results of operations could be adversely affected by the negative outcome of these legal proceedings and regulatory actions. We may also face significant exposure from current and unknown liabilities within SQM for which we have not obtained indemnification from Nutrien.

Certain facts and statistics derived from SQM's public disclosure may not be reliable.

We have derived certain facts, statistics and business and financial information relating to SQM from information disclosed by SQM in its various public disclosures. While we have taken responsible care in the reproduction of such information, it has not been prepared or independently verified by us, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the underwriters or any of our or their respective affiliates or advisors and, therefore, we cannot assure you as to the accuracy and reliability of such facts, statistics and information. In addition, SQM's lithium reserve data is not readily comparable with our lithium resources and reserves data which was determined and reported in accordance with the JORC Code, and we are unable to estimate SQM's lithium reserve data under the JORC Code. We cannot assure you that the information derived from SQM's public disclosures was stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere in this Prospectus. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts and statistics.

The value of our investment in SQM may be adversely affected by political conditions, legal system and currency fluctuations in Chile.

As a company based in Chile, SQM is exposed to changes in the political conditions in Chile. SQM's business, results of operations, financial condition and prospects, and in turn, the value of our investment in SQM, may be adversely affected by unfavorable changes in policies of the Chilean government, other political developments in or affecting Chile, changes in the standards or administrative practices of Chilean authorities or the interpretation of such standards and practices, all of which are beyond the control of SQM and us.

The Chilean legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value. The laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable, which are beyond control of us.

SQM transacts a significant portion of its business in U.S. dollars, and the U.S. dollar is the currency of the primary economic environment in which it operates. In addition, the U.S. dollar is SQM's functional currency for financial statement reporting purposes. A significant portion of SQM's costs, however, is related to the Chilean peso. Therefore, an appreciation or depreciation of the Chilean peso against the U.S. dollar would affect SQM's costs of production. The Chilean peso has been subject to large devaluations and revaluations in the past and may be subject to significant fluctuations in the future. In addition, SQM also transacts business and has assets and liabilities in other non-U.S. dollar currencies, such as the Euro, the South African rand, the Mexican peso, the Renminbi, the Thai baht and the Brazilian real. As a result, any fluctuations in the exchange rates of the Chilean peso or such other foreign currencies to the U.S. dollar may have a material adverse effect on SQM's business, financial condition and results of operations and thereby affect the value of our investment in SQM.

The development of our Yajiang Cuola Mine is currently on hold and we cannot assure you that the development of our Yajiang Cuola Mine will resume in the near future.

In August 2012, we commenced construction of phase I of the Yajiang Cuola Mine located in Sichuan Province, China, which is part of the larger Jiajika lithium mineralization district, the largest hard-rock lithium mineralization district in China and Asia, according to the BDA Report. However, due to an alleged leak from a neighboring mine owned and constructed by a third party resulting in an environmental incident (including a large number of dead fish) in a downstream river, all lithium operations in the Jiajika District, including the construction of our Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013. At the time of the suspension, approximately 80% of the construction work for the mine and related facilities was completed. The People's Government of Ganzi Tibetan Autonomous Prefecture published a regulatory guidance relating to the construction recommencement in a press release in 2019, which provided policy guidance for our business development in Ganzi, in particular, in relation to our development and construction at Yajiang Cuola Mine. We are conducting a feasibility study of the development and production of the Yajiang Cuola Mine, and expect to complete the feasibility study in the second half of 2022. We had spent approximately RMB150 million on the Yajiang Cuola Mine as of the Latest Practicable Date. We expect the construction will resume in the second half of 2022 and complete in 2025. We do not foresee any material impediment for recommencing the development and production pursuant to the regulatory guidance relating to the construction recommencement published in a press release by the People's Government of Ganzi Tibetan Autonomous Prefecture in 2019. We expect to incur additional capital expenditures for the development before we can commence the commercial production of the Yajiang Cuola Mine. We cannot assure you that the development of our Yajiang Cuola Mine will resume in the near future. If we resume the construction of the Yajiang Cuola Mine, we cannot assure you the construction will be completed with our estimated time and capital expenditures.

We may not be successful in expanding our operations to meet our demands or managing our growth effectively.

The success of our future expansion projects may depend on factors beyond our control, such as the progress of the construction conducted by the third party construction companies, local laws and regulations, government support, including in the form of tax breaks, and customer demand for our expanded production capacity. Furthermore, as we expand our business operations in the future organically or by acquisition, we expect to incur additional costs or require additional funds. There can be no assurance that we will be able to achieve the expansion of our operations or manage our growth in a timely or cost-effective manner.

In addition to successfully managing our expansion, our success in the future will depend on, among other things, our ability to implement our business strategies for future growth. The successful implementation of such business strategies may be affected by a number of factors including fluctuations in demand from domestic markets, changes in customer preference and demand, the availability of resources suitable for our future product diversification, increasing competition, our ability to obtain any necessary approvals in the future and changes in government policies. We may also require additional funds and/or resources from time to time to implement our future business strategies. There can be no assurance that our business strategies can be implemented successfully or that the funds required to implement the business strategies will be available. If availability of funds and/or other resources cannot be met timely, we may be unable to pursue our business strategies and this may adversely affect our future growth and profitability.

Failure to hire and retain management executives, technicians and other qualified personnel could adversely affect our businesses and prospects.

The growth of our businesses is dependent upon the continued service of our senior management team. The industry experience, expertise and contributions of our executives and senior management are essential to our continued success. We will require an increasing number of experienced and competent executives in the future to implement our growth plans. If we were to lose the services of any of our key management members and were unable to recruit and retain personnel with equivalent qualifications, the management and growth of our businesses could be adversely affected.

Our success also depends on our ability to attract and retain key personnel. We may not be able to attract or retain all the key personnel we need. We may also need to offer better remuneration and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs or that our costs and expenses will not increase significantly as a result of increased talent acquisition and retention cost. Our failure to attract and retain competent personnel, and any increase in staffing costs to retain such personnel may have a negative impact on our ability to maintain our competitive position and grow our business. If this occurs, our businesses, financial condition and results of operations may be materially and adversely affected.

Any failure to maintain an effective quality control system for our construction, production and other operational activities could have a material adverse effect on our business, financial condition and results of operations.

As the quality of our products is critical to the success of our businesses, we must maintain an effective quality control system for our construction, production and other operational activities. The effectiveness of our quality control system depends significantly on a number of factors, including the design of the system and the related training programs, as well as our ability to ensure that our employees adhere to our quality control policies and guidelines.

Any failure or deterioration of our quality control systems could result in defects in our projects or products, which in turn may subject us to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause us to incur significant costs, harm our business reputation and result in significant disruption to our operations. Furthermore, if any such claims were ultimately successful, we could be required to pay substantial monetary damages or penalties, which could have a material adverse effect on our businesses, financial condition, results of operations and reputation.

Our indebtedness and large repayment sums may materially and adversely affect our liquidity and ability to respond to adverse economic and industry conditions.

We have historically relied on short-term and long-term borrowings to fund our business operation and capital expenditures, and expect to continue in the future. As of December 31, 2021, we had total interest-bearing bank loans and other borrowings of RMB21,562.7 million. For details of our bank loans and other borrowings, see "Financial Information—Indebtedness" and Note 26 to "Appendix I—Accountants' Report".

As of December 31, 2021, 45.3%, or RMB9,762.5 million, of our bank loans and other borrowings were due within one year or on demand. These borrowings arose primarily from our use of short-term loans from banks in the PRC to satisfy our working capital needs. Due to our reliance on these borrowings, we are exposed to interest rate risk resulting from interest rate fluctuations.

The effective interest rates of our bank loans ranged from 3.1% to 7.6%, 2.9% to 9.3% and 2.1% to 9.3% per annum for the years ended December 31, 2019, 2020 and 2021, respectively. In addition, some of our bank loans are subject to the fulfillment of covenants relating to certain of our financial ratios, as are commonly found in lending arrangements with financial institutions. If we breached the covenants, such bank loans may become payable on demand. Escalation of prevailing interest rates could substantially increase our finance costs, which could materially and adversely affect our businesses, financial condition and results of operations.

Our ability to meet our debt obligations largely depends on our operating performance and the ability of our customers to fulfill their payment obligations to us. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to refinance any of our indebtedness on commercially reasonable terms, or at all. If we encounter difficulties in generating sufficient cash to repay our outstanding indebtedness, our liquidity, business, results of operations and financial condition may be materially and adversely affected, and we may not be able to expand our business. We may be forced to sell assets, issue additional capital reduce or delay capital expenditures, strategic acquisitions and investments, or seek to restructure or refinance our indebtedness, which may not be successful or provide sufficient remedial measures, could impede the implementation of our business strategy or prevent us from entering into transactions that would otherwise benefit our business.

We may face substantial financial and operational risks if our business environment or the relevant interest or exchange rates change, or if our cash flows and capital resources are insufficient to fund our debt service obligations. Failure to service our debt could result in the imposition of penalties, including increases in interest rates that we pay on our debt and legal actions against us by our creditors, or even bankruptcy.

In addition, obtaining additional external financing may require us to issue additional equity or debt securities or obtain additional bank loans. The sale of additional equity or convertible debt securities could result in dilution of our shareholders' equity interests. The incurrence of additional indebtedness could result in increased fixed obligations and operating covenants that restrict our operations. We cannot assure you that additional financing will be available in amounts or on terms acceptable to us, if at all.

Due to our level of borrowings, our ability to respond to changing market conditions may be limited and our business expansion plans through acquisitions may be impeded. This would also increase our vulnerability to adverse economic and industry conditions and place us at a disadvantage compared to competitors who have lower levels of debt obligations.

We are subject to certain restrictive covenants and risks associated with our debt financing terms which may limit or otherwise adversely affect our business, financial condition, results of operations and prospects.

We are subject to restrictive covenants in loan agreements entered into between us and certain banks. These covenants may restrict or adversely affect our business, financial condition, results of operations and prospects, including our ability to finance our operations through additional loan facilities and one of our subsidiaries to pay dividend, make distribution or provide any loan other than in its ordinary course of its business. Our failure to meet any payment obligations or comply with these restrictive covenants or any financial ratio contained therein, or violation of any restrictive covenants, may constitute an event of default under such loan agreements. In connection with certain corporate loans taken by our Australian subsidiaries, we have granted security interests and incurred encumbrances over certain assets in Australia including the mining rights and related ancillary licenses owned by Talison in connection with the mining operations at the Greenbushes Mine, and we have agreed to certain financial and other covenants in connection with the SQM Indebtedness.

In case of any default under any of these loan agreements, the lenders will be entitled to accelerate payment of all or any part of the loans and may have recourse to the properties in which we have granted them security interests. For more details of our bank loans and other borrowings, see "Financial Information—Indebtedness" and Note 26 to "Appendix I—Accountants' Report".

We may not be able to perform all of our obligations under the loan agreements in the future. In case of any defaults under our loan agreements, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to risks relating to product concentration and our product development efforts may not be successful.

We derived the majority of our revenue from sales of lithium compounds and derivatives during the Track Record Period. For the years ended December 31, 2019, 2020 and 2021, revenue generated from the manufacturing and sales of lithium compounds and derivatives accounted for 60.3%, 54.0% and 65.3%, respectively, of our total revenue. We expect that manufacturing and sales of lithium compounds and derivatives will continue to contribute to a large percentage of our total revenue in the near term. Market acceptance of our lithium compounds and derivatives products is critical to our future success. Any negative changes in the demand for or prices of these products could have a material adverse effect on our business, financial condition and results of operations.

We may plan to expand our product portfolio in the future. There can be no assurance that any products we develop will achieve market acceptance. Any failure to successfully develop, launch and market new products could jeopardize our ability to recover our investments, which in turn may materially and adversely affect our business, financial condition and results of operations.

Eventual closure of our lithium mining operations may entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards.

In the event of a closure of our mining operations, we will need to perform certain procedures to remedy and rehabilitate the environmental and social impact on the environment and local communities. Environmental and social remediation and rehabilitation and the closure and removal of our facilities will incur various costs and subject us to various risks. The key tasks for mine closures include, but are not limited to, (i) long-term management of permanent engineered structures; (ii) closure in accordance with local or international environmental standards; (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the sites, along with the associated permanent structures and local infrastructure development projects, to the new owners. There is no assurance that such closure of mines will be successful and without delays or additional costs. The consequences of a difficult closure include increased closure costs, handover delays, ongoing monitoring and environmental rehabilitation costs and damages to our reputation if the desired outcome cannot be achieved. In the event of a difficult closure, our business and results of operations could be materially and adversely affected.

In addition, in order to address mine closure and other geological and environmental issues, a mining company is required to submit rehabilitation plans and pay rehabilitation fees to the relevant government authorities under applicable laws and regulations. Non-compliance with applicable rehabilitation plans or a default in paying required rehabilitation fees may result in a variety of penalties and other administrative actions, including the suspension of certain administrative procedures relating to (i) the approval of annual report on mining activities, (ii) the extension of mining permits or (iii) the application for new mining permits, any of which might adversely affect our business and results of operations.

Disputes with joint venture and other business partners may adversely affect our businesses.

In the course of our business, we have formed, and will continue to form, joint ventures, consortiums or other cooperative relationships with other parties, including in some cases foreign governmental entities, to jointly engage in certain business activities, which include, among other things, undertaking mining projects, acquiring and operating mines, resources development projects, and production of lithium products. For example, we have entered into an investment agreement with IGO in 2021 in relation to the Company's Western Australian operations in which IGO owns 49% of the equity interest.

We may bear joint and several liabilities to the project owners or other parties with other consortium members or joint venture or business partners under the relevant consortium, joint venture offtake and distribution or other agreements, and as a result, we may incur damages and other liabilities for any defective work or other breaches by other consortium members or joint venture or business partners. Our joint venture and other business partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or make requests contrary to our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements or other cooperative arrangements, including their obligation to make the required capital contribution; or
- have financial difficulties.

The offtake and distribution or other agreements with other consortium members or joint venture or business partners are likely to be complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our relevant rights, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

We may have disputes with these counterparties over various aspects, such as performance of each party's obligations, scope of each party's responsibilities and product quality. A dispute with our joint venture or other business partners may cause loss of business opportunities or disruption to or termination of the relevant project or business venture. For example, our subsidiary, Tianqi Lithium Kwinana Pty Ltd ("**TLK**"), had been in dispute with MSP Engineering ("**MSP**") since early 2020 in relation to the development of a two-stage lithium hydroxide processing plant at Kwinana, Western Australia (**"LHPP**"). MSP was the head contractor engaged by TLK to design, construct and undertake certain commissioning work on the LHPP, but its engagement was terminated by us on August 7, 2020 due to substantial breaches of contract by MSP, including breaches of warranties and performance obligations, as the project had encountered unacceptable delays and cost overruns on LHPP1 (and were equally forecasted on LHPP2). In April 2020, TLK commenced arbitration proceedings against MSP in relation to claimed delays and cost overruns on the LHPP. Around the same time, MSP commenced proceedings against TLK in the Supreme Court of Western Australia in relation to payment claims that TLK had certified under the LHPP contracts. MSP also commenced arbitration proceedings against us to enforce a parent company guarantee that we provided for the LHPP. In October 2021, the parties entered into a settlement agreement to resolve all disputes in connection with the LHPP. In February 2022, all the conditions contained in the settlement deed were fulfilled. As such, parties have discontinued all legal proceedings by consent, which has been formalized by applicable sealed orders. For more information, see "Business—Legal and Regulatory Compliance—Legal Proceeding."

If disputes or litigations with our joint venture and other business partners cannot be settled in a timely and satisfactorily manner, our financial condition and businesses may be adversely affected.

Such dispute or litigation may also divert our management's attention and other resources, and if a decision or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities and suspend or terminate the related project or operations.

We may not be able to identify or pursue suitable acquisition or expansion opportunities or optimal results in future acquisitions or expansions and we may encounter difficulties in successfully integrating and developing acquired assets or businesses.

To further grow our businesses and increase our competitiveness and profitability, we intend to continue expanding our mining and production operations in various product segments or regions both inside and outside of China. We have been actively looking for acquisition or expansion opportunities that may be beneficial to us. Over the past few years, we have entered into negotiations relating to certain target companies in which we were interested in acquiring a stake. In the future, we will continue to seek opportunities of acquisition and expansion. These acquisitions may not be successfully concluded and we may not be able to find or consummate another suitable acquisition or expansion. If these acquisitions are successfully concluded, we may raise financing, either in the capital markets or in the form of bank financing, to cover all or part of the purchase price, which will lead to changes to our financial structure.

We have acquired and may in the future acquire other businesses or companies with exploration or mining rights and additional lithium assets or manufacturing plants, or other businesses or assets with capabilities and strategies that we believe are complementary to and are likely to enhance our businesses. However, there can be no assurance that we will be able to identify attractive acquisition targets, negotiate acquisitions on favorable terms, obtain necessary government approvals, if applicable, accurately estimate the mineral resources and reserves of these acquisition targets or obtain the necessary funding to complete such acquisitions on commercially acceptable terms or at all.

Acquisitions and expansions involve numerous risks, including potential difficulties in the retention and assimilation of personnel, risks and difficulties associated with integrating the operations and culture of acquired businesses, diversion of management attention and other resources, and lack of experience and knowledge in the industry and market of the new businesses.

In addition, acquisitions or expansions may significantly stretch our capital, personnel and management resources and, as a result, we may fail to manage our growth effectively. Any new acquisition or expansion plans may also result in the incurrence and inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the new businesses, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm our businesses, financial condition and results of operations. In particular, if any of the new businesses fail to perform as we expected, we may be required to recognize a significant impairment charge, which may materially and adversely affect our business, financial condition and results of operations. There may also be established players in these sectors and markets which enjoy significant market share, and it may be difficult for us to win market share from them. Furthermore, some of the overseas markets that we are targeting may have high barriers of entry for foreign players. There can be no assurance that our acquisition or expansion plans will be successful.

Furthermore, there are complex procedures for certain acquisitions of PRC companies as established by the PRC Anti-monopoly Law (《中華人民共和國反壟斷法》) and the Provisions of the State Council on the Threshold for the Reporting of Undertaking Concentrations (《國務院關於經

營者集中申報標準的規定》), which require us to file anti-monopoly applications for some acquisitions based on the turnover of the acquirer and the target entity. The Interim Provisions on the Examination of Concentrations of Undertakings (《經營者集中審查暫行規定》) was promulgated by the Standing State Administration for Market Regulation on October 23, 2020 and implemented on December 1, 2020 and latest revised on March 24, 2022. The State Administration for Market Regulation is responsible for conducting the anti-monopoly examination of concentrations of undertakings, as well as investigating and punishing illegal concentrations of undertakings.

In addition, the PRC Anti-monopoly Law prohibits monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of businesses that may have the effect to eliminate or restrict competition. The relevant restrictions and requirements may affect our ability to expand our operations, result in adjustments to our business plans and limit the growth of our business.

We may not be adequately insured against losses and liabilities arising from various operational risks and hazards that we are subject to.

We face various operational risks in connection with our businesses, including production interruptions caused by operational errors, electricity outages, the failure of equipment and other risks, operating limitations imposed by environmental or other regulatory requirements, social, political and labor unrest, environmental or industrial accidents, catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters, and risks related to the complicated geological structure of our mines and geological disasters that occur during the mining process such as mine collapses. These risks can result in, among other things, damage to, and destruction of, mineral properties or production facilities, personal injury or loss of life, environmental damage, delays in mining, monetary losses and legal liability. The occurrence of any of these events may result in the interruption of our operations and subject us to significant losses or liabilities.

We may not have adequate or any insurance coverage on the abovementioned operational risks. In China, we maintain property insurance, employer liability insurance, environmental liability insurance, directors' and officers' liability insurance, public liability insurance and safety production liability insurance for our business operations. In Australia, we maintain property insurance, mobile plant and motor vehicle insurance, workers compensation insurance, public and products liability insurance, marine transit insurance, construction liability insurance, corporate travel insurance, personal accident journey insurance and directors and officers liability insurance for our business operations. Consistent with what we believe to be customary practice in our industry, we generally do not maintain any business interruption insurance. In addition, in line with industry practice, we do not maintain product liability insurance in China. Product liability insurance usually covers finished and consumer goods and our products are primarily intermediate materials for further industrial use. However, there can be no assurance that the insurance held by us will be sufficient to cover, for instance, personal injury or property or environmental damage claims arising from accidents on our property or relating to our operations.

We maintain endowment insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance for our employees and personal injury insurance for all our employees in China pursuant to the relevant PRC laws and regulations and in line with customary practices in the PRC. In Australia, we maintain workers compensation insurance in line with Western Australian laws. However, there can be no assurance that the insurances held by us will be sufficient to cover, for instance, personal injury or other claims arising from accidents on our property or relating to our operations. For example, under our outsourcing contracts, the third-party contractor is required to comply with our safety standards as well as the applicable laws and regulations and safety requirements imposed by the relevant governmental authorities, and all losses caused by, or incurred pursuant to, the mining works of the third party contractors or production at our manufacturing plants as a result of our failure to maintain proper safety standards are borne by us. If any claim in respect of the outsourced activities is made by third parties against us directly, we may have to incur costs and use resources to defend ourselves against such claims. Any such claims could damage our reputation and result in loss of customers and decreased revenue.

According to the relevant PRC laws and regulations, we will be liable for losses and costs arising from accidents resulting from fault or omission on the part of us or our employees. The relevant PRC laws, regulations and/or guiding opinions from relevant government agencies require mining enterprises and enterprises that manufacture hazardous chemicals to obtain safety production liability insurance.

Although we carry insurance in line with the customary practice in the PRC and Australia, there is no assurance that the insurance taken by us will be sufficient and our results of operations may be adversely affected. In the event that we incur substantial losses or liabilities and our insurance is unavailable or inadequate to cover such losses or liabilities, our business, financial condition and results of operations could be materially and adversely affected.

Our operations may be affected by our research and development capabilities, which may not always produce positive results.

Our ability to improve our mining and production capabilities and launch new products depends largely on our research and development capabilities. We incurred research and development costs of RMB48.4 million, RMB24.3 million and RMB18.9 million for the year ended December 31, 2019, 2020 and 2021, respectively, which we believe are important to improve the production efficiency and quality of our products. We cannot assure you that such investment will yield immediate tangible benefits or our research and development efforts will be effective. Even if such efforts are successful, we may be unable to apply our newly developed technologies to our products in ways that are accepted by our customers.

If we are unable to maintain or enhance our research and development capabilities, our competitiveness may be undermined, which could adversely affect our businesses, financial condition, results of operations and future development. We are often engaged to undertake large-scale or complicated projects that require us to develop or adopt new technologies and construction methods, which could put a strain on our research and development resources. The use of new technologies and construction methods may also result in experimental failures, increased costs and unstable work conditions, which may adversely affect the profitability of our businesses.

The failure to maintain or protect our intellectual property rights, trade secrets, and proprietary technologies and processes could have an adverse effect on our business, financial condition and results of operations.

Our success also depends on our ability to use, develop and protect our technology and know-how without infringing the intellectual property rights of third parties. We seek to protect our intellectual property rights, trade secrets and proprietary technology and processes. We maintain a combination of patent filings for our invention patents in the PRC and overseas, design patents and utility model patents. As of the Latest Practicable Date, we had 166 authorized patents, including 84 invention patents in the PRC and 4 invention patents overseas, 11 design patents and 67 utility model patents, and we were in the process of applying for 32 patents in China. As of December 31, 2021, we had 29 and 33 registered trademarks in China and overseas, respectively, which are material to our business. In addition, we maintain trademark registrations and patents in the PRC and may need to make filings with relevant authorities in order to maintain such trademark registrations and annual fees to maintain our authorized patents. Any failure to promptly make such filings or pay such fees may adversely affect our intellectual property rights, which may in turn have an adverse effect on our business, financial condition and operating results.

We may face claims or disputes from third parties alleging ownership of certain intellectual property rights, trade secrets, and proprietary technologies and processes. We cannot assure that our measures taken will be sufficient to protect our intellectual property rights, trade secrets, and proprietary technologies and processes. The validity and scope of any potential claims relating to our production technology and know-how involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. If we lose any of such intellectual property rights, trade secrets and proprietary technologies and processes, we may lose our competitive advantage and may be prevented from marketing or licensing our intellectual properties to others.

Litigation may be required to enforce our intellectual property rights, protect our trade secrets and proprietary technologies or processes, or determine the validity and scope of proprietary rights of others. Any action we may take to protect our intellectual property rights could be costly and could absorb a significant amount of our time and attention. If any of the foregoing occurs, we may be unable to execute our business plan. An adverse determination in any such litigation or proceedings to which we are a party may subject us to significant liability to third parties, require us to seek licenses from third parties, pay royalties, or redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation may also result in our customers or potential customers deferring or limiting their purchase of our products until resolution of such litigations. The failure to protect our intellectual property rights may have an adverse effect on our business, financial condition and operating results.

We are dependent on suppliers and contractors for various services and products in our business.

We rely on third-party suppliers and contractors for various goods and services including utilities, energy, raw materials, mining operation services and construction services in line with industry practice. We endeavor to source products and services from third-party manufacturers and service providers whom we believe are able to meet our quality, delivery schedule and other requirements. Nevertheless, we may not be able to monitor the performance of these subcontractors and other third parties as directly and efficiently as we do to our own staff. Therefore, we are exposed to the risk that our third-party service providers may fail to perform our obligations, which may in turn adversely affect our business operations.

We continuously expand our production capacity. Before the new production capacity becomes available, we cooperate with and outsource some manufacturers of lithium compounds and derivatives to downstream lithium compounds processing plants through tolling arrangements to enhance our processing capabilities and meet the demand of our downstream customers. In addition, If we need extra manpower due to a shortage of labor, or in order to accelerate the progress of project work, we may need to subcontract labor services, hire short-term temporary workers, or engage independent third-party subcontractors. Qualified processing plants, subcontractors and other third parties may not always be readily available when our needs for outsourcing arise. If we are unable to hire qualified processing plants, subcontractors and other third parties, our ability to meet market demand and complete projects or other contracts could be impaired. If the amounts we are required to pay to processing agent, subcontractors and other third parties exceed what we have estimated, especially in the case contracts with our customers have a pre-agreed price, we may suffer losses on those contracts. Outsourcing also exposes us to risks associated with non-performance, delayed performance or sub-standard performance by processing plants, subcontractors or other third parties. As a result, we may experience deterioration in the quality of our products, incur additional expenses due to delays to or higher costs of the delivery of our products, or be subject to liability under the relevant contract for the non-performance, delayed performance or sub-standard performance of our sub-contractors or other third parties.

Any of the above events could have a material adverse impact on our profitability, financial performance and reputation, and may result in litigation or damage claims against us.

Work stoppage, labor shortage and other labor related matters may have an adverse effect on our businesses.

We believe that we have a good working relationship with our employees and have not experienced any material work stoppages, strikes or other major labor problems in the Track Record Period. There is no assurance that any of such events will not arise in the future. If our employees were to engage in a strike or other work stoppage, we could experience significant disruption to our operations and/or incur higher on-going labor costs, which may have an adverse effect on our businesses and results of operations.

There is also no assurance that we can secure sufficient number of workers to meet our production needs, or that our labor costs will not increase. Should we fail to recruit staff in a timely and cost-efficient manner and/or retain our existing staff, we may not be able to achieve our production target, accommodate any sudden increase of purchase orders from our customers or carry out our expansion plans.

As of the Latest Practicable Date, we had 1,473 full-time employees. Some of our employees are currently represented by labor unions. In addition, employees of some of our suppliers, contractors or customers (in each case, especially in the PRC) may become unionized in the future or experience labor instability and we may not be able to predict the outcome of any future labor negotiations. Any conflicts between us and our employees' labor unions or between our suppliers, contractors or customers and their respective unions could have an adverse effect on our financial condition and results of operations.

In addition, labor costs in regions where we operate have been increasing in recent years and could potentially continue to increase. If labor costs in these regions continue to increase, our production costs will increase. We may not be able to pass on these increased costs to customers by increasing the selling prices of our products in light of competitive pressure in the markets where we operate. In such circumstances, our profit margin may decrease, which could have an adverse effect on our results of operations.

We face risks associated with our overseas operations.

We operate and have investment in various countries around the world, including Australia, Canada, Chile and several other developed or developing countries with different legal frameworks and government policies. Our business, financial condition and results of operations are subject to risks and uncertainties relating to the relevant countries in which we operate or have investments, including but not limited to:

- exposure to risks associated with changes in international, regional and local economic, trade, financial and political conditions and regulatory policies;
- exposure to different legal standards and limitation on ability to enforce contracts in some jurisdictions;
- control of foreign exchange and fluctuations in foreign exchange rate;
- developments in labor law and increase in staff cost;
- failure to negotiate the collective labor agreements on satisfactory terms with trade unions;
- restrictions or requirements relating to foreign investments;
- limitations on repatriation of earnings, including withholding and other taxes on remittances and other payments by subsidiaries;
- compliance with the requirements of applicable competition, sanctions, anti-bribery and related laws and regulations;
- encumbrances on our foreign assets;
- failure to protect our reputation from negative publicity against us; and
- limitation on ability of non-nationals to reside and work in such countries.

We are subject to litigation risks.

In the ordinary course of business, claims involving customers, suppliers and subcontractors may be brought against us in connection with our contracts. Claims may be brought against us for back charges for alleged defective or incomplete work, liabilities for defective products, personal injuries and deaths, damage to or destruction of property, breaches of warranty, delayed payments to our suppliers or subcontractors, late completion or other contractual disputes. The claims and back charges may involve actual damages and contractually agreed upon liquidated sums. If we were found liable on any of the claims, we would have to incur a charge against our current earnings to the extent that a reserve had not been established for the matter in our accounts, or to the extent the claims were not sufficiently covered by our insurance coverage. Claims brought by us against project owners may include claims for additional costs incurred in excess of current contract provisions arising out of delays and changes in the initial scope of work. Both claims brought against us and by us, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realized from project owners or other claims by us could differ materially from the balances included in our financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project or other contract.

For example, in March 2020, MSP Engineering commenced legal proceedings against our subsidiary TLK in the Supreme Court of Western Australia, seeking payment of approximately A$38.9 million for the construction of the lithium hydroxide plant in Kwinana, Western Australia. In April 2020, TLK commenced arbitral proceedings in Perth against MSP Engineering, claiming damages for breach of contract and misleading or deceptive conduct, totalling approximately A$225 million. In January 2021, MSP Engineering commenced separate arbitration proceedings against TLK for construction fees claimed as owing, totalling approximately A$50.5 million. Although parties have discontinued all legal proceedings by consent, which has been formalised by applicable sealed orders, see "Business—Legal Proceedings—Legal Proceedings Relating to MSP Engineering" for more information, we cannot assure you that we will not be subject to similar claims in the future.

We may be involved in such legal proceedings from time to time. Charges associated with claims brought against us and write-downs associated with claims brought by us could have a material adverse impact on our businesses, financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and damage our prospects to secure contracts in the future.

We are subject to regulatory risks with respect to our tax compliance.

In the ordinary course of business we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. We may incur additional tax or duty liabilities, or increased statutory royalties in relation to our mining and mineral production operations, as a result of any unfavorable decisions made by such relevant tax or revenue authorities, which may materially and adversely affect our business, financial condition and results of operations. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. For example, since 2015, Windfield only sold products to its two shareholders. The Australian Taxation Office (the "**ATO**") requests companies report and file information of related party transactions annually. If a company can reach an Advanced Price Agreement ("**APA**") with the ATO, there is no risk of tax adjustment for the selling prices of products sold to the company's related parties within the scope of the APA. The price of lithium ore market rose significantly in 2017. The ATO made special tax adjustments to the selling prices of Windfield's lithium concentrates sold in the years from 2015 to 2018. As such, in 2019, Windfield made up the payment of A$52.0 million for the income tax from 2015 to 2018. Although Windfield has changed its pricing mechanism since January 1, 2020, there is no assurance that the ATO will not have further investigations and make special adjustments to the income taxes that Windfield paid in the future, which may have adverse impact on our financial results.

On December 8, 2020, TLC and TLEA entered into an investment agreement with IGO and IGO Lithium, pursuant to which IGO Lithium invested US$1.4 billion in TLEA by way of a share subscription and obtained a 49% ownership interest in TLEA (the "**IGO Transaction**") which did not crystallise an Australian taxation liability. The IGO Transaction required the TLH Multiple Entry Consolidated (the "**MEC**") group to undertake an 'internal restructure'. The ATO is currently focused on arrangements whereby a restructure by an MEC group enables a tax free exit from Australian investments. We are currently consulting with the ATO in respect of the tax treatment of the IGO Transaction to obtain certainty of the tax outcomes. If the ATO sought to apply Part IVA Income Tax Assessment Act 1936 to the IGO Transaction and the internal restructure, based on what is considered the counterfactual most likely to be put forward by the ATO, this may give rise to an approximate total tax liability of A$167 million (before penalties and interest) by the MEC group based on indicative capital gain tax calculation. Pursuant to a tax indemnity deed between IGO and us, IGO will pay 49% of the tax payable (subject to a cap) in connection with the IGO transaction. In addition, we might be subject to penalties ranging from 25% to 100% of the total tax liabilities payable by the MEC group. As this engagement process is in its early stages, the outcome and timing are uncertain at this stage.

We are in the process of applying for ownership certificates for some of our properties and any failure to obtain such certificates and any related dispute may affect our business and results of operations.

As of the Latest Practicable Date, we did not obtain the required ownership related certificates from the local government authorities for a portion of our owned properties in the PRC. These properties are located on land for which we have land use rights and used as manufacturing facilities. As of the Latest Practicable Date, we were in the process of applying for the relevant ownership certificates. Currently there has been no dispute with respect to their ownership. However, there is no assurance that the relevant local government authorities will grant us the ownership certificates or that no dispute with regard to their ownership will arise. Any failure to obtain such certificates and any related dispute may affect our business and results of operations. See "Business— Properties" for more information.

We are exposed to severe weather and climate conditions, acts of God, severe contagious disease, acts of terrorism or war, and adverse work environments in the PRC and abroad.

A significant amount of our business activities, particularly those activities in our mining and production business, is conducted outdoors and could be materially and adversely affected by severe weather and climate conditions. We also operate in areas that are under the threat of ice storms, floods, earthquakes, landslides, mudslides, bushfires, sandstorms or drought. Acts of war and terrorist attacks, including those in foreign jurisdictions in which we have operations, may cause damage or disruption to us and our respective employees, subcontractors, operations, equipment, facilities and markets, any of which could impact our revenues, cost of sales and reputation. The outbreak of any severe contagious disease such as SARS, the H1N1 Influenza and COVID-19 could also result in interruption of our business. Actual or threatened war, terrorist activities, political unrest, civil strife, and other geopolitical uncertainty could have a similar adverse effect on the regional and global economy. The Russia/Ukraine conflict has had an immediate impact on the global economy resulting in higher prices for certain goods and services which in turn is contributing to higher inflation across the globe with significant disruption to financial markets. If the disruption to financial markets continues, we may be potentially indirectly adversely impacted. In addition, the physical impacts of climate change on our operations are highly uncertain and will be particular to the geographic circumstances. These may include changes in rainfall patterns, water shortages, rising sea levels, increased storm intensities and higher temperatures. During periods of curtailed activity, we may continue to incur operating expenses, but our revenue from operations may be delayed or reduced. Such events could also have severe effects on the overall business sentiment and environment in China and worldwide, and may in turn lead to a slower economic growth in China or globally, which may have a material adverse effect on our businesses, operating results and financial condition.

In addition, we conduct some of our operations under a variety of challenging geographical and other conditions, including difficult terrain, harsh conditions, busy urban centers where delivery of materials and availability of labor may be affected and sites which may have been exposed to environmental hazards. Such conditions may result in personal injuries or fatalities or have a negative effect on our work performance and efficiency.

We may fail to detect and prevent fraud, negligence or other misconduct committed by our employees, sub-contractors, or third-parties.

We may be subject to financial losses and sanctions imposed by government authorities as well as harm to our reputation if our employees, subcontractors or third-parties commit fraud, negligence or other misconduct. Such misconduct includes crimes like theft, vandalism, embezzlement and bribery. We have established risk management and internal control systems consisting policies and transactions in a timely manner, or at all, which could enable us to identify and prevent fraud, negligence and other misconduct committed by our employees, subcontractors and third-parties, and take remedial measures in relation to them timely and effectively. However, although we may have limited, or even no control, over the behaviors of these parties, we may still be viewed as at least partially responsible for their conduct under theories related to contract or tort. We may become a defendant or a joint-defendant in litigation or other administrative or investigative proceedings and be held accountable for injuries or damages sustained by our customers or other parties. To the extent that we cannot recover related costs from the employees, sub-contractors or other third parties involved, we may suffer material adverse effects on our business, financial position and reputation, which could damage our reputation or put us in a position where we may be required to compensate the injured parties even in the absence of a legal requirement to do so.

RISKS RELATING TO THE PRC

Changes in the PRC's economic, political and social conditions as well as governmental policies could affect our business, financial condition and results of operations.

The Chinese economy differs from the economies of most developed countries in many respects, including the structure of the economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign exchange and allocation of resources. The Chinese economy has been undergoing transformation. For the past four decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country. As a result, we may not continue to benefit from all, or any, of these measures. In addition, we cannot predict whether changes in China's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

China has been one of the world's fastest growing economies as measured by GDP in recent years. However, China has also displayed signs of a slowdown as evidenced by a decrease in the growth rate of its GDP in recent years. In 2019, China's economic growth rate slowed to 5.9% and further slowed to 2.3% in 2020 due to the negative impact from the COVID-19 pandemic. There can be no assurance that the PRC government will continue to implement reforms which may result in economic growth. Our businesses, financial conditions and results of operations could be adversely affected by the PRC government's inability to effect timely economic reforms.

In addition, global economic and financial conditions remain unstable following, among other things, volatile commodity prices, American inflation and monetary policies, the global credit and liquidity crisis, currency movements in the Renminbi and volatility in the Chinese stock markets. Any recurrence of a global financial crisis, which could potentially be sparked by the recent market volatility attributed to concerns over the foregoing, may cause a further slowdown in the Chinese economy, and there can be no assurance that any measures or actions taken by the PRC government with an aim to increase investors' confidence in the Chinese economy in China will be effective. The slowdown in the Chinese economy may adversely affect our financial condition and results of operations.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

A major part of our operations is conducted in the PRC and is governed by PRC laws, rules and regulations. Our PRC subsidiaries, plants and operations are subject to applicable laws, rules and in China. Some of our activities outside of China are also subject to the extra-territorial jurisdiction under the relevant PRC laws and regulations. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

The PRC government has promulgated a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past few decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations.

The Chinese government's control of foreign currency conversion may limit our foreign exchange transactions.

Currently, the Renminbi still cannot be freely exchanged into any foreign currencies, and exchange and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that, under a certain exchange rate, we will have sufficient foreign currencies to meet our demand for foreign currencies. Under the current the PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at financial institutions within the PRC that have the license to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE except for foreign exchange capital, foreign debts and repatriated funds raised through overseas listing. If we fail to obtain approval from the SAFE to exchange the Renminbi into any foreign currencies for any purposes, our capital expenditure plans, and even our businesses, results of operations and financial condition, may be materially and adversely affected. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy its foreign currency demands, we may not be able to pay dividends in foreign currencies to the holders of our H Shares.

Our labor costs may increase for various reasons including the implementation of the PRC Labor Contract Law or inflation in the PRC.

As of the Latest Practicable Date, we had approximately 1,473 employees. The PRC Labor Contract Law (《中華人民共和國勞動合同法》) imposes stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. For example, pursuant to the PRC Labor Contract Law, an employer is required to make a compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labor Contract Law. In addition, under some circumstances, unless objected to by the employees themselves, the employer is required to enter into open-ended employment contracts with employees. Furthermore, an employer is deemed to have concluded an open-ended employment contract with an employee who has worked for the employer for more than one year without concluding a written employment contract.

In addition, under the Regulations on Paid Annual Leave for Employees (《職工帶薪年休假條例》), employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' service. Employees who consent to waive such vacation at the request of employers shall be compensated with an amount equal to three times their normal daily salaries for each vacation day being waived.

As a result of the PRC Labor Contract Law and the Regulations on Paid Annual Leave for Employees, our labor costs, inclusive of those incurred by contractors, may increase. Further, under the PRC Labor Contract Law, when an employer terminates its PRC employees' employment under certain circumstances, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate open-ended employment contracts under the PRC Labor Contract Law without cause. In the event we decide to significantly change or decrease our workforce, the PRC Labor Contract Law could adversely affect our ability to effect these changes in a cost-effective manner or in the manner that we desire, which could result in an adverse impact on our businesses, financial conditions and results of operations.

Further, if there is a shortage of labor or for any reason the labor cost in the PRC rises significantly, our production costs are likely to increase. This may in turn affect the selling prices of products, which may then affect the demand of such products and thereby adversely affect our sales and financial condition. Increase in costs of other components required for production of the products may cause similar adverse effects, particularly if we are unable to identify and employ other appropriate means to reduce the costs of production. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

Failure to comply with PRC labor laws and regulations including regulations in relation to social insurance and housing fund contributions for our employees, could subject us to fines and other legal or administrative sanctions.

We are required to contribute to a number of social insurance funds, including funds for pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance and housing provident fund on behalf of our employees in China.

According to the Regulation on the Administration of Housing Provident Funds (《住房公積金管理條例》), we are required to set up housing provident fund accounts (住房公積金賬戶) and pay the housing provident fund in time and in full for our employees. According to the PRC Social Insurance Law (《中華人民共和國社會保險法》), a PRC enterprise is required to obtain social insurance certificates (社會保險登記證) for its employees and to pay the social insurance contributions in time and in full. Although we had not been subject to any administrative penalties in connection with our contribution of social insurance plans during the Track Record Period, there is no assurance that our historical and current practice with respect to the contribution of social insurance plans will at all times be deemed in full compliance with relevant PRC laws and regulations by PRC government authorities mainly due to the evolving interpretation and implementation of these laws and regulations. In the event of any such non- compliance, we may be required to pay any shortfall in social insurance contributions within a prescribed time period and to pay penalties if we fail to do so.

According to the Labor Law of the PRC (《中華人民共和國勞動法》), we are required to maintain a system of daily working hours for each worker not in excess of eight hours and average weekly working hours not in excess of 44 hours. In addition, according to the Provisions of the State Council on the Working Hours of Employees (《國務院關於職工工作時間的規定》), the weekly working hours of an employee shall last 40 hours. However, according to the Notice on Issuing the Measures for the Examination and Approval of Flexible Working Hours Arrangement and Comprehensive Working Hours Scheme Adopted by Enterprises (《關於企業實行不定時工作制和綜合計算工時工作制的審批辦法》), enterprises that are not in a position to maintain a system of daily and weekly working hours under the Labor Law of the PRC due to particularities of their production may adopt a flexible working hours arrangement or comprehensive working hours scheme and other measures for work and rest. Local measures for work and rest, such as flexible work hours work systems or comprehensive work hours work systems, shall be formulated by the labor administration department of the various provinces, and filed with the labor administration department of the State Council. As some of our subsidiaries with a flexible working hours arrangement have not comply with the relevant regulations, there is no assurance that the relevant labor administrative departments will not deem the excess working hours as overtime working hours, and thus order our relevant subsidiaries to pay our employees overtime wages, which will lead to an increase in our labor costs.

In addition to the above, if we fail to comply with any other relevant PRC labor laws and regulations, we may be exposed to penalties or be required to pay damages to employees. For example, if any of our PRC subsidiaries engaging in manufacturing fails to comply with the relevant laws on prevention and treatment of occupational diseases, then such subsidiary may be subject to fines and other administrative penalties, and also, any employees who are deemed to suffer from occupational diseases may have rights to seek compensation from us. Compliance with the relevant PRC labor laws and regulations could substantially increase our labor costs. Increases in our labor costs and future disputes with our employees could adversely affect our business, financial condition and results of operations. In particular, an increase in labor costs in China could increase our production costs in the future and we might not be able to pass these increases on to our consumers due to competitive pricing pressure.

The PRC legal system is continuously evolving and has uncertainties, and the legal protections available to the investors in our H Shares may be limited.

As the Company is incorporated under PRC laws and most of our businesses are conducted in the PRC, our operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes. The PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial laws. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a significant degree of uncertainty. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of its violation of these policies and rules until sometime after the violation.

Any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management attention. Since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of administrative and court proceedings and the level of legal protection we might enjoy than it is in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our businesses and results of operations.

The PRC Company Law (《中華人民共和國公司法》) came into effect on July 1, 1994 and the PRC Securities Law (《中華人民共和國證券法》) came into effect on July 1, 1999. Since then, the PRC Company Law was further amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018, and the PRC Securities Law was further amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019. The State Council and the CSRC may revise the special regulations and the mandatory provisions and adopt new rules and regulations, to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. There can be no assurance that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of the holders of our H Shares.

Changes in tax regulations and failure to comply with such tax regulations in the PRC may adversely affect our businesses and financial results.

The Enterprise Income Tax Law imposed a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. For instance, our subsidiaries, Shehong Tianqi and Chongqing Tianqi enjoy a preferential enterprise income tax rate of 15% as the enterprises located in western China and fall in the "Encouraged Category" of the industrial catalog of China's western development program. To the extent there are any changes in, non-renewal or withdrawals of, our preferential tax treatment, or increases in the effective tax rate, our tax liability would increase correspondingly. In addition, the PRC government from time to time adjusts or changes its policies on value-added, business, resources, fuel and oil, property development and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could have an adverse effect on our businesses, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. Due to the facts that the tax environment is different in different regions and that the regulations regarding various taxes, including corporate income tax, foreign contractor tax, personal income tax and poll tax, are complex, our overseas operations may expose us to the risks associated with the overseas tax policy changes. In the meantime, we may need to make corresponding judgments to deal with the uncertainties with respect to tax treatment of certain operating activities.

Payment of dividends or gains from the sale or other disposition of H Shares is subject to restrictions under PRC law.

Under applicable PRC tax laws, regulations and statutory documents, non-resident individuals and enterprises are subject to taxes with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares. Non-resident individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) with respect to PRC source income or gains at a rate of 20% unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. We are required to withhold related tax from dividend payments.

Pursuant to applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may generally, when distributing dividends, withhold individual income tax at the rate of 10%. Where, under the circumstance of withholding at source or designated withholding, non-resident taxpayers determine through self-assessment that they are eligible for and need to claim treaty benefits, they shall fill out an Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits, submit it to their withholding agents. If a non-resident taxpayer fails to submit an Information Reporting Form for Non-resident Taxpayers Claiming Treaty Benefits to the withholding agent or the information entered is incomplete, the withholding agent shall withhold taxes in accordance with the provisions of domestic tax laws.

Non-PRC resident enterprises that do not have establishments or premises in the PRC, or that have establishments or premises in the PRC but their income is not related to such establishments or premises, are subject to the PRC enterprise income tax at the rate of 10% on dividends received from the PRC companies and gains realized upon disposition of equity interests in the PRC companies pursuant to the Enterprise Income Tax Law and other applicable PRC tax regulations and statutory documents. Taxes may be reduced or eliminated under special arrangements or applicable treaties between the PRC and the jurisdiction where the non-resident enterprise resides.

Pursuant to applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares, including HKSCC Nominees. Entitlement to treaty benefits for non-resident taxpayers shall be handled by means of "self-judgment of eligibility, declaration of entitlement, and retention of relevant materials for future reference". Non-resident taxpayers and withholding agents need cooperate with PRC tax authorities in the follow-up administration and investigation of non-resident taxpayers' entitlement to treaty benefits.

There remains significant uncertainties as to the interpretation and application of the relevant PRC tax laws by the PRC tax authorities, including whether and how individual income tax on gains derived by holders of our H Shares from their disposition of our H Shares on the oversea stock exchange may be collected. If any such tax is collected, the value of our H Shares may be materially and adversely affected. For more details, please see "Appendix V—Taxation and Foreign Exchange—Chinese Taxes."

It may be difficult to effect service of process or to enforce any judgments obtained from non-PRC courts against us or our respective management residing in the PRC.

A majority of our Directors and executive officers reside within the PRC, and a substantial amount of our assets and subsidiaries are located in the PRC and Australia. Therefore, investors may encounter difficulties in effecting service of process from outside of the PRC upon us or our respective management including for matters arising under applicable securities law.

Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. If a final and conclusive judgment made by a Hong Kong court is applied for recognition and enforcement in mainland China, the relevant court in mainland China shall examine it in accordance with the certain regulations and documents made between mainland China and the HKSAR. In this regard, so far as we know, there exists Supreme People's Court, Arrangement of the Supreme People's Court between the Mainland and the HKSAR on Reciprocal Recognition and Enforcement of the Decisions of Civil and Commercial Cases under Consensual Jurisdiction (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("**Arrangement**") regarding the recognition and enforcement of the civil and commercial judgment between mainland China and HKSAR, which is applied where an agreement is subject to the exclusive jurisdiction of the HKSAR court or the court in mainland China (as the case may be). Where a court in mainland China believes that enforcing in the mainland China a decision made by a HKSAR court is against the public interests of the mainland, or where a HKSAR court believes that enforcing in the HKSAR a decision made by a court in mainland China is against the public policies of the HKSAR, the said court shall not recognize and enforce the decision.

A judgment of a court of another jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requirements.

Inflation in China could negatively affect our growth and profitability.

The Chinese economy has experienced rapid growth in recent years. Such growth can lead to growth in money supply and rising inflation. According to the National Bureau of Statistics of the PRC, consumer price inflation in the PRC was 2.9%, 2.5% and 0.9% in 2019, 2020 and 2021, respectively. Although the PRC is experiencing creeping inflation in recent years, such inflation in the PRC increases the costs of labor and other costs for production. Rising labor costs may increase our operating costs and partially erode the cost advantage of our operations and therefore negatively impact our profitability. If prices for our products rise at a rate that is insufficient to compensate for the rise in our costs due to inflation, our business and financial performance may be materially and adversely affected.

The PRC government has imposed controls on bank credit, limits on loans for fixed assets and restrictions on state-owned banks' lending in the past in order to control inflation. Such austerity policies can lead to a slowing of economic growth and could materially and adversely affect our businesses, growth and profitability.

RISKS RELATING TO THE GLOBAL OFFERING

Our A Shares were listed in the PRC in 2010, and the characteristics of the A share and H share markets may differ.

Our A Shares were listed on the Shenzhen Stock Exchange in 2010. Following the Global Offering, our A Shares will continue to be traded on the Shenzhen Stock Exchange and our H Shares will be traded on the Stock Exchange. Under current PRC laws and regulations, without approval from the relevant authorities, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H share and A share markets. With different trading characteristics, the H share and A share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, vice versa. Due to different characteristics of the H share and A share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the previous trading history of our A Shares when evaluating an investment in our H Shares.

An active trading market for our H Shares may not develop.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of the Global Offering. In addition, the Offer Price of our H Shares may not be indicative of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

The market price and trading volume of our H Shares may be volatile, which could result in substantial losses for investors who purchase our H Shares in the Global Offering.

The market price and trading volume of our H Shares may be highly volatile. Several factors, some of which are beyond our control, could cause large and sudden changes to the market price and trading volume at which our H Shares will trade, such as:

- variations in our revenue, earnings and cash flow;
- announcement of new investments, strategic alliances or acquisitions;
- any unexpected business interruptions resulting from natural disasters or power shortages;
- any major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete with our competitors effectively;
- political, economic, financial and social developments;

- fluctuations in market prices for our products or raw materials; or
- the removal of the restrictions on H share transactions.

The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. This volatility may also materially and adversely affect the market price of our H Shares.

Since there will be a gap of several days between the pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during this period before the trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise trade our H Shares during that period.

Accordingly, the price of our H Shares could fall before trading begins due to adverse market conditions or other adverse developments between Price Determination Date and the date on which trading begins.

A future significant increase or perceived significant increase in the supply of our H Shares in public markets could cause the market price of our H Shares to decrease significantly, and/or dilute shareholdings of holders of our H Shares.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

Our A Shares can be converted into H Shares if the conversion and offering of the H Shares is duly completed pursuant to the requisite approval process and the approval from the relevant PRC regulatory authorities, including the CSRC, is obtained. In addition, such conversion and trading must, in all aspects, comply with the regulations promulgated by the securities regulatory authority under the State Council and the regulations, requirements and procedures of the Stock Exchange. If a significant number of A Shares are converted into H Shares, the supply of H Shares may be substantially increased, which could have a material and adverse effect on the prevailing market price for our H Shares.

As the Offer Price of our H Shares is higher than our consolidated net tangible assets per Share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon the purchase of our H Shares.

The Offer Price of our H Shares is higher than the net tangible asset book value per share immediately prior to the Global Offering. As a result, purchasers of the H Shares in the Global Offering will experience immediate dilution. Purchasers of H Shares may experience further dilution if the Underwriters exercise the Over-allotment Option or if we issue additional H Shares in the future.

We cannot assure you when, if and in what form or size we will pay dividends in the future.

We cannot assure you when, if and in what form or size we will pay dividends in the future. Our Board of Directors determines the frequency and amount of dividend distributions mainly based on our results of operations, cash flow and financial position, capital adequacy ratios, business prospects, regulatory restrictions on the payment of dividends and other factors that our Board of Directors deems relevant. See "Financial Information—Dividend Policy." We may not adopt the same dividend policy that we have adopted in the past.

Certain facts and statistics derived from government and third-party sources contained in this Prospectus may not be reliable.

We have derived certain facts, forecasts and statistics in this Prospectus relating to China, Hong Kong and their respective economies, as well as the lithium industry from various government or other third party sources. While we have taken reasonable care in the reproduction of the information, neither we nor any other parties involved in the Global Offering have prepared or independently verified these facts, forecasts and statistics, which may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside of China.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced relating to other economies, and therefore we cannot assure you of the accuracy or reliability of the information derived from government. Accordingly, you should not place undue reliance on such information as a basis for making your investment in our H Shares.

There are risks associated with forward-looking statements contained in this Prospectus.

This Prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. For details of these forward-looking statements including the associated risks, see "Forward-looking Statements".

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

As our A Shares are listed on the Shenzhen Stock Exchange, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the Shenzhen Stock Exchange or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this Prospectus. As a result, prospective investors in our H Shares are reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this Prospectus and the Application Forms. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus, the Application Forms and any formal announcements made by us in Hong Kong with respect to the Global Offering.

You should read the prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding ourselves and the Global Offering.

We may be subject to press and media coverage prior to the publication of this Prospectus, and subsequent to the date of this Prospectus but prior to the completion of the Global Offering. The Global Offering may include certain financial information, industry comparisons, profit forecasts and other information about us that does not appear in this Prospectus.

You should rely solely upon the information contained in this Prospectus, the **GREEN** Application Form and any formal announcements made by us in Hong Kong in making your investment decision regarding the Global Offering. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding ourselves or the Global Offering.

We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, reports or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their investment decisions regarding the Global Offering.

In making their decisions as to whether to purchase our H Shares, prospective investors in the Global Offering should only rely on the financial, operational and other information included in this Prospectus and the Application Forms. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this Prospectus and the **GREEN** Application Form.

Possible setting of the Offer Price after making a Downward Offer Price Adjustment.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price range per Share. It is therefore possible that the final Offer Price will be set at HK$62.10 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply.

If the final Offer Price is set at HK$62.10, the estimated net proceeds we will receive from the Global Offering will be reduced to HK$9,877 million.

In preparation for the Global Offering, we have applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Rules 8.12 and 19A.15 of the Listing Rules require a PRC-incorporated issuer to have sufficient management presence in Hong Kong. This normally means that at least two of the PRC-incorporated issuer's executive directors must be ordinarily resident in Hong Kong.

Currently, only one of our executive Directors, Mr. Ha, Frank Chun Shing (夏浚誠) ordinarily resides in Hong Kong. Since our principal operations are in China and/or Australia, we do not and, for the foreseeable future, will not contemplate that we have sufficient management presence in Hong Kong for the purposes of satisfying the requirements of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules, subject to, among other conditions, our appointment of:

(1) two authorized representatives, Ms. Wong Hoi Ting (黃凱婷), one of our joint company secretaries and an ordinarily resident in Hong Kong and Ms. Jiang Anqi (蔣安琪), our executive Director, pursuant to Rule 3.05 of the Listing Rules, who will act at all times as our principal channel of communication with the Stock Exchange; and

(2) our compliance advisor, Somerley Capital Limited, who will act as our principal channel of communication with the Stock Exchange, in addition to our authorized representatives, pursuant to Rules 3A.19 and 19A.06(4) of the Listing Rules.

We have made arrangements to maintain effective communication with the Stock Exchange as follows:

(1) each of our authorized representatives referred to above will have access to our Board and senior management at all times as and when the Stock Exchange wishes to contact them for any matters. All of our Directors have provided their respective mobile phone numbers, office phone numbers, email addresses and facsimile numbers to the Stock Exchange. We will also inform the Stock Exchange promptly in respect of any change in our authorized representatives;

(2) Ms. Wong Hoi Ting, one of our authorized representatives and one of our joint company secretaries, ordinarily resides in Hong Kong and will be readily contactable by the Stock Exchange at all times for any matters. All Directors who are not ordinary residents in Hong Kong have confirmed that they possess or may apply for valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice; and

(3) in accordance with Rules 3A.19 and 19A.05 of the Listing Rules, we have appointed Somerley Capital Limited as our compliance advisor for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The compliance advisor will act as our additional channel of communication with the Stock Exchange and the compliance advisor shall have access at

all times to our authorized representatives, our Directors and other officers to ensure that they are in a position to promptly respond to queries or requests from the Stock Exchange.

WAIVER IN RELATION TO CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, see the section headed "Connected Transactions" in this Prospectus.

PUBLIC FLOAT REQUIREMENTS

Rule 8.08(1)(a) of the Listing Rules requires that there shall be an open market for the securities for which listing is sought, and that a sufficient public float of an issuer's listed securities shall be maintained. Generally, at least 25% of the issuer's total issued share capital must at all times be held by the public. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total issued share capital, having an expected market capitalization at the time of listing of not less than HK$125 million.

Based on the minimum Offer Price of HK$69.00, or HK$62.10 after making a Downward Offer Price Adjustment (subject to refund), and assuming no exercise of the Over-allotment Option, we expected that the market capitalization our H Shares will exceed the minimum expected market capitalization of HK$125 million required by Rule 8.08(1)(b) of the Listing Rules. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver that the minimum public float requirement under Rule 8.08(1) be reduced and the minimum percentage of our Company's H Shares (being the securities for which listing on the Stock Exchange is sought) from time to time held by the public to be the higher of:

(a) 10% of the total issued share capital of the Company; or

(b) such percentage of H Shares to be held by the public immediately after completion of the Global Offering, as increased by the H Shares to be issued upon the exercise of the Over-allotment Option.

In order to support the application of this waiver, the Company has confirmed to the Hong Kong Stock Exchange that the Company will

(a) disclose such lower percentage of public float in this Prospectus;

(b) confirm the sufficiency of public float in successive annual reports after its Listing; and

(c) implement appropriate measures and mechanisms to ensure continual maintenance of the minimum 10% (or a higher percentage upon completion of the exercise of the Over-allotment Option) public float of H Shares, upon Listing and from time to time.

ALLOCATION OF OUR H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES UNDER RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rules 10.04, 10.03(1) and 10.03(2) of the Listing Rules provide that an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought if (i) no securities will be offered to them on a preferential basis and no preferential treatment will be given to them in the allocation of the securities and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. Paragraph 5(2) of Appendix 6 to the Listing Rules provides, among other things, that, without the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to existing shareholders or their close associates, whether in their own names or through nominees, unless certain conditions are fulfilled. Guidance Letter HKEX-GL85-16 (the "GL85-16") provides guidance as to the conditions subject to which the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in a global offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Our Company is a listed company, and its A shares have been listed on the Shenzhen Stock Exchange since August 31, 2010 (stock code: 002466). We have a large and widely dispersed public A Shares shareholder base.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent pursuant to Paragraph 5(2) of Appendix 6 to the Listing Rules and the GL85-16 to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who hold less than 5% of our Company's total issued share capital immediately before completion of the Global Offering and their close associates (collectively, the "**Existing Minority A Shareholders**") on the following conditions as set out in GL85-16:

(a) each of the Existing Minority A Shareholders to whom our Company may allocate H Shares in the International Offering is interested in less than 5% of our Company's voting rights prior to the completion of the Global Offering;

(b) each of the Existing Minority A Shareholders is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(c) none of the Existing Minority A Shareholders have the power to appoint any Directors of our Company or any other special rights in our Company;

(d) allocation to such Existing Minority A Shareholders will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under the waiver from strict compliance with the requirements of Rule 8.08 of the Listing Rules;

(e) we will confirm to the Stock Exchange that:

(i) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Stock Exchange Guidance Letter HKEX-GL51-13 ("**GL51-13**"), that the Existing Minority A Shareholders' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority A Shareholders than those in other cornerstone investment agreements; or

(ii) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders by virtue of their relationship with our Company in any allocation in the placing tranche.

(f) in the case of participation as placees, the Joint Bookrunners will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority A Shareholders by virtue of their relationship with our Company in any allocation in the placing tranche; and

(g) the Joint Sponsors will confirm to the Stock Exchange that based on (i) their discussions with our Company and the Joint Bookrunners; and (ii) the confirmations provided to the Stock Exchange by our Company and the Joint Bookrunners, and to the best of their knowledge and belief, they have no reason to believe that the Existing Minority A Shareholders received any preferential treatment in the IPO allocation either as cornerstone investors or as placees by virtue of their relationship with our Company, other than, in the case of participation as cornerstone investors, the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in GL51-13, and details of allocation to the Existing Minority A Shareholders will be disclosed in this prospectus (for cornerstone investors) and allotment results announcement (for both cornerstone investors and placees) of our Company.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the Listing Rules for the purposes of giving information to the public with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus materially misleading.

CSRC APPROVAL

The CSRC issued an approval letter on June 2, 2022 for the Global Offering and our application to list the H Shares on the Stock Exchange. In granting its approval, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this Prospectus or in the **GREEN** Application Form.

INFORMATION ON THE GLOBAL OFFERING

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made, in this Prospectus and the **GREEN** Application Form. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this Prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, advisors, agents or representatives or any other party involved in the Global Offering.

Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in the Prospectus, and the procedures for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus and in the **GREEN** Application Form.

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus and the **GREEN** Application Form set out the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Joint Representatives (on behalf of the Underwriters) agreeing on the Offer Price on or before the Price Determination Date. The International Offering is managed by the Joint Representatives and is expected to be fully underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about Wednesday, July 6, 2022, subject to agreement on the Offer Price between the Company and the Joint Representatives (on behalf of the Underwriters).

If, for any reason, our Company and the Joint Representatives (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price on or before Thursday, July 7, 2022, or such later date or time as may be agreed between the Joint Representatives (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in the prospectus. If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

Further details about the Underwriters and the underwriting arrangements are contained in the section headed "Underwriting" in this Prospectus.

RESTRICTIONS ON OFFER AND SALES OF H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Hong Kong Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Hong Kong Offer Shares described in this Prospectus and the **GREEN** Application Form.

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this Prospectus and/or the **GREEN** Application Form in any jurisdictions other than Hong Kong. Accordingly, this Prospectus and/or the **GREEN** Application Form may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdictions or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC or the U.S.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, our Offer Shares to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Our A Shares may be converted to H Shares upon the approval of the CSRC or the authorized approval authorities of the State Council, details of which are set out in the section headed "Share Capital—Transfer of Our A Shares for Listing and Trading on the Stock Exchange as H Shares."

Under section 44B(1) of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

COMMENCEMENT OF DEALINGS IN THE H SHARES

Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence at 9:00 a.m. on Wednesday, July 13, 2022.

Except for the A Shares that have been listed on the Shenzhen Stock Exchange and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Global Offering" in this Prospectus.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Stock Exchange and the Company's compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of any transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements must affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

H SHARE REGISTER, STAMP DUTY AND DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

All Offer Shares will be registered on the H Share register of our Company maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our register of members will also be maintained by us at our legal address in the PRC.

Dealings in our H Shares registered in the H Share register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty of 0.13% on the higher of the consideration for or the market value of the Shares and it is charged to the purchaser on every purchase and to the seller on every sale of the Shares. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the Shareholders listed on the H Share register of our Company in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each shareholder of the Company.

COMPLIANCE WITH THE LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given in favor of the Stock Exchange from time to time, the Listing Committee may instigate cancelation or disciplinary proceedings in accordance with the Listing Rules.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed the H Share Registrar, and the H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holders unless the holder delivers a signed form to the H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

(a) agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Company Law, the Hong Kong Companies Ordinance, the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Special Regulations and our Articles of Association;

(b) agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each Shareholder, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with our Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which shall be final and conclusive;

(c) agrees with us and each of our Shareholders that our H Shares are freely transferable by the holders of our H Shares; and

(d) authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, and/or dealing in our H Shares or exercising rights attached to them. None of the Company, the Underwriters, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, any of their respective affiliates or any of their respective directors, officers, employees, agents, advisers or representatives, or any other persons or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, or dealing in, or the exercise of any rights in relation to, our H Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this Prospectus contains translations among certain Renminbi amounts into Hong Kong dollars and of Renminbi accounts into U.S. dollars at specified rates. Unless indicated otherwise, the translation of Renminbi into Hong Kong dollars, and vice versa, in this Prospectus was made at the following rates:

- RMB0.8550 to HK$1.00; and
- RMB6.7120 to US$1.00; and
- RMB4.6623 to AUD$1.00.

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this Prospectus and its Chinese translation, this Prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain members of our Group), institutions, natural persons, facilities, certificates, titles and the like included in this Prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one or two decimal places. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND SUPERVISORS

Name	Address	Nationality
Executive Directors		
Mr. JIANG Weiping (蔣衛平) (Chairman)	No. 1601, Unit 1, Block 8 No. 199, Jiaozi Avenue High-tech District Chengdu PRC	Chinese
Mr. ZOU Jun (鄒軍)	Building 18, No. 5, Vanke Park No. 1366, Tianfu 1st Street Hi-tech Zone Chengdu PRC	Chinese
Ms. JIANG Anqi (蔣安琪)	No. 1601, Unit 1, Block 8 No. 199, Jiaozi Avenue High-tech District Chengdu PRC	Chinese
Mr. HA, Frank Chun Shing (夏浚誠)	16D, No. 27 Lan Sau Road Mei Foo Sun Chuen Kowloon Hong Kong	Chinese (Hong Kong)
Independent non-executive Directors		
Mr. PAN Ying (潘鷹)	No. 879, Mudan Street Jinjiang District Chengdu PRC	Chinese
Mr. XIANG Chuan (向川)	No. 701, Unit 1, Block 18 No. 177, Middle Section of Tianfu Avenue High-tech District Chengdu PRC	Chinese
Ms. TANG Guo Qiong (唐國瓊)	No. 1, Unit 3, Block 31 No. 55, Guanghua Village Street Qingyang District Chengdu PRC	Chinese
Dr. HUANG Wei (黃瑋)	Room 1, 11th Floor, Block K Beverly Hills 6 Broadwood Road Happy Valley Hong Kong	Chinese (Hong Kong)

Name	Address	Nationality
Supervisors		
Ms. YAN Jin (嚴錦)	Room 25, 7th Floor Unit 1, Block 2 1 Mahewan Jinniu District Chengdu PRC	Chinese
Ms. CHEN Zemin (陳澤敏)	No. 3, 7th Floor, Unit 1, Block 10 No. 777, Shengzhi Street High-tech District Chengdu PRC	Chinese
Mr. HU Yi (胡軼)	No.666 Fenghuang street Wenjiang district Chengdu city PRC	Chinese

For further information regarding our Directors and Supervisors, please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
Joint Global Coordinators	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong
	Credit Suisse (Hong Kong) Limited 88/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Bookrunners and Joint Lead Manager	**Morgan Stanley Asia Limited** 46/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45th Floor, Champion Tower 3 Garden Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F-63/F, Two International Finance Centre 8 Finance Street Central Hong Kong

	Credit Suisse (Hong Kong) Limited 88/F, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Banco BTG Pactual S.A. – Cayman Branch *(in relation to the International Offering only)* 57th Floor, 601 Lexington Avenue New York , NY 10022 United States of America
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central Hong Kong
	Futu Securities International (Hong Kong) Limited Unit C1-2 13/F, United Centre No.95 Queensway Admiralty Hong Kong
	Huatai Financial Holdings (Hong Kong) Limited 62/F, The Center 99 Queen's Road Central Hong Kong
Independent Auditor and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law and United States law:* **Latham & Watkins LLP** 18th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
	As to PRC law: **Zhong Lun Law Firm** 25-26/F, South Tower of Tianfu International Finance Center 966 North Tianfu Avenue, High-tech Zone Chengdu PRC

	As to Australian Law: **Clayton Utz** Level 27, QV.1 Building 250 St Georges Terrace Perth WA 6000 Australia
	As to Chilean Law: **Carey y Cía. Ltda.** Isidora Goyenechea 2800 43rd Floor Las Condes Santiago Chile
Legal advisers to the Underwriters	*As to Hong Kong law and United States law:* **Clifford Chance** 27th Floor, Jardine House One Connaught Place Central Hong Kong
	As to PRC law: **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing 100005 PRC
	As to Australian Law: **Allens** Capital Square 2 98 Mounts Bay Road Perth WA 6000 Australia
Competent Person	**Behre Dolbear Australia Pty Limited** Level 9 80 Mount St. North Sydney NSW 2060 Australia
Industry Consultant	**Wood Mackenzie (Asia Pacific) Pty. Ltd**. 3 Church Street #29-01 Samsung Hub Singapore 049483

Receiving banks	**China CITIC Bank International Limited** 80 Floor, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 18/F, Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong
Compliance Advisor	**Somerley Capital Limited** 20th Floor, China Building 29 Queen's Road Central Hong Kong

Registered office	North Taihe Town Shehong County Sichuan Province PRC
Headquarter	Building 1, No. 10 East Gaopeng Road Hi-Tech Zone Chengdu, Sichuan PRC
Principal place of business in Hong Kong	31/F Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's website	www.tianqilithium.com *(The contents of the website do not form part of this Prospectus)*
Joint company secretaries	Mr. Zhang Wenyu (FCG HKFCG) Building 1, No. 10 East Gaopeng Road Hi-Tech Zone Chengdu, Sichuan PRC Ms. Wong Hoi Ting (ACG ACS) 31/F Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong
Authorized Representatives	Ms. Wong Hoi Ting (ACG ACS) 31/F Tower Two, Times Square 1 Matheson Street Causeway Bay Hong Kong Ms. Jiang Anqi No. 1601, Unit 1, Block 8 No. 199, Jiaozi Avenue High-tech District Chengdu PRC
Nomination and Governance Committee	Mr. Pan Ying (chairman) Mr. Xiang Chuan Mr. Jiang Weiping

Strategy and Investment Committee	Mr. Pan Ying (chairman) Mr. Jiang Weiping Ms. Tang Guo Qiong Ms. Jiang Anqi Mr. Ha, Frank Chun Shing
Remuneration and Appraisal Committee	Mr. Xiang Chuan (chairman) Mr. Pan Ying Ms. Jiang Anqi
Audit and Risk Committee	Ms. Tang Guo Qiong (chairwoman) Mr. Pan Ying Mr. Xiang Chuan
ESG and Sustainable Development Committee	Ms. Jiang Anqi (chairwoman) Mr. Ha, Frank Chun Shing Mr. Xiang Chuan
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	China CITIC Bank Corporation Limited (Chengdu Branch) No. 1480 North Section of Tianfu Avenue Wuhou District Chengdu, Sichuan China
	HSBC Bank (China) Company Limited (Chengdu Branch) No.1, 1F & Room 201 Unit 1, Building 1 China Overseas International Center No. 177 Jiaozi Avenue Hi-Tech District Chengdu, Sichuan China
	Industrial Bank Co., Ltd (Chengdu Branch) No. 936 Shi Ji Cheng Lu Hi-Tech District Chengdu, Sichuan China

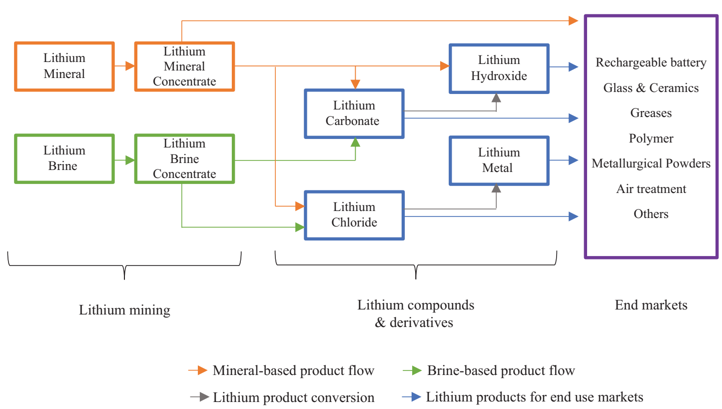
The information that appears in this Industry Overview contains information and statistics on the industry in which we operate. The information and statistics contained in this section have been derived partly from publicly available government and official sources. Certain information and statistics set forth in this section have been extracted from a market research report by Wood Mackenzie (Asia Pacific) Pte. Ltd., an Independent Third Party which we commissioned. The information from official government sources has not been independently verified by us, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors, supervisors, officers, employees, advisors, agents or representatives or any other party involved in the Global Offering and no representation is given as to its accuracy.

1. OVERVIEW OF LITHIUM INDUSTRY

Lithium is the lightest and least dense solid element in the periodic table. In its metallic form, lithium is a soft silvery-gray metal, with good heat and electric conductivity. As a result of its reactive properties, lithium does not occur naturally in its pure elemental metallic form, instead occurring within minerals and salts.

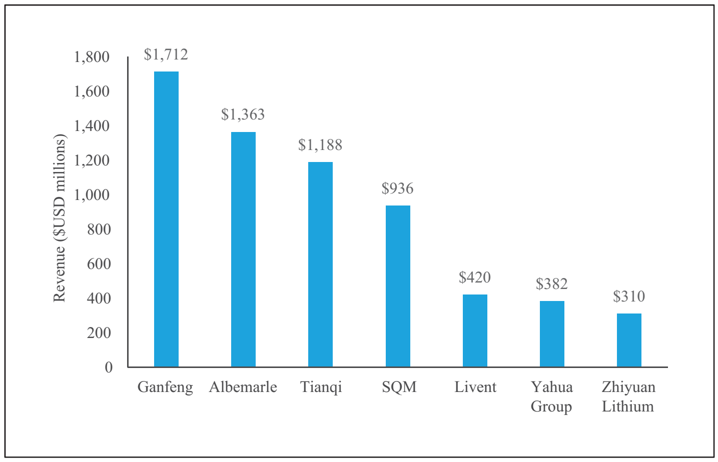
The production of refined lithium products such as lithium carbonate, lithium hydroxide and lithium metal is derived from output from mineral conversion, brine production, low-grade compound upgrading/ reprocessing and recycling refineries.

Overview of the flow of material through the lithium industry supply chain



As measured by sales revenue from lithium business in 2021, the largest five lithium producers are (1) Jiangxi Ganfeng Lithium Co., Ltd. ("**Ganfeng**"), (2) Albemarle Corporation ("**Albemarle**"), (3) our Company, (4) SQM; and (5) Livent Corporation.

Lithium revenue by major producer in 2021



2. LITHIUM RESOURCES AND RESERVES

Occurrence of Lithium

The two commercial sources of lithium extraction currently are lithium pegmatites and continental lithium brines.

Pegmatites, also referred as "hard rock" occurrences, product lithium ores including spodumene, petalite, lepidolite and amblygonite (collectively, "**Lithium Minerals**"). Through beneficiation, Lithium Minerals are processed into concentrated products for direct consumption or used as raw materials for on-ward conversion and manufacturing of refined lithium products and derivatives.

Lithium-bearing brines ("**Lithium Brines**") occur in salars, or dried salt lakes. Lithium Brines are pumped to the surface and typically undergo solar evaporation, ion-exchange or other upgrading technique to produce a concentrated lithium brine concentrate of 3.0-6.0% Li content, which can be processed further into refined lithium products.

Lithium reserves by country

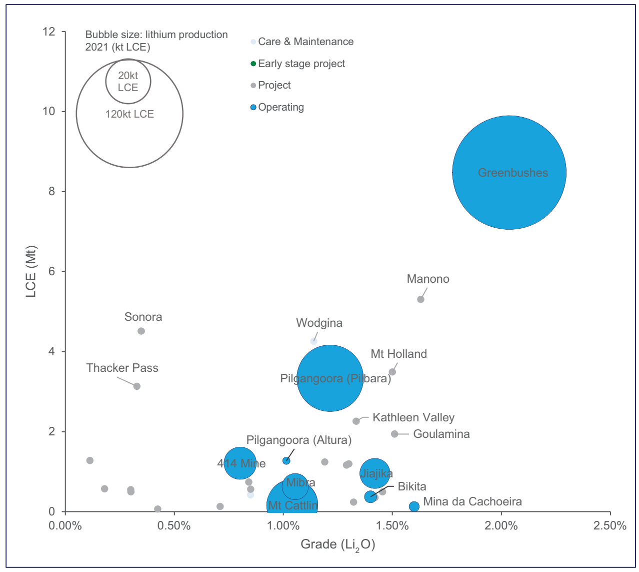
In 2021, the majority of lithium reserves are located in Chile, Australia, Argentina and United States, which accounted for 40%, 21%, 12% and 5% of the total amount of reserves in the world, respectively.

Lithium reserves and resources by company

Lithium minerals and clay deposit

The Greenbushes Mine, operated by our subsidiary Talison, has the largest lithium mineral reserves in the world, with a reported mineral reserve of 168.3Mt grading 2.04% Li_2O, containing 8.5Mt LCE as of December 31, 2021.

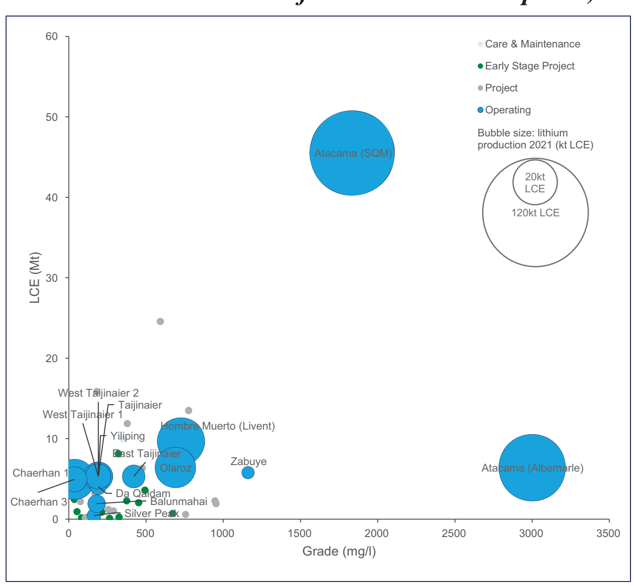
Mineral reserve estimates for lithium mines and projects, mineral and clay deposits, 2021



Lithium brines deposit

SQM's Salar de Atacama operation in the Atacama region of Chile has the largest brine reserves with 45.51 Mt LCE, with the advantages of high lithium grade, large reserves and integrated low cost processing capacity. SQM is also the largest lithium brine producer in the world measure by output in 2021.

Mineral resource estimates for lithium brine deposits, 2021



Note: SQM reports lithium reserves but not resources, however as reserves are a subset of available resources, SQM's reserves have been represented as resources in the chart above.

3. LITHIUM MINE SUPPLY

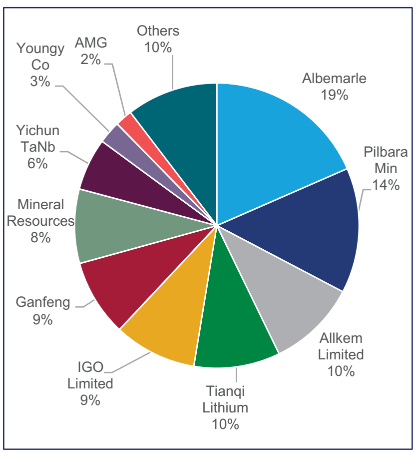
Lithium mine supply we discuss here refers to marketable lithium concentrate production from Lithium Minerals.

Lithium mine production by company

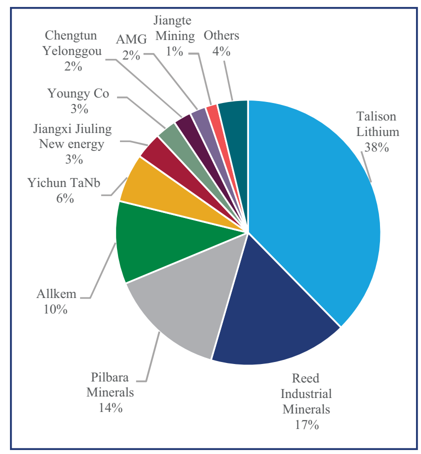
By corporate control, the majority of lithium mine supply is controlled by seven companies, operating mines in Australia and China. In 2021, Tianqi produced 33.1 kt LCE which made up 9.8% of global mined supply.

By operator, in 2021, the global lithium mine supply is dominated by five producers: (1) Talison Lithium in Australia; (2) Reed Industrial Minerals in Australia; (3) Pilbara Minerals in Australia; (4) Allkem in Australia; and (5) Yichun TaNb in China.

Mined lithium output market share by corporate control, 2021



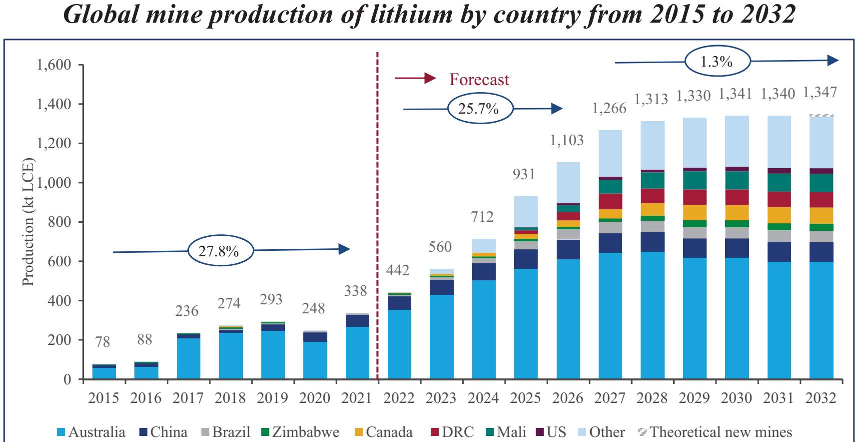
Mined lithium output market share by operator, 2021



Historical and forecast lithium mine supply

The total lithium mine production was approximately 338kt LCE in 2021, among which 266kt LCE is mined in Australia predominantly, accounting for approximately 79% of global mineral production in 2021. The Greenbushes Mine is the world's largest lithium mining operation in the world as measured by spodumene concentrate output in 2021, accounting for approximately 38% of the global lithium mine output in 2021. We expect the global mine production of lithium will increase to 931kt LCE in 2025 and further reach 1,347kt LCE by 2032.

Global mine production of lithium by country from 2015 to 2032



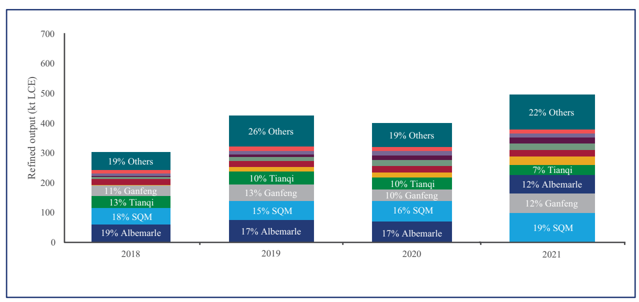
4. LITHIUM PRODUCTS SUPPLY

Lithium products primarily include lithium compounds (including lithium carbonate, lithium hydroxide and other lithium chemicals) and lithium metal. The supply of lithium products consists of output from brine-based production, mineral-based production and a small amount of recycling.

Supply of refined lithium products by company

The supply of refined lithium products is dominated by a small number of integrated producers such as SQM, Albemarle and Tianqi. In 2021, SQM was the largest producer of refined lithium with 101.0kt LCE (19%) reported, from the company's Salar de Carmen operations. Tianqi follows to complete the top four producers, with Tianqi producing 34.2kt LCE (7%) in 2021. It is also the only Chinese producer that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates.

Global refined lithium market share from 2018 to 2021



Historical and forecast lithium products supply

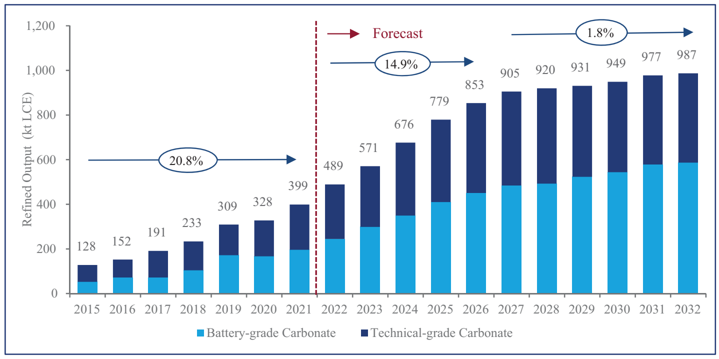
In 2021, Tianqi was the second largest supplier of lithium compounds and derivatives in China and Asia. The total global refined capacity was 1,198 kt LCE in 2021 and is expected to increase to 2,169 kt LCE in 2025 and further to 2,726 kt LCE in 2031.

Supply of lithium carbonate by product grade

In 2021, global lithium carbonate production totalled 399Kt LCE, including production from both brine and mineral conversion sources, in addition to carbonate produced from recycled materials and reprocessing of lithium compounds, and be close to 779kt LCE in 2025 and 987kt LCE in 2032. Tianqi produces lithium carbonate at the company's Shehong facility (battery-grade and technical-grade) and at the Zhangjiagang facility (battery-grade only). Tianqi's Zhangjiagang plant in Jiangsu is the world's only fully automated battery-grade lithium carbonate production plant in operation as of the Latest Practicable Date. Tianqi's lithium carbonate products are considered benchmark products in the Chinese market. SQM also produces large volumes of lithium carbonate (battery-grade and technical-grade).

The strong growth in demand for lithium carbonate for use in the Li-ion battery industry has caused producers to target production of battery-grade lithium carbonate, which formed 49% of production in 2021, compared to 41% in 2015. This trend is expected to continue, with battery-grade lithium carbonate production expected to grow to 587kt LCE by 2032, accounting for 59% of total lithium carbonate supply.

Lithium carbonate production by product classification from 2015 to 2032

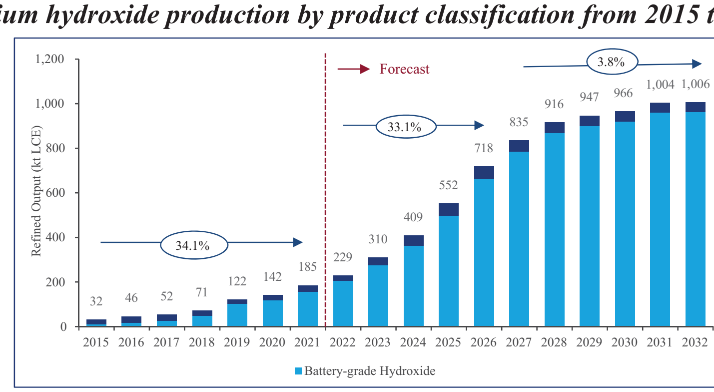


<u>Supply of lithium hydroxide by product grade</u>

From a product point of view, producers have responded to end-user's shifting demand preferences to battery-grade products for use in lithium-ion batteries. Battery-grade hydroxide supply totalled 157kt LCE in 2021, representing 85% of lithium hydroxide production compared to 36% in 2015. In 2022, battery-grade lithium hydroxide production is expected to total 205kt LCE, increasing the share to 89% of the overall lithium hydroxide market.

Tianqi is now focused on the production of battery grade lithium hydroxide and is no longer producing technical grade at its Shehong facility. The new Kwinana facility will solely produce battery-grade lithium hydroxide. SQM currently produces both technical-grade and battery-grade lithium hydroxide and the company has announced a final investment decision on the integrated greenfield Mt Holland facility with JV partner Wesfarmers, where they plan to produce battery-grade lithium hydroxide from 2024.

Lithium hydroxide production by product classification from 2015 to 2032



<u>Lithium metal</u>

Lithium metal makes up a very small part of the overall lithium market, in metallic form, the element is used in polymer and primary battery applications. Demand for lithium metal could increase if solid state battery technology becomes widespread.

Production capacity for battery-grade lithium metal is at 2.9kt (15.3kt LCE), almost half total metal production capacity which stands at 6.7 ktpa Li. There has been significant expansion in China over the last few years, although output at most plants is still minor. Tianqi Lithium has a majority shareholding in lithium metal producer Chongqing Tianqi and also produces lithium metal at the company's Shehong facility.

Lithium chloride

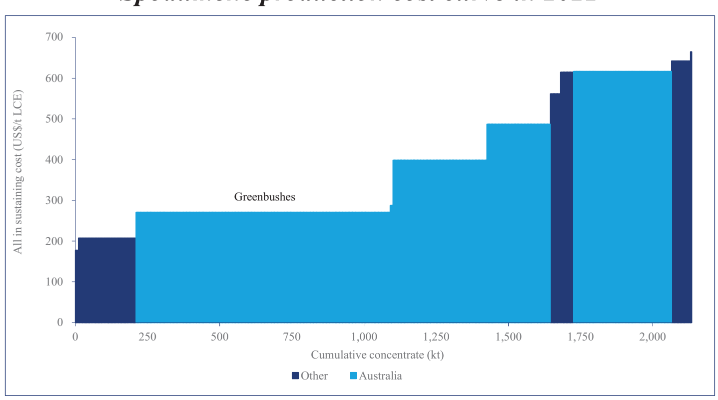
There are a limited number of lithium chloride producers globally, all being integrated upstream with lithium brine or mineral operations. In China, both Tianqi Lithium and Ganfeng produce lithium chloride via mineral conversion, Tianqi's lithium chloride is produced at the company's Shehong facility.

5. COST OF SUPPLY

Lithium spodumene concentrate costs

Greenbushes is the one of the lowest cost major spodumene producers globally. Other mineral concentrate producers generally sit above Greenbushes with production costs upwards of US$386/t of concentrate on an all-in sustaining cost (CIF China) basis, compared to Greenbushes which had costs of US$271/t concentrate in 2021.

Spodumene production cost curve in 2021

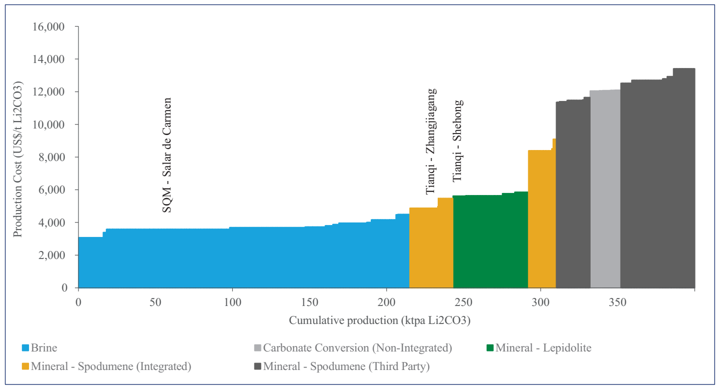


Note: Production costs have been normalized to a 6% Li2O spodumene content.

Lithium carbonate cost curve

In 2021, the production costs were higher for lithium carbonate derived from mineral concentrate feedstocks as the market price for spodumene rose. Global average production costs for lithium carbonate were US$5,830/t in 2021. Tianqi's Zhangjiagang operation had below average production costs of US$4,889/t in 2021, while the company's Shehong facility had average costs of US$5,481/t.

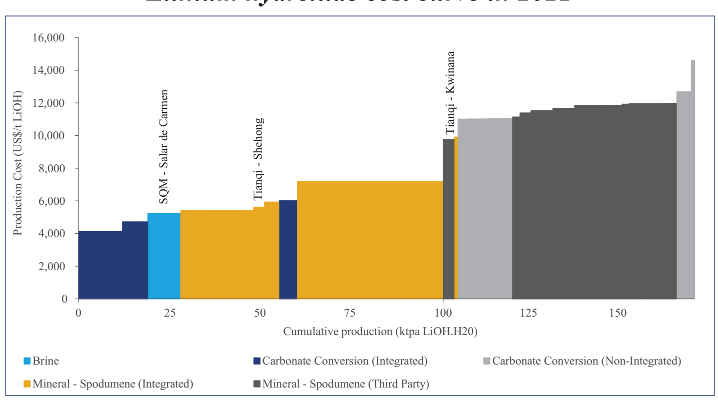
Lithium carbonate cost curve in 2021



Lithium hydroxide cost curve

In 2021, the average lithium hydroxide production costs were US$8,269/t, with integrated producers maintaining lower production costs compared with those buying third party spodumene or converting from lithium carbonate, as costs for these products rose during the year. Integrated mineral producers also have some of the lowest costs, aided by the ability to convert spodumene directly to lithium hydroxide (without going via a carbonate intermediate) and their access to low-cost feedstock from Greenbushes. Tianqi's Shehong facility with costs of US$5,617/t. Tianqi's Kwinana facility began operations in 2021 and had an average production cost of US$9,910/t in 2021.

Lithium hydroxide cost curve in 2021

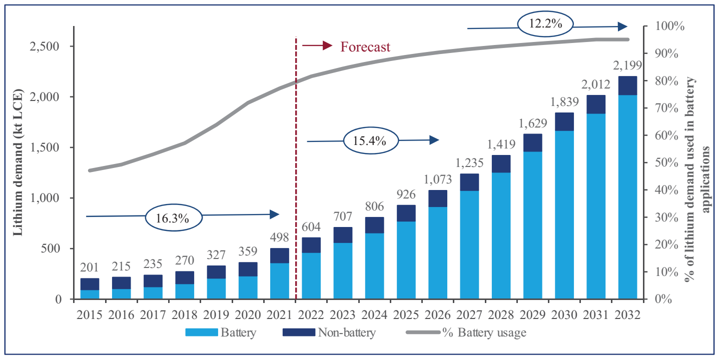


6. LITHIUM PRODUCTS DEMAND

Lithium demand by first use

The volume of lithium demand in rechargeable batteries is now starting to have a much greater impact on overall refined lithium demand. The automotive sectors influence on the battery industry, and in turn the lithium sector, will continue to increase out to the forecast period end in 2031. In 2015, less than half of lithium consumption was in battery applications. However, rechargeable battery use has increased rapidly over the last 6 years. In 2021, 73% of lithium was consumed in battery applications, with market share expected to grow to 92% by 2032.

Global demand for lithium for battery and non-battery use from 2015 to 2032



7. KEY END MARKETS FOR LITHIUM PRODUCTS

Electric Passenger Vehicles

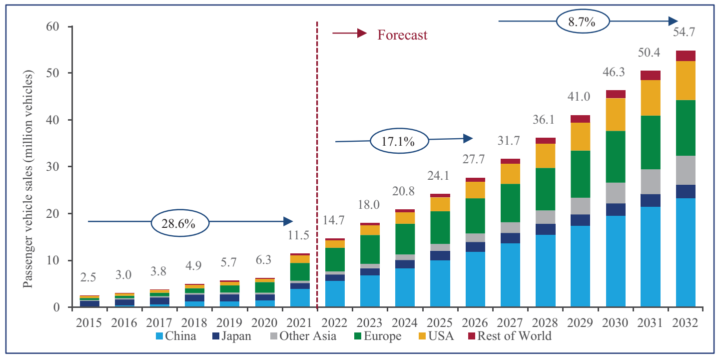
Electric passenger vehicles sales

The penetration rates of electric vehicles will undoubtedly increase. This is expected to be caused, firstly, by regulatory forces, and secondly, by a continuous fall in battery cost as a result of increasing economies of scale and technological developments. The sales volume of electric passenger vehicles is expected to increase by 17.1% CAGR from 2022 to 2026, growing at 8.7% CAGR thereafter from 2027 to 2032, reaching 54.7 million units in 2032.

The two largest electric passenger vehicles markets as measured by sales volume in 2021 are China and Europe. In May 2021, the U.S. Senate Finance Committee passed the “Clean Energy for America Act proposal, increasing subsidies for electric passenger vehicles to stimulate the development of the U.S. EV market. As a result, sales of electric passenger vehicles in the United States more than doubled in 2021 with the US market now larger than that of Japan. In the next five years, assuming continuous incentive policies, global electric vehicles sales are expected to grow at a CAGR of 17.1%, reaching 27.7 million units per year by 2026.

In September 2020, the Chinese government proposed a plan for peak carbon by 2030 and carbon neutrality by 2060, heralding the official arrival of China’s carbon-constrained era. In 2020, the Chinese government issued numerous policies to encourage the development of New Energy Vehicles (NEVs). The meeting of the Standing Committee of the State Council passed the “NEV Industry Development Plan (2021-2035),” which has set out the direction for the development of NEVs in the next 15 years. China became the largest market for electric passenger vehicles globally in 2021 and is expected to maintain this position throughout the forecast. It is expected that China’s electric passenger car sales will reach 10 million units by 2025 and over 20 million units annually by 2032.

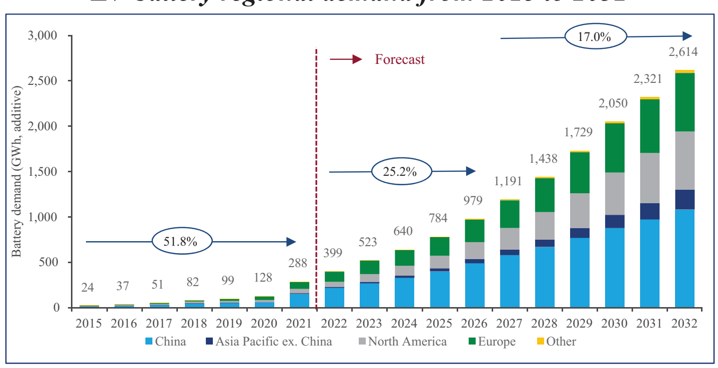
Global penetration rate of electric passenger vehicles from 2015 to 2032



Note: The above information includes sales of BEV – battery electric vehicle, PHEV- plug-in hybrid vehicle, HEV – hybrid electric vehicle, 48V – mild hybrid vehicles with a 48V battery for start-stop regenerative braking and supportive features.

<u>EV battery demand by country/region</u>

EV battery regional demand from 2015 to 2032

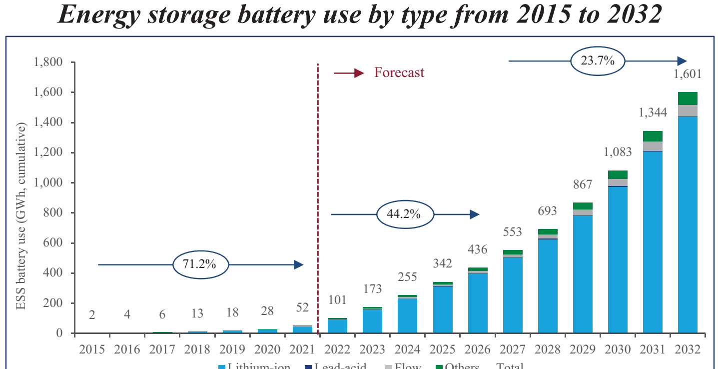


Energy Storage System

<u>Energy storage battery use by type</u>

The ESS electrochemical battery market is expected to achieve a size of 1,601GWh by 2032, of which 90% will correspond to Li-ion technology. Overall, the growth of the Li-ion ESS market is projected to grow at 44.2% CAGR between 2022 and 2026, slowing to 23.7% CAGR from 2027 to 2032.

Energy storage battery use by type from 2015 to 2032

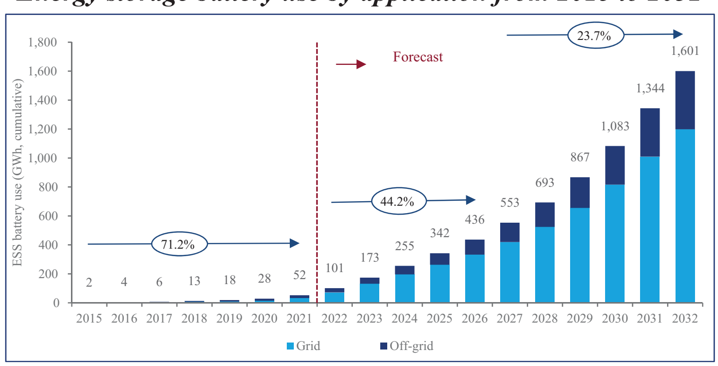


Energy storage battery use by application

The use of Li-ion technology in the grid and utility spectrum will be pivotal as the energy deployed by individual energy storage system utility-scale projects will range up to 1 GWh. Most of the new ESS usage is expected in grid applications, with market share increasing from 62% in 2021 to 75% in 2032 compared to off-grid use. This can be attributed to further decreases in cost per kWh and the practical need of energy storage system given the rise in renewable energy assets. The role of these systems is expected to be dominant in power quality and bridging power applications such as for instance, grid management to stabilise renewables' output or frequency shifting.

Grid energy storage system capacity surpassed off-grid energy storage system installations in 2020. The use of Li-ion technology in the grid and utility spectrum will be pivotal as the energy deployed by individual ESS utility-scale projects will be in the order of several hundred MWh. In 2021, there was 19.8 GWh of off-grid energy storage system battery use, with 32.2 GWh of grid use. Grid application usage is expected to grow at 44.2% CAGR between 2022 and 2026. Consequently, the lithium consumption in energy storage system is also expected to increase annually by 13.8% CAGR from 2022 to 2032, reaching 138.2 ktpa LCE by 2032 as grid storage becomes more prevalent.

Energy storage battery use by application from 2015 to 2032



8. MARKET BALANCE

Lithium market balance

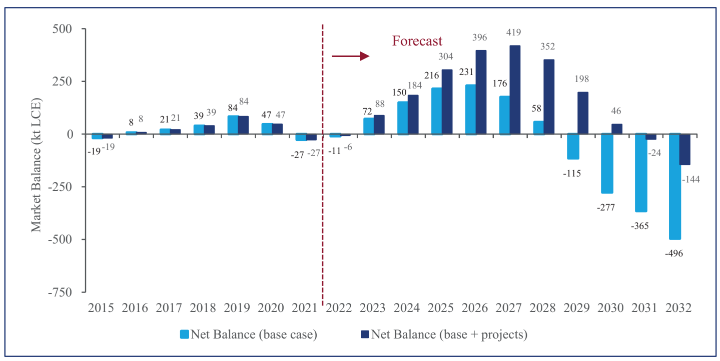
With the emergence of rechargeable batteries as the main end-use, the market has seen and is still seeing a significant transformation. In the last few years, supply growth outpaced the growth in actual demand and prices started to fall in 2018. From 2018 to 2020, the entire EV supply chain saw significant capital commitment toward electrification. Towards the end of 2020, the demand caught up with supply and excess inventories were largely depleted. Supply from current operations and upcoming projects is insufficient to meet the increasing demand long term. The global interest in the transition towards lower-emission transportation has facilitated many new projects to supply lithium chemicals both from mineral concentrate, brine and emerging sources.

The base case shows that the overall lithium chemical market experienced a slight supply deficit in 2021 despite the increasing production of lithium chemicals from both brine and minerals. Following a lower deficit in 2022, a growing oversupply is forecast to peak in 2026 at 230.9kt LCE. The market moving from being oversupplied in 2028 is forecast to show a deficit in 2029. The forecast deficit will continue to grow and reach a 496kt LCE in 2032 and continue growing beyond this.

The "Base plus projects" case includes supply from theoretical brine projects, theoretical mines, theoretical mine extensions and theoretical conversion projects in a separate case. The size and frequency of new projects being added are based on historical averages.

In the "Base plus projects" case where we include probable and possible projects as well as theoretical supply, the market is forecast to show a surplus from 2023 to 2030. The surplus is forecast to peak in 2027 at 419kt LCE or 35% of demand. The market is forecast to enter a sustained supply deficit in 2031 reaching 144kt LCE by 2032.

Refined lithium chemical market balance from 2015 to 2032



Note: Net balance accounts for forecast annual supply, demand and change in stock levels

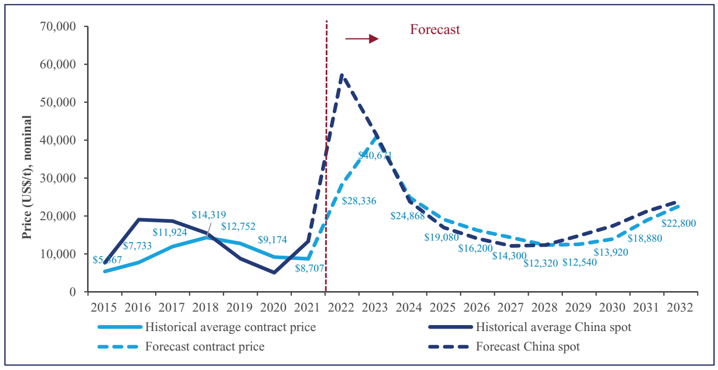
9. LITHIUM PRICES

Average annual prices for battery-grade lithium carbonate

Contract prices for battery-grade lithium carbonate peaked in 2018 at US$14,319/t and declined to US$9,174/t in 2020. Spot prices by nature fluctuated even further over this period falling to US$5,051/t in 2020. Prices for battery-grade lithium carbonate increased in 2016 and 2017 due to growing interest and perceived demand for rechargeable batteries for electric vehicles. Increased prices lead to investment in new lithium extraction projects, as a result supply growth outpaced actual demand growth from 2018 to 2020. The short term market surplus led to a contraction in spot price for lithium carbonate from 2018 to 2020, which flowed through to contract prices, causing annual average contract prices for lithium carbonate to decline from 2019 to 2021. Similarly, the spot prices reflected the rapid market buoyancy in 2021 and increased faster than the contract prices. In 2021, the average annual contract price was US$8,707/t as the lag built into price calculations is slower to impact the contract prices.

During 2022, it is forecast that a continued increase in contract pricing with an expected average contract price in 2022 of US$28,336/t, rising to a maximum of US$40,671/t in 2023. As new supply enters the market prices are expected to stabilize, followed by declining prices throughout the middle of the decade. As demand continues to rise a supply deficit is forecast to occur from around 2030, which will cause prices to return to growth.

Average annual contract and spot price forecast for battery-grade lithium carbonate (2015-2032, US$/t CIF Asia)



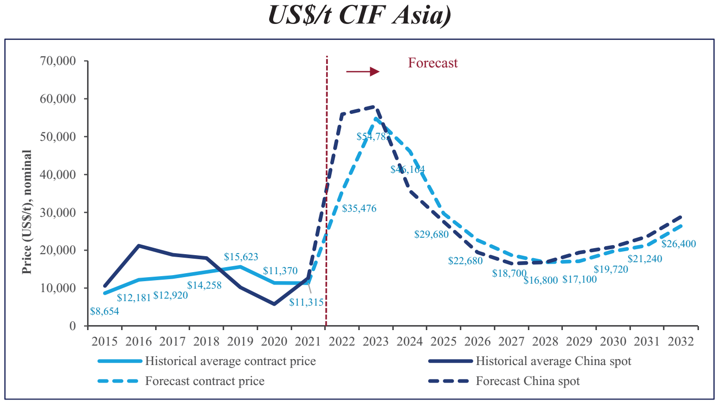
Note: The China (excluding VAT) spot price data from Argus, Asian Metal and Fastmarkets, which is then aggregated to give the annual average spot prices. Contract prices represent each contract price as an average of the CIF prices of Japan, Korea, Taiwan and China imports.

Average annual prices for battery-grade lithium hydroxide

In 2020, the contract prices for battery-grade lithium hydroxide reached a short term low of US$11,370/t LCE and remained relatively similar in 2021 at US$11,315/t LCE. As spot prices reflect the immediate market conditions, a significant spot price was seen in 2021 compared with 2020, while higher price conditions are expected to influence contract prices from 2022. Battery-grade lithium hydroxide is expected to have high average contract prices in 2022 of US$35,476/t LCE, rising further to US$54,783/t in 2023, as rapidly increasing demand begins to impact contract prices. Prices are forecast to decline from these highs from 2024 as new supply enters the market. Towards the end of the 2020s, an increasing supply deficit will occur and prices will start to increase.

With demand increasingly coming from electric passenger vehicles and growth in high nickel cathode chemistries continuing, battery-grade lithium hydroxide is expected to become the premier lithium product and main pricing benchmark.

Average annual contract and spot price forecast for battery-grade lithium hydroxide (2015-2032, US$/t CIF Asia)



Note: The China (excluding VAT) spot price data from Argus, Asian Metal and Fastmarkets, which is then aggregated to give the annual average spot prices. Contract prices represent each contract price as an average of the CIF prices of Japan, Korea, Taiwan and China imports.

10. MARKET BARRIERS TO ENTRY

New producers looking to enter the lithium market have several barriers to entry to overcome as follows:

1. **Security of feedstock supply:** Most compound producers have one or two sources of feedstock supply and have been operating assets for several decades or have established relationships. Potential new suppliers are basing their lithium compound production on a counter-party that often has equally limited experience.
2. **Production technology and know-how:** Recent mineral projects in Australia have suffered delays in construction and commissioning as existing plants are re-engineered or new plants are built. Brine projects are perhaps even more challenging given the complex chemistry of the deposit and chemical processing at remote sites at high altitude.
3. **Investment:** Exploration and mining project development is considered to carry moderate investment risk; therefore it is generally harder to raise funds with low commodity prices or during volatility. Any negativity in the market can affect capital raises, making it harder for developers to raise funds and progress projects.
4. **Capital availability:** Potential new lithium projects, exploration programs and expansion plans could sustain delays or cancelations if sentiment in the wider mining sector worsens, for example, as a result of another global downturn (generally or specifically in the lithium sector).
5. **Product development:** The two main products in demand, lithium carbonate and hydroxide, are considered relatively basic compounds distinguished only by battery- or technical- grade, the reality is that most product is produced to customer order and to customer specification. Incumbent producers have significant R&D capability to keep pace with the requirements of their customers.
6. **Marketing, sales, logistics and support:** Most of the major producers have marketing and sales in-country, a global logistics network or agents and distributors acting on their behalf and can offer 24/7 support to their customers. New producers may not have such resources or have not begun to think about the complexity.
7. **Accreditation:** Approval as a new supplier is not just about product quality but the customers may also audit their suppliers on a multitude of levels, and the requirements are becoming more stringent with the major battery users not wanting to issue a costly recall because of product impurity, or often more damaging for brand reputation, the practices of the supply base.

11. THE WOOD MACKENZIE REPORT

In connection with the Global Offering, we commissioned Wood Mackenzie (Asia Pacific) Pty Ltd ("**Wood Mackenzie**"), an Independent Third Party, to prepare a report on the lithium market. We have agreed to pay a total of US$85,000 in fees for the preparation of the Wood Mackenzie Report. Wood Mackenzie is a market research and consulting company with over 40 years of experience covering the metal markets, and its subsidiary Roskill has published 18 editions of a report on the lithium industry.

In preparing the report, Wood Mackenzie relied on data from its in-house database, reputable industry and trade organizations' reports, official national statistics and other reliable international sources. Wood Mackenzie's research and forecasting methodology integrates several techniques with measurement-based system and relies on expertise of the analyst team in integrating the critical market elements, including (1) expert-opinion forecasting methodology; (2) integration of market drivers and restraints; (3) integration with the market challenges and trends; and (4) integration of econometric variables. In compiling the Wood Mackenzie Report, Wood Mackenzie has adopted the following assumptions: (1) the social, economic and political environment in the forecast period; and (2) related key industry drivers likely to take place in the forecast period. The Wood Mackenzie Report was mainly prepared by four analysts with extensive relevant experience and supported by Wood Mackenzie's in-house research team.

OVERVIEW OF THE LAWS AND REGULATIONS IN THE PRC

I. Industrial policy

(I) On macro guidance of industrial development

1. To adapt to rapid development of new-and-high technology and products, promote export of new-and-high technology and products, and improve Chinese export commodity structure, Ministry of Science and Technology of the People's Republic of China (hereinafter referred to as Ministry of Science and Technology), Ministry of Finance of the People's Republic of China (hereinafter referred to as Ministry of Finance), General Administration of State Taxation of the People's Republic of China (hereinafter referred to as General Administration of State Taxation), and General Administration of Customs jointly organized revision and adjustment of Chinese High-tech Products Export Catalog (《中國高新技術產品出口目錄》), and issued the 2006 version of it on January 9, 2006. The catalog includes lithium tantalate crystal, lithium niobate crystal, lithium-aluminum alloy plate, lithium bromide freezing medium, high energy lithium original battery, and lithium-ion battery, and the products listed in the catalog can enjoy preferential policy that the state grants to high-tech products according to related regulations; at the same time, in exportation the laws and regulations on goods categorization and export control must be complied with.

2. To adapt to the rapid development of technologies and products, encourage commercialization and industrialization of cutting-edge technologies and products, Ministry of Science and Technology, Ministry of Finance, and General Administration of State Taxation jointly revised Chinese High-tech Products Catalog （《中國高新技術產品目錄》）, and issued Chinese High-tech Products Catalog (2006) （《中國高新技術產品目錄（2006）》） on September 8, 2006. The catalog includes lithium-ion battery cathode material, LBO crystal, lithium niobate single crystal, lithium tantalate single crystal, CLBO, LiCaAIF, LiSrAIF, LiPF, lithium manganate, high-capacity lithium-ion battery, and high-energy primary lithium battery.

3. To guide orientation of social resources, NDRC released Guidance Catalog for Products and Services of Emerging Industries of Strategic Importance (2016 version) （《戰略性新興產業重點產品和服務指導目錄（2016版）》） on January 25, 2017. The catalog involves 8 industries in 5 fields of emerging industries of strategic importance. According to it, lithium-ion battery monomer, module and system, Ni-co lithium oxides, lithium nickel manganese oxide binary system, lIMn1-x-yNixCoyO2, LiNi_(07) Co_(0.3_x)Al_xO_2 ternary system, lithium extraction from carbonate-type lithium-rich brine, and production equipment for battery recycling are all key products and services of emerging industries of strategic importance.

4. The NDRC, on October 30, 2019, issued the Guidance Catalog on Industrial Structure Adjustment (2019 version) （《產業結構調整指導目錄（2019年本）》）, which was implemented on January 1, 2020. The NDRC, on December 30, 2021, issued and implemented the Decision of the National Development and Reform Commission on Amending the Guidance Catalog on Industrial Structure Adjustment (2019 version) (《國家發展改革委關於修改<產業結構調整指導目錄(2019年本)>的決定》). In accordance with Temporary Regulations for Promoting Industrial Structure Adjustment （《促進產業結構調整暫行規定》） issued and implemented by the State Council on December 2, 2005, Guidance Catalog of Industrial Structure Adjustment is composed of the three catalogs of

encouragement, limitation, and elimination. The industries that do not belong to the abovementioned three categories and complies with law, regulations, and policies are put into the permission category. The permission category is excluded from Guidance Catalog for Industrial Structure Adjustment. According to the catalog, lithium and other chemical and mineral resources that are in exploration and composite utilization but in shortage, such new-type primary lithium battery as lithium iron disulfide and lithium thionyl chloride, lithium-ion battery, lithium/carbon fluoride batteries, and other new batteries and super capacitors, for being beneficial to resource saving and composite utilization, and being beneficial to new energy and renewable energy sources development and utilization as well as raising energy efficiency, fall into state encouragement category.

5. Bulletin on Enterprise Income Tax Issues in Implementing Catalog of Encouragement-Type Industries of Western Region (《關於執行<西部地區鼓勵類產業目錄>有關企業所得稅問題的公告》 was released by General Administration for State Taxation on March 10, 2015 and implemented on October 1, 2014, which carries out the preferential policy of income tax exemption and cut for enterprises of western region. It also pushes for building of bases in western region for state energy and resource deep processing, equipment manufacturing, and strategic emerging industries, and the vigorous development of new industry and activities represented by big data, big health, big tourism, and big logistics. To continue implementing the strategy of Western Development, and strengthen coordination with strategies such as the Belt and Road Initiative and Yangtze River Economic Belt Development, stick to innovation-driven development and open guidance, and vigorously consolidate basic support, and push forward sustainable and healthy development of economy and society in the west, the State Council on January 5, 2017 released Reply of State Council on Western Development in the Thirteenth Five-Year Plan (《國務院關於西部大開發"十三五"規劃的批復》), and the NDRC on January 11, 2017 issued and implemented the 13th Five-Year Plan for Western Development (《西部大開發"十三五"規劃》). The plan emphasizes development of characteristic and advantageous industries, continues increasing the support of characteristic and advantageous industries of western region. Catalog of Encouragement-Type Industries of Western Region (2020 version) (《西部地區鼓勵類產業目錄(2020年本)》) was released by NDRC on January 18, 2021 and implemented on March 1, 2021. The catalog includes development and production of such new carbon materials in Sichuan province as grapheme and carbon nanomaterial, minor structure graphite, charcoal, and lithium battery cathode.

(II) Specific guiding opinions for related industries

1. On February 17, 2016, in order to implement the green development concept, promote green consumption, accelerate the construction of ecological civilization, and promote green development of the economy and society, the NDRC and nine other departments formulated and issued the Guiding Opinions on Promoting Green Consumption (《關於促進綠色消費的指導意見》) to promote enterprises to increase the supply of green products and services, and stipulate that the projects or products of energy-saving, water-saving, environmental protection and resource comprehensive utilization can enjoy relevant tax incentives. Incentive policies of green consumer credit supporting energy saving, new energy vehicles, green construction, new energy and renewable energy products and facilities.

2. On February 20, 2017, in order to speed up the development of China's automotive power battery industry and promote the healthy and sustainable development of the new energy vehicle industry, the MIIT, the NDRC, the Ministry of Science and Technology and the Ministry of Finance issued the Action Plan for Promoting the Development of Automotive Power Battery Industry (《促進汽車動力電池產業發展行動方案》). The proposed development direction in the plan will continue improving the performance and safety of existing products, further reduce costs and guarantee high-quality power battery supply by 2018; vigorously promoting the development and industrialization of new lithium-ion power batteries, and achieving large-scale application in 2020; focus on strengthening the basic research of the new system of power batteries, and realize technological change and development and testing by 2025. Greatly improve the performance of new lithium-ion power battery products; focus on improving the industrialization of new lithium-ion battery products for power batteries; vigorously promote the research and engineering development of new system batteries such as lithium-sulfur batteries, metal-air batteries, and solid-state batteries.

3. On September 22, 2017, in order to implement the tasks of the Outline of the 13th Five-Year Plan for the National Economic and Social Development (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要》) and the Energy Production and Consumption Revolution Strategy (2016-2030) (《能源生產和消費革命戰略(2016-2030)》), and promote the development of energy storage technology and industry, the NDRC, the Ministry of Finance, the Ministry of Science and Technology, and the MIIT, and the National Energy Administration of the People's Republic of China (hereinafter referred to as Energy Bureau) issued the Guiding Opinions on Promoting the Development of Energy Storage Technology and Industry (《關於促進儲能技術與產業發展的指導意見》). The guiding opinions clearly states that a number of energy storage technologies and materials with key core significance should be focused on and tackled. A series of energy storage technologies and equipment with industrial potential will be tested and demonstrated. Apply and promote a number of energy storage technologies and products with independent intellectual property rights, and improve energy storage product standards and testing and certification systems.

4. On January 26, 2018, in order to strengthen the recycling management of new energy vehicle power batteries, standardize the development of the industry, promote the comprehensive utilization of resources, protect the environment and human health, ensure safety, and promote the sustainable and healthy development of the new energy automobile industry, the MIIT, the Ministry of Science and Technology, the Ministry of Environmental Protection of the People's Republic of China (hereinafter referred to as Ministry of Environmental Protection), the Ministry of Transport of the People's Republic of China, the Ministry of Commerce, the General Administration of Quality Supervision, Inspection and Quarantine (now the General Administration of Market Supervision and Administration), and the Energy Bureau jointly formulated the Interim Measures for the Administration of Recycling and Utilizing Power Batteries of New Energy Vehicles (《新能源汽車動力蓄電池回收利用管理暫行辦法》), and it was implemented on August 1, 2018. China will support the scientific and technological research on the recycling of power batteries, guides industry-university-research collaboration, encourages echelon use and recycling use, promotes the innovation of power battery recycling models, and defines power batteries as storage batteries that provide energy for new energy vehicle

power systems. It consists of storage battery pack (group) and storage battery management system, including lithium-ion power battery, and metal hydride/nickel power battery and does not contain lead-acid battery.

5. On January 31, 2018, the NDRC issued and implemented the National Key Energy-Saving and Low-Carbon Technology Promotion Catalog (2017 version, Energy Saving Part) (《國家重點節能低碳技術推廣目錄(2017年本,節能部分)》), covering 13 industries including coal, electricity, steel, nonferrous metals, petroleum and petrochemicals, chemicals, and building materials, and 260 key energy-saving technologies, including high-efficiency discharge-feedback battery formation technology (charge and discharge and replenishment charge of battery counter electrode formation and finished battery formation in the production process of light industry lithium-ion battery, nickel-hydrogen battery, lead-acid battery), lithium bromide absorption condensation heat recovery technology.

6. On January 16, 2019, in order to strengthen the management of lithium-ion battery industry, guide industrial transformation and upgrading, vigorously cultivate strategic emerging industries, and promote the healthy development of lithium-ion battery industry, the MIIT issued the Lithium-Ion Battery Industry Standard Conditions (2018 version) (《鋰離子電池行業規範條件(2018年本)》) and the Lithium-ion Battery Industry Specification Announcement (2018 version) (《鋰離子電池行業規範公告管理暫行辦法(2018年本)》). On December 10, 2021 in order to further strengthen the management of lithium-ion battery industry, guide industrial transformation and upgrading and technology improvement, the MIIT issued the Lithium-Ion Battery Industry Standard Conditions (2021 version) (《鋰離子電池行業規範條件(2021年本)》) and the Interim Measures for the Administration of the Lithium-ion Battery Industry Specification Announcement (2021 version) (《鋰離子電池行業規範公告管理暫行辦法(2021年本)》). The 2021 version was implemented on December 20, 2021 and the 2018 version was repealed at the same time. The standard is proposed to guide enterprises to reduce manufacturing projects that simply expand production capacity, strengthen technological innovation, improve product quality, and reduce production costs. It also requires enterprises to adopt technology-advanced, energy-saving, environmentally friendly, safe, stable and highly intelligent production processes and equipment.

7. On March 11, 2021, the National People's Congress (hereinafter referred to as NPC) issued the Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), and proposed to implement changes. Inclusive policies such as large-scale deductions for R&D expenses and tax incentives for high-tech enterprises. Expand and optimize the insurance compensation and incentive policies for the first (set) of major technical equipment, give play to the demonstration role of major projects, and use government procurement policies to support innovative products and services.

II. Industry regulations

(I) Legal regulations for the production of industrial products

1. Administrative Regulations of the People's Republic of China on Production Licenses for Industrial Products

Administrative Regulations of the People's Republic of China on Production Licenses for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》) was promulgated by the State Council on July 9, 2005 and implemented on September 1, 2005. China implements a production license system for the production of hazardous chemicals and their packaging materials, containers and other products that affect production safety, public safety, and other enterprises that produce important industrial products required by laws and administrative regulations. The catalog of industrial products subject to the production license system will be formulated by the competent department of industrial product production license of the State Council together with the relevant departments of the State Council. The Catalog of Industrial Products that forms part of the production licensing system implemented by the state shall be formulated by the State Council department responsible for production licenses for industrial products together with the other relevant State Council departments. Any enterprise without the production license must not produce products listed in the catalog. Any organizations or individuals cannot sell or use the products that they do not have a production license to sell or use. Any enterprise that has not obtained a production license for a product listed in the Catalog shall be prohibited from producing the relevant product. No entity or individual may sell or use in the course of business activities any product listed in the Catalog for which it has not obtained a production license.

2. Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation

Decision of the State Council on Adjusting the Management Catalog of Production Licenses for Industrial Products and Simplifying the Approval Process for Trial Implementation (《國務院關於調整工業產品生產許可證管理目錄和試行簡化審批程序的決定》) was promulgated and implemented by the State Council on June 24, 2017. The management of production licenses for some products is canceled and replaced by compulsory product certification management; the industrial product production license management authority of some products is delegated. Products that remain subject to the industrial product production license management after adjustment include hazardous chemicals, hazardous chemical packaging, and containers.

3. Decision of the State Council on Adjusting the Catalog of Industrial Products Subject to Production License Administration and Strengthening Interim and Ex Post Regulation

Decision of the State Council on Adjusting the Catalog of Industrial Products Subject to Production License Administration and Strengthening Interim and Ex Post Regulation (《國務院關於調整工業產品生產許可證管理目錄加強事中事後監管的決定》) was promulgated and implemented by the State Council on September 8, 2019. The decision reduced the categories in the catalog of industrial products subject to production license administration, 13 categories of industrial products subject to production license administration including internal combustion engines and vehicles' brake fluids were canceled, two categories of industrial products including satellite ground receiving equipment for radio and television and wireless transmission equipment for radio and television were reduced and combined into one category, and those categories involving security, health and environmental protection were subject to compulsory product certification administration instead of production license administration, with certification fees afforded by the state. After the adjustment, a total of ten categories of products will continue to be subject to production license administration for industrial products, of which five categories are subject to administration by the State Administration for Market Regulation and five categories are subject to administration by the provincial market regulatory authorities.

(II) Legal regulations for safe production

The main business of the Company involves the production of flammable, explosive, corrosive and toxic hazardous chemicals and lithium mining. We must strictly abide by the Chinese laws and regulations concerning safe production.

1. Work Safety Law of the People's Republic of China

The Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) was promulgated by the Standing Committee of the NPC on June 29, 2002, which was implemented on November 1, 2002 and latest revised on June 10, 2021. Production and business entities shall abide by this Law and other laws and regulations concerning work safety, strengthen work safety management, establish and improve a work safety responsibility system and work safety rules and systems for all employees, increase efforts to guarantee the input of funds, materials, technology, and personnel in work safety, improve work safety conditions, strengthen standardization and informatization of work safety, construct a dual prevention mechanism consisting of graded management and control of safety risks and examination and control of potential risks, improve the risk prevention and resolution mechanism, raise work safety levels, and ensure work safety. The law stipulates provisions on guarantee of safety by production and business operation entities, rights and obligations of employees relating to work safety, supervision and administration of work safety, emergency rescue, investigation, and handling of work safety accidents and legal responsibilities.

2. Regulations on Work Safety Licenses

Regulations on Work Safety Licenses (《安全生產許可證條例》) was promulgated and implemented by the State Council on January 13, 2004 and was latest revised on July 29, 2014. The State applies the work safety licensing system to enterprises engaged in mining, construction, and the production of dangerous chemicals, fireworks and crackers, and civil use explosive material. No enterprise may engage in production activities without a work safety license.

(III) Legal regulations for hazardous chemicals

1. Administrative Regulations on the Safety of Hazardous Chemicals

The Administrative Regulations on the Safety of Hazardous Chemicals (《危險化學品安全管理條例》) was promulgated by the State Council on January 26, 2002, which was implemented on March 15, 2002 and latest revised on December 7, 2013. The regulations regulate the production, storage, use, operation and transportation of hazardous chemicals. Hazardous chemicals are herein include hyper-toxic chemicals and other chemicals with the nature of toxic hazard, corrosiveness, explosiveness, flammability and combustion-supporting, which are dangerous to human body, facilities and environment highly toxic chemicals and other chemicals that are toxic, corrosive, explosive, flammable, and combustion-supporting, and harmful to humans, facilities, and the environment. The production safe supervision and administration department of the State Council in conjunction with the relevant departments of the State Council determine, promulgate and timely adjust the catalog of hazardous chemicals according to the identification and classification criteria of chemical hazard characteristics.

(1) The production safety supervision and administration departments shall be in charge of the overall work of supervision and administration of safety of hazardous chemicals, shall organize to determine, publicly announce and adjust the catalog of hazardous chemicals, inspect the safety conditions of those construction projects such as newly establishing, reconstructing or enlarging the manufacture and storage facilities of hazardous chemicals (including using long pipelines to transport hazardous chemicals, hereinafter inclusive), issue upon examination hazardous chemicals safe production licenses, hazardous chemicals safe use permits and licenses for dealing in hazardous chemicals, and also take charge of the registration of hazardous chemicals.

(2) The public security organs shall be responsible for the administration on public security of hazardous chemicals and the issuance of hyper-toxic chemicals purchase licenses and road transportation passes for hyper-toxic chemicals, and be responsible for supervision over the safety of the road transportation vehicles of hazardous chemicals.

(3) The administrative departments of quality supervision, inspection and quarantine shall be responsible for issuing production licenses for industrial products to enterprises manufacturing hazardous chemicals and their packing materials and containers (excluding the fixed large containers storing hazardous chemicals), shall conduct supervision over the quality of the products of the above manufacturers pursuant to laws, and make inspections on imported and exported hazardous chemicals and their packaging.

(4) The departments of environmental protection shall be responsible for supervising and administering the disposal of wasted hazardous chemicals, organize the appraisal on the hazards of hazardous chemicals on environments and the environment pollution risk evaluation, determine the list of hazardous chemicals concerning which environment administration should be greatly emphasized, and shall be responsible for the registration of the environment administration of hazardous chemicals and new chemicals. Such departments shall also investigate the relevant dangerous chemical pollution accidents and the ecological damage incidents according to their duties, and shall be responsible for the emergency environment monitoring of the sites of hazardous chemicals accidents.

(5) The administrative departments of transportation shall take charge of the safety administration on hazardous chemicals road transportation or waterway transportation permits and transportation vehicles, conduct supervisions on the safety of waterway transportation of hazardous chemicals, and shall be responsible for the qualifications of the drivers, crew members, loading and unloading personnel, transport escorts, declarers, and the staff conducting on-site inspection on the containers packing of the hazardous chemicals of the road transportation enterprises and waterway transportation enterprises. The railway regulation department shall be responsible for the safety administration of railway transportation of hazardous chemicals and the transportation vehicles thereof. The administrative departments of civil aviation shall be responsible for the air transportation of hazardous chemicals and safety administration of air transportation enterprises and their transportation vehicles.

(6) The health administration departments shall be responsible for the administration on the authentication of toxicity of hazardous chemicals, and be responsible for organizing and coordinating the medical rescue of the injured caused by the accidents of hazardous chemicals.

(7) The administrations for industry and commerce (AICs) shall, in accordance with the approvals or licenses issued by relevant departments, issue the business licenses for units that manufacture, store, deal in, or transport hazardous chemicals, and investigate the activities of illegally purchasing hazardous chemicals by enterprises dealing in hazardous chemicals and impose relevant punishments on such enterprises.

(8) The post administration departments shall be responsible for investigating the acts of sending hazardous chemicals by post and imposing relevant punishments pursuant to laws.

2. Implementing Measures for Implementation of Work Safety Licenses of Hazardous Chemical Production Enterprises

Implementing Measures for Implementation of Work Safety Licenses of Hazardous Chemical Production Enterprises （《危險化學品生產企業安全生產許可證實施辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on August 5, 2011, which was implemented on December 1, 2011 and latest revised on March 6, 2017. Hazardous chemical production enterprise refers to an enterprise that is established according to the law and has obtained industrial and commercial business licenses or industrial and commercial approval documents for the production of final products or intermediate products listed in the Catalog of Hazardous Chemicals. A hazardous chemical production enterprise shall obtain the work safety license. Anyone that fails to obtain the work safety license shall not engage in any relevant production activity.

3. Measures for the Supervision and Administration of Hazardous Chemical Construction Projects

Measures for the Supervision and Administration of Hazardous Chemical Construction Projects （《危險化學品建設項目安全監督管理辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on January 30, 2012, which was implemented on April 1, 2012 and latest revised on May 27, 2015. Projects for new construction, reconstruction and expansion projects of production and storage of dangerous chemicals and the chemical construction projects with the production of dangerous chemicals (including the construction projects of long-distance pipelines of dangerous chemicals) are subject to safety review, i.e. safety condition review and safety facility design review. For any construction project not receiving with the safety review and completion acceptance of safety facilities must not be constructed or put into production (use).

4. Administration Measures for the Registration of Hazardous Chemicals

The Administration Measures for the Registration of Hazardous Chemicals （《危險化學品登記管理辦法》） was promulgated by the former State Administration of Work Safety (now the Emergency Management Department) on July 1, 2012 and implemented on August 1, 2012. China implements the registration system for hazardous chemicals. The Emergency Management Department is responsible for the supervision and management of hazardous chemicals registration. Newly established producer of hazardous chemicals shall file the hazardous chemical registration before the completion and final acceptance of the producer. An importer of hazardous chemicals shall file the hazardous chemical registration before it imports any hazardous chemical for the first time. The original and duplicate of the Hazardous Chemical Registration Certificate shall indicate such contents as the serial number of the certificate, the name, registered domicile, nature and registered type(s) of hazardous chemicals of the enterprise, the term of validity, issuing authority and date of issuance of the certificate. Under the item of nature of the registering enterprise shall be indicated whether the registering enterprise is a producer or importer of hazardous chemicals or both.

(IV) Legal regulations for mining industry

The Company is required to abide by mining laws and regulations of China in conducting lithium mining operations in the PRC.

1. Mineral Resources Law of the People's Republic of China

Mineral Resources Law of the People's Republic of China（《中華人民共和國礦產資源法》）was passed by the Standing Committee of the NPC on March 19, 1986, which was implemented on October 1, 1986 and latest revised on August 27, 2009. Mineral resources belong to the State. The rights of State ownership in mineral resources are exercised by the State Council. State ownership of mineral resources, either near the earth's surface or underground, shall not change with the alteration of ownership or right to the use of the land which the mineral resources are attached to. The State safeguards the rational development and utilization of mineral resources.

Anyone who wishes to explore or mine mineral resources shall separately make an application according to law and shall register after obtaining the right of exploration or mining upon approval, with the exception of the mining enterprises that have, in accordance with law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production. In mining mineral resources, a mining enterprise or individual must abide by State regulations regarding labor, safety and health and have the necessary conditions to ensure safety in production; and must observe the legal provisions on environmental protection to prevent pollution of the environment.

2. Administrative Measures for the Block Registration of Mineral Resource Prospecting

Administrative Measures for the Block Registration of Mineral Resource Prospecting（《礦產資源勘查區塊登記管理辦法》）was promulgated and implemented by the State Council on February 12, 1998 and latest revised on July 29, 2014. The state implements a unified registration management system for mineral resources exploration. Exploration of mineral resources listed in the Measures can only be launched with approval and registration by the competent department of geology and mineral resources with the exploration licenses issued. When the prospecting right owner conducts an exploration during the validity period of the exploration permit and finds a complex type of deposit that meets the state's requirements about the mineral that can be mined while being explored, it may apply for mining and go through the mining registration formalities after approval by the registration management authority.

3. Administrative Measures for the Registration of Mineral Resources Exploitation

Administrative Measures for the Registration of Mineral Resources Exploitation（《礦產資源開採登記管理辦法》）was promulgated and implemented by the State Council on February 12, 1998 and latest revised on July 29, 2014. Mining mineral resources must be examined and registered by the competent department of geology and mineral resources, and a mining right license must be issued. The valid period of the exploitation licenses shall be determined according to the construction scale of the mines.

4. Law of the People's Republic of China on Mine Safety

Law of the People's Republic of China on Mine Safety (《中華人民共和國礦山安全法》) was passed by the Standing Committee of the NPC on November 7, 1992, which was implemented on May 1, 1993 and latest revised on August 27, 2009. Mining enterprises must possess facilities that ensure safety in production, establish and perfect the system of safety management, take effective measures to improve the working conditions for workers and staff and strengthen the work of safety control in mines in order to ensure safe production. Safety facilities in mine construction projects must be designed, constructed and put into operation and use at the same time with the principal parts of the projects. The design papers for mine construction projects must comply with the safety rules and technological standards for mining industry and shall, according to regulations of the State, be subject to the approval of the authorities in charge of mining enterprises. For exploitation of mines, requirements that ensure safe production must be met, and the safety rules and technological standards for mining industry corresponding to the exploitation of different types of minerals must be observed. Mining enterprises must establish and improve the safe production responsibility system.

5. Regulations for the Implementation of the Law of the People's Republic of China on Safety in Mines

The Regulations for the Implementation of the Law of the People's Republic of China on Safety in Mines (《中華人民共和國礦山安全法實施條例》) was promulgated by the former Ministry of Labor of the People's Republic of China (now the Ministry of Human Resources and Social Security) on October 30, 1996 and implemented on the same day. The exploitation of mineral resources refers to the related activities of mineral resources exploration and the construction of mine, production, and closure of pit within the scope of mining areas approved according to law. The regulation specifically stipulates details about the safety guarantees in the construction of mines, the safety guarantees for mining, the safety management of mining enterprises, the supervision and management of mining safety, the handling of accidents in mines and legal liability.

6. Measures for Implementation of Safety Production License for Non-coal Mine Enterprises

Measures for Implementation of Safety Production License for Non-coal Mine Enterprises (《非煤礦礦山企業安全生產許可證實施辦法》) was promulgated and implemented by the former State Administration of Production Safety (now the Emergency Management Department) on June 8, 2009 and latest revised on May 26, 2015. Non-coal mining enterprises must obtain safety production licenses in accordance with the provisions of the Measures. If the safety production license is not obtained, the enterprises must not engage in production activities.

(V) Legal regulations concerning environmental protection

The Company may generate pollutants during the process of production and, therefore, must strictly comply with Chinese laws and regulations concerning environmental protection.

1. Environmental Protection Law of the People's Republic of China

Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) was passed by the Standing Committee of the NPC on December 26, 1989 and latest revised on April 24, 2014. For preparation of the relevant development and utilization plans and construction of environment-affected projects, the environmental impact assessment shall be conducted according to law. Any development and utilization plan without the environmental impact assessment conducted according to law may not be organized for implementation; and any construction project without the environmental impact assessment conducted according to law may not start construction. The pollution prevention and control facilities in construction projects shall be designed, built and commissioned along with the principal part of the project at the same time. The pollution prevention and control facilities shall meet the requirements specified in the approved documents regarding the environmental impact assessment and shall not be dismantled or left idle without authorization. Chemicals and materials containing radioactive substances must be produced, stored, transported, sold, used and disposed of in accordance with the relevant state provisions so as to prevent environmental pollution.

The State implements the pollution discharge license management system in accordance with the law. Enterprises, public institutions and other producers and operators that implement the pollution discharge license management shall discharge pollutants according to the requirements of the pollution discharge license; those that fail to obtain the pollution discharge license shall not discharge pollutants.

Natural resources shall be developed and utilized properly to protect biodiversity and ecological safety, and the relevant treatment plan for ecological protection and restoration shall be formulated and implemented according to law.

2. Law of the People's Republic of China on Environmental Impact Assessment

Law of the People's Republic of China on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) was passed by the Standing Committee of the NPC on October 28, 2002, which was implemented on September 1, 2003 and latest revised on December 29, 2018.

The State implements a classification-based management on environmental impact assessment (hereinafter referred to as EIA) of construction projects according to the impact of the construction projects on the environment. Construction entity shall prepare the Environmental Impact report (hereinafter referred to as EIR) or Environmental Impact Statement (hereinafter referred to as EIS) or fill out the Environmental Impact Registration Form (hereinafter referred to as EIRF, together with EIR and EIS referred to as the EIA documents) according to the following rules: (1) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (2) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of their environmental impacts; (3) for projects with very small environmental impacts so that an EIA is not required, an EIRF shall be filled out. The catalogs for the classification-based management of the environment impact assessment of the construction projects shall be determined and published by the administrative department of the State Council in charge of environmental protection.

The EIR or EIS of a construction project shall be submitted by the construction entity to the administrative department of ecology and environment with the approval authority for approval in accordance with the provisions of the State Council. The State shall implement a record-filing-based management on Environmental Impact Registration Forms.

3. Regulations on the Administration of Construction Project Environmental Protection

The Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》) was promulgated and implemented by the State Council on November 29, 1998 and latest revised on July 16, 2017. State standards and local standards for the discharge of pollutants must be complied with in building construction projects that generate pollution; requirements for aggregate control of discharge of major pollutants must be met in areas under aggregate control of discharge of major pollutants. Industrial construction projects shall adopt clean production techniques with low energy consumption, low material consumption and low pollutant generation, and rationally exploit natural resources to prevent environmental pollution and ecological damage. Measures must be taken in reconstruction, expansion projects and technological transformation projects to treat original environmental pollution and ecological damage related to the said projects.

The state implements the construction project environmental impact evaluation system. For a construction project for which an environmental impact report or environmental impact statement shall be prepared, the construction entity shall submit, before starting construction, the environmental impact report or environmental impact statement to the competent administrative department of environmental protection with the authority of examination and approval for approval; if the environmental impact evaluation document of the construction project fails to be examined by the examination and approval department in accordance with the law or is not approved after examination, the construction unit may not start construction. For a construction project for which an environmental impact registration form shall be filled in in accordance with the law, the construction unit shall submit the environmental impact registration form to the competent administrative department of environmental protection at the county level of the locality of the construction project for record-filing, according to the provisions of the competent administrative department of environmental protection under the State Council.

Environmental protection facilities required to be constructed must be designed, constructed and put into operation parallel to the progress of the principal part of the project. Construction projects for which the environment impact reports and environmental impact statements are prepared must only be put into production or put into use after the environmental protection facilities are accepted; where such facilities are not accepted or deemed as disqualified in the acceptance, such projects are not allowed to be put into production or use.

4. The Interim Method for Completion Acceptance of Environmental Protection for Construction Projects

The Interim Method for Completion Acceptance of Environmental Protection for Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) was promulgated and implemented by the former Ministry of Environmental Protection (current Ministry of Ecology and Environment) on November 20, 2017. This method specifies the procedures and standards for construction units to carry out environmental protection acceptance after the construction of such projects is completed.

5. Law of the People's Republic of China on the Prevention and Control of Water Pollution

Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) was passed by the Standing Committee of the NPC on May 11, 1984, which was implemented on November 1, 1984 and latest revised on June 27, 2017. EIA must be carried out according to law for newly-formed projects and reconstruction, or extensions projects that directly or indirectly discharge pollutants to water bodies and other installations on water. The water pollution prevention and control facilities of construction projects shall be simultaneously designed, constructed and put into use together with main buildings. The water pollution prevention and control facilities shall meet the requirements of environmental impact assessment documents approved or filed for the record.

Enterprises, institutions and other production and operation units directly or indirectly discharging industrial waste water and medical sewage to waters and enterprises, institutions and other production and operation units required to obtain pollutant discharging permit before discharging waste water and sewage must obtain the pollutant discharging permit. The pollutant discharging permit specifies requirements on the types, concentration, total amount and discharging direction of the water pollutants to be discharged. Enterprises, public institutions and other manufacturers and operators subject to pollutant discharge license administration shall carry out self-monitoring of water pollutants discharged and retain original monitoring records in accordance with the relevant provisions and monitoring standards of the state and be responsible for the authenticity and accuracy of the monitoring data.

Chemical manufacturers and the operators and entities operating and managing industrial agglomeration areas, mining areas, tailing ponds, hazardous waste disposal sites, landfills, etc. shall take anti-seepage and other measures, and construct ground water quality monitoring wells to carry out monitoring so as to prevent ground water pollution. When constructing underground facilities or conducting underground exploitation or mining activities, preventive measures must be taken to prevent groundwater pollution.

6. Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution

Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》) was passed by the Standing Committee of the NPC on September 5, 1987, which was implemented on June 1, 1988 and latest revised on October 26, 2018. Enterprises, public institutions and other producers and operators that build projects having impacts on the atmospheric environment shall conduct environmental impact assessment and disclose the environmental impact assessment documents to the public in accordance with the law; where pollutants are discharged to the atmosphere, the discharging units must comply with the discharging standard for atmospheric pollutants as well as the requirements on control of the total discharging amount of key atmospheric pollutants.

Enterprises, public institution, producers and operators for the coal heating sources of central heating facilities discharging industrial waste gasses or discharging toxic and hazardous air pollutants listed in the catalog provided in this Law, as well as other entities subject to pollution discharge permit management in accordance with the law, shall obtain the pollution discharge permit.

If iron and steel, building materials, non-ferrous metals, petroleum, chemical and other related enterprises discharge smoke and dust, sulfide and nitride oxides in the production process, they shall adopt clean production techniques, install the supporting facilities for dust removal, desulfurization and denitrification, or take other measures such as technical transformation to control the discharge of air pollutants. Petroleum and chemical enterprises as well as other enterprises producing and using organic solvents shall take measures to carry out daily maintenance and repair of the pipelines and equipment, reduce leakage of materials, and collect or dispose of the materials leaked in a timely manner.

7. *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste （《中華人民共和國固體廢物污染環境防治法》） was passed by the Standing Committee of the NPC on October 30, 1995, which was implemented on April 1, 1996 and latest revised on April 29, 2020.

The construction of projects that produce, store, use, and treat solid wastes shall be performed with environmental impact assessment conducted as legally required and in compliance with the relevant provisions issued by the state concerning the management of environmental protection in respect of construction projects. The facilities for the prevention and control of environmental pollution by solid wastes required to be built as ancillaries determined in the environmental impact assessment document of a construction project shall be designed, built and put into operation at the same time as the main part of the project. The preliminary design of the construction project shall, as required by the environmental protection design standards, incorporate the prevention and control of environmental pollution by solid wastes into the environmental impact assessment document and implement the measures for the prevention and control of environmental pollution and ecological damage by solid wastes and the investment estimates for facilities for the prevention and control of environmental pollution by solid wastes. The construction employer shall, as required by the relevant laws and regulations, conduct acceptance inspection of the facilities for the prevention and control of environmental pollution by solid wastes built as ancillaries, prepare an acceptance inspection report, and disclose it to the public.

A mining enterprise shall adopt scientific mining methods and techniques for mineral separation so as to reduce the production and storage of tailings, coal gangue, waste rock and other mining solid wastes. The state shall encourage the use of advanced techniques to comprehensively utilize solid mining wastes such as tailings, coal gangue, and waste rock. After the facilities for storing tailings, coal gangue, waste rock, and other mining solid wastes are not used any more, a mining enterprise shall, according to state provisions on environmental protection, close the fields to prevent environmental pollution and ecological destroy.

The ecology and environment department of the State Council shall, in conjunction with other relevant departments of the State Council, formulate a national list of hazardous wastes and lay down unified criteria and methods for identifying hazardous waste, distinguishing marks, and requirements for the administration of identification entities. The national list of hazardous wastes shall be adjusted dynamically. The ecology and environment department of the State Council shall, based on the harm characteristics and production of hazardous wastes, scientifically assess their environmental risks, exercise grade and classification-based administration, establish an informatized regulatory system, and manage and share data and information on the transfer of hazardous wastes by informatized means. A distinguishing mark of hazardous wastes shall be put on the containers and packages of hazardous wastes as well as on the facilities and sites for collection, storage, transportation and treatment of hazardous wastes. An entity that produces hazardous wastes shall work out a plan for managing hazardous wastes in accordance with the relevant provisions issued by the state; and keep a hazardous waste management journal, faithfully recording relevant information, and report the types, production, destination, storage, treatment and other relevant information to the local ecology and environment department through the National Hazardous Waste Information Management System.

8. *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution*

Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》) was passed on October 29, 1996 by the Standing Committee of the NPC, which was implemented on March 1, 1997 and revised on December 29, 2018. Every project under construction, renovation or expansion must conform to the regulations of the State governing environmental protection. Where a construction project might cause environmental noise pollution, the unit undertaking the project must prepare an environmental impact statement which includes the measures it takes to prevent and control such pollution, and submit it, following the procedures prescribed by the State, to the administrative department of ecology and environment for approval. The environmental impact statement shall include the comments and suggestions of the units and residents in the place where the construction project is located. Facilities for prevention and control of environmental noise pollution must be designed, built and put into use simultaneously with the main part of a construction project. Before a construction project is put into production or use, its facilities for prevention and control of environmental noise pollution must conduct final inspection according to the standards and procedures prescribed by the state; if such facilities fail to meet the requirements of the State, the construction project may not be put into production or use.

WESTERN AUSTRALIAN MINING LAWS AND REGULATIONS

GENERAL MINING LAW IN WESTERN AUSTRALIA

Ownership of minerals

Each of the States and Territories in Australia have its own legislation which regulates the exploration for and production of minerals. In Western Australia, the Mining Act 1978 (WA) (the "**Mining Act**") and Mining Regulations 1981 (WA) (the "**Mining Regulations**") regulate the assessment, development and utilization of mineral resources in Western Australia.

The Mining Act and the Mining Regulations are administered by the Minister for Mines and Petroleum ("**Minister**") with the assistance of the Department of Mines, Industry Regulation and Safety ("**Department**").

Western Australia (along with other States and Territories) has adopted a legislative policy of public ownership of minerals. Pursuant to the Mining Act, the Crown owns all minerals on or below the surface of the land, except in certain limited circumstances (relating to limited categories of land and minerals). As the owner of the minerals, the Crown is entitled to grant mining tenements which confer rights on a tenement holder to explore for and mine minerals (not private land owners).

Generally, the only privately held minerals remaining in Australia are those in grants made prior to the introduction of mineral reservation statutes. Deeds of grant for any land which does not include any mineral reservation is rare.

Usually, ownership of minerals does not pass from the Crown to the miner until the minerals have been extracted from the land.

Types and duration of mining titles

This section provides a description of the rights and term of the mining tenements as set out in the Mining Act. For details on the conditions typically imposed on mining tenements see section entitled "Main obligations and conditions under mining titles."

Prospecting licenses

Prospecting licenses entitle the holder to prospect for minerals (except iron ore unless expressly authorized by the Minister) within the area of the prospecting license and to undertake various ancillary activities that may be necessary or expedient in connection with prospecting for minerals.

Prospecting licenses granted or applied for before February 10, 2006 remain in force for a period of 4 years from the date of grant and cannot be renewed. Prospecting licenses applied for and granted on or after February 10, 2006 remain in force for a period of 4 years from the date of grant and may be renewed for 4 years (and further 4 year periods if the license has "retention status"—obtainable where an identified mineral resource exists that is impracticable to mine at the time—see "Retention licenses" below).

Exploration licenses

An exploration license is the principal title issued for exploration in Western Australia and permits exploration over a much larger area of land for a longer period than a prospecting license. An exploration license authorizes the tenement holder, subject to the Mining Act, the Mining Regulations and the conditions of the exploration license to enter land and undertake the operations and works necessary for the purpose of digging pits, trenches and holes and sinking bores and tunneling in the course of mineral exploration. A tenement holder may excavate, extract or remove up to 1,000 tons of earth, soil, rock, stone fluid or mineral bearing substance without Ministerial consent.

An exploration license is granted for an initial term of 5 years however, a tenement holder may apply to extend the term by making an application to the Minister prior to the expiry of the initial term.

If the Minister is satisfied that a prescribed ground for extension of the exploration license exists, the Minister may grant a renewal of the exploration license for a term of 5 years and any subsequent renewal terms of 2 years.

Retention licenses

Retention licenses allow a tenement holder to continue exploration by entry onto the land and by carrying out works including digging pits, trenches and holes, excavating, extracting and removing up to 1,000 tons of mineral bearing substances and taking water.

Under the Mining Act a retention license is granted for an initial term of up to 5 years with options to renew for additional terms of up to 5 years. A retention license may be granted when, for economic or other reasons (for example future reserves for an existing operation), it is not possible or would not be commercial to commence mining immediately. The Minister may at any time by notice require the holder of a retention license to show cause why a mining lease should not now be applied for.

Mining leases

Subject to the provisions of the Mining Act, the holder of a mining lease is entitled to work and mine the land, take and remove any minerals (except iron ore) and do all things necessary to effectively carry out mining operations in, on or under the land. This is the appropriate tenement for the commercial extraction of minerals. However, a grant of a mining lease does not in itself confer authority to produce minerals. Further approvals are generally required before production may commence, including approvals in respect of the mining proposal, potential environmental impact and Aboriginal heritage.

The holder of a mining lease owns all minerals lawfully mined from the land in accordance with the mining lease.

Mining leases are granted for a period of 21 years and the tenement holder has an option to renew the term for a further 21 years. Subsequently, the Minister has a discretion to extend the term for further periods subject to the tenement holder's compliance with the terms and conditions of the mining lease.

Miscellaneous licenses

A miscellaneous license may be granted pursuant to the Mining Act over any land where the use of that land is directly connected with mining and is for a prescribed purpose under the Mining Regulations (for example a road, railway, pipeline, power line or bridge). A miscellaneous license may be applied for over land that is the subject of an existing tenement, irrespective of whether that existing tenement is held by the applicant for the miscellaneous license. The holder of a miscellaneous license does therefore not have exclusive title to the land over which the miscellaneous license is granted.

A miscellaneous license has a term of 21 years, which may be renewed by the Minister upon application by the holder.

General purpose leases

The holder of a general purpose lease is entitled to exclusive occupancy of the land the subject of the lease for the purposes specified in the lease, which may include erecting and operating machinery in connection with mining operations, depositing or treating tailings and/or use for any other specified purpose directly connected with mining operations.

A general purpose lease will remain in force for either the term of the mining lease in respect of which it was granted, or 21 years from the date of grant, and may be renewed by the Minister in certain circumstances for one or more periods of 21 years each.

Applications and Priority principles

Applications for tenements

Whether a tenement application for a mining lease, exploration license or general lease is successful is dependent upon a recommendation made by the mining registrar or warden to the Minister and the Minister's decision whether to grant or refuse the application.

Whether a tenement application for a prospecting license or a miscellaneous license is successful is dependent upon the mining registrar or warden's decision whether to grant or refuse the application.

If a tenement is granted under the Mining Act then it will be issued on terms and conditions reasonable to the Minister or warden as applicable.

An application for a tenement cannot generally be transferred because, while it is still pending, the application does not amount to any property or title in the mining tenement.

Priority of applications

If more than one application is received for a tenement (except a miscellaneous license—see section below entitled "Overlapping titles") in respect of the same land or any part of it, the applicant who first "complied with the initial requirement" in relation to its application has the right in priority over every other applicant to have the mining tenement for which it has applied granted in respect of that land.

Priority of dealings

Dealings in a mining tenement such as applications, grants, transfers and mortgages may be registered and endorsed on the Mining Register maintained by the Department and any person may search the Mining Register.

Priority between dealings is according to the time of their registration.

However, the category of instruments that may be registered is limited. As to priority between a registered and an unregistered interest, it is necessary to refer to general legal principles which can be summarized as:

(a) the registered legal interest, in the absence of postponing conduct on the part of the registered holder, has priority over any subsequent unregistered interest; and

(b) as against a prior equitable interest, the Mining Act operates to protect the holder of a registered interest from the effect of notice of the prior equitable interest.

In relation to the priority between unregistered interests, the caveat system may affect which interest has priority and it is prudent to caveat an unregistered interest in order to ensure the preservation of the "first in time" principle.

A person claiming an interest in a tenement which is not yet registered (e.g. a transfer of an interest in a tenement that has not yet been lodged for registration) or is not registrable may lodge a caveat which gives notice of the caveator's interest in the tenement and forbids the registration of certain dealings which are inconsistent with the interest claimed.

Caveats

The caveat system under the Mining Act provides protection for the holder of an interest in a mining tenement which is unregistered (e.g. a transfer or mortgage that is not yet lodged) or unregistrable (e.g. a purchase or a farm-in agreement or equitable interest). This is because a dealing (transfer or mortgage) or certain surrender instruments, cannot be registered while a caveat remains in force, without the consent of a warden.

Therefore, a caveat provides the caveator the ability to delay the registration of a dealing or surrender and the opportunity to show cause to the warden why that dealing or surrender should not be registered.

There are three types of caveats provided for under the Mining Act as follows:

Subject to claim caveats

A subject to claim caveat can only be lodged in respect of an interest in a mining tenement and forbids the registration of a dealing (transfer or mortgage), unless the dealing expressly states that it is subject to the caveat interest.

A subject to claim caveat forbids the registration of a surrender.

Absolute caveats

An absolute caveat can only be lodged in respect of an interest in a mining tenement and forbids the registration of a dealing (transfer or mortgage) or a surrender.

Consent caveats

A consent caveat can be lodged where the holder of a mining tenement has entered into an agreement with a person relating to the sale of the holder's interest in the mining tenement or "any other matter connected with the holder's interest in the mining tenement."

A consent caveat forbids the registration of a dealing (transfer or mortgage) or surrender.

Main obligations and conditions under mining titles

Conditions are imposed on the grant of most tenements pursuant to the Mining Act. These include conditions relating to the environment, payment of annual rent, required minimum expenditure and a standard schedule of general exclusions and conditions established pursuant to the Mining Act. In addition, more particular conditions are imposed on the various types of tenements. If the tenement conditions are not complied with, the tenement may be liable to forfeiture or the tenement holder may be penalized.

The holder of a prospecting license, an exploration license or a mining license must comply with the prescribed minimum expenditure requirements under the Mining Act unless the holder has been granted certificate of exemption by the Minister. A tenement holder must expend, or cause to be expended, certain prescribed minimum expenditure in mining on, or in connection with mining on, the tenement during each year of the term of the tenement.

Upon granting a mining tenement, the Minister may impose conditions for the prevention of injury to land or for rehabilitation of the area the subject of the tenement.

Pursuant to the Mining Act, the Minister may also require an applicant, or a tenement holder to lodge a security (by bond or other method approved by the Minister) in the prescribed amount and form that will cover any liability likely to be incurred in the course of carrying out exploration and any obligations in relation to rehabilitation of land disturbed by exploration.

Transfer or assignment of mining titles

Tenements in Western Australia are all assignable or transferable subject to:

(a) lodgement of the prescribed forms for the assignment of the tenements (including any required accompaniments);

(b) payment of the prescribed fee; and

(c) in the case of all tenements other than exploration licenses (unless the transfer is being lodged during the first year of its term) and prospecting licenses, Ministerial consent.

The Department will not register a transfer of a tenement unless transfer duty has been paid in accordance with Duties Act 2008 (WA). Generally speaking, a transfer of a Western Australian mining tenement will attract transfer duty on a sliding rate (that typically ends up being approximately 5% of the greater of the market value of the mining tenement or the consideration paid for it).

Types of minerals that a mining title grants

Minerals

A tenement allows a holder to prospect for any minerals (except iron ore unless specifically authorized by the Minister). The Mining Act defines the term "minerals" generally as naturally occurring substances obtained or obtainable from any land by mining operations carried out on or under the surface of the land. However, certain substances are expressly excluded from this definition, including soil, limestone, rock, gravel, shale, sand (other than mineral sand, silica and garnet sand) and clay.

Causes by which you can lose your mining title

Forfeiture of tenements

Where a tenement holder contravenes or fails to comply with the prescribed provisions of the Mining Act or any conditions imposed under the license or lease (including expenditure requirements), the tenement may liable to forfeiture in which case the holder may lose the tenement or be subject to a fine.

Voluntary surrender of tenements

The Mining Act provides that the holder of a mining tenement may surrender the whole or a part of a tenement by lodging the prescribed form. Any surrender may be conditional upon an application for a new mining tenement in respect the whole or part of the area of the surrendered tenement being granted to the original holder, however it is not possible for an applicant to surrender a tenement conditional upon the grant of a new tenement to a new applicant.

Royalties and other taxes

Statutory royalties

The Mining Act provides the Governor of Western Australia with the power to prescribe the rate, the manner of payment and by whom the royalty is payable in respect of royalties. Royalties are payable in relation to minerals (including material containing the mineral) subject to a mining tenement or application for a mining tenement granted under the Mining Act.

Penalty provisions including forfeiture of tenements and penalty rates may be imposed on a tenement holder who fails to pay a royalty.

The ad valorem or value-based rates of royalty which applies under the Mining Regulations vary between different classes of minerals and are based on the following principles:

(a) Bulk material (subject to limited treatment) – 7.5 per cent of the royalty value.

(b) Concentrate material – (subject to substantial enrichment through a concentration plant) 5.0 per cent of the royalty value.

(c) Metal – 2.5 per cent of the royalty value.

The royalty value takes into account processing costs incurred after the mine-head point, price fluctuations, the grade of material and the change in the value as mined ore is processed and value is added. Under the Mining Regulations the Minister may determine the value of the mineral for the purpose of calculating royalties if the Minister believes the royalty value does not reflect market value, the allowable deductions are excessive or the sale was not a genuine commercial transaction.

Contractual royalties

Mineral royalties may also be payable to third parties or Aboriginal communities pursuant to contractual agreements between the project proponent and the relevant party. It is not uncommon for a tenement holder to sell a tenement in exchange for a cash purchase price and a promise to pay a royalty. The royalty rates in this instance are agreed by the parties on a case by case basis.

Rent

All tenements will require the payment of rent to the Department (on an annual basis).

Mining Rehabilitation Fund

Under the Mining Rehabilitation Fund Act 2012 (WA) (“Rehabilitation Fund Act”), all tenement holders in Western Australia (with the exception of tenements covered by certain State Agreements), are required to report disturbance data and contribute annually to the Mining Rehabilitation Fund.

The Mining Rehabilitation Fund has been in effect from July 1, 2013 and has been compulsory since July 1, 2014.

Based on the data provided by the tenement holder, an estimate of the potential rehabilitation costs in respect of each tenement is calculated by the Department (referred to as the Rehabilitation Liability Estimate). Tenement holders must pay an annual levy to the Mining Rehabilitation Fund. The levy is calculated on a per tenement basis and is assessed as 1% of the Rehabilitation Liability Estimate for each tenement.

All funds in the Mining Rehabilitation Fund are available to the Western Australian Government as a source of funding for the rehabilitation of abandoned mine sites and other land affected by mining operations.

Relationship between mining title holder and other surface owners

Private land

A mining tenement may be applied for in respect of any private land and in that respect private land is open for mining. However, this is substantially curtailed by the Mining Act in that the written consent of the owner and occupier of private land must be given before a mining tenement can be granted in respect of certain private land interests, including land under cultivation, land the subject of a cemetery or burial ground, land the subject of a dam or bore and land on which a substantial improvement has been erected. Usually any consent given will be included in a compensation agreement entered into with the landholder.

A person may not enter or remain upon the surface of any private land (which includes freehold or Crown leases) for any mining purpose or for the purpose of marking out that land unless the person is the owner or is authorized by a permit to do so. A person may apply for a permit to enter land for a period of 30 days. Failure to obtain a permit to enter is sufficient grounds to reject an application for a mining lease.

The Mining Act provides that the owner and occupier of any land where mining takes place are entitled according to their respective interests to compensation for loss and damage suffered or likely to be suffered by them resulting or arising from the mining. The compensation may be negotiated directly between the owner or occupier of the land and the applicant, and where the owner cannot be located or is dead, the Minister will act in a capacity of trustee for that person or the person's heirs.

Crown land and pastoral leases

The Mining Act definition of "Crown land" includes pastoral leaseholds. Generally, pursuant to the Mining Act, Crown land which is not already subject to a mining tenement is considered open for mining (subject to certain exemptions and limitations), and a mining tenement may be issued in relation to such land, entitling the holder to the rights granted thereby.

The exercise of such rights is, however, limited by the Mining Act, which provides that the holding of a mining tenement does not entitle the holder to prospect or fossick on, explore or mine on or otherwise interfere with on any Crown land that is:

(a) for the time being under crop (or within 100 meters of that crop);

(b) used as or situated within 100 meters of a yard, stockyard, garden, cultivated field, orchard, vineyard, plantation, airstrip or airfield;

(c) situated within 100 meters of any land that is in actual occupation and on which a house or other substantial building is erected;

(d) the site of or situated within 100 meters of any cemetery or burial ground; or

(e) land the subject of a pastoral lease which is the site of, or is situated within 400 meters of any water works, race, dam, well or bore not being an excavation previously made and used for mining purposes by a person other than the pastoral lessee,

without the written consent of the occupier (unless the warden by order otherwise directs). The "occupier" includes the pastoral lessee.

The mining tenement holder may (subject to giving notice to the occupier and abiding by the restrictions on activities imposed by the Mining Act) pass over Crown land of the type set out in (a) to (e) above in order to gain access to other land for the purpose of prospecting, exploring mining, marking out or fossicking. Such limitations include a requirement to pay compensation for the same, which may be agreed between the parties or by the Warden's Court.

As with private land, the Mining Act provides that the owner and occupier of any land where mining takes place are entitled according to their respective interests to compensation for loss and damage suffered or likely to be suffered by them resulting or arising from the mining. However, except to the extent agreed upon by the parties concerned or authorized by the Warden's Court, under the Mining Act compensation is not payable to a lessee for deprivation of the possession of the surface or any part of the surface of the land; for damage to the surface of the land; where the lessee is deprived of the possession of the surface of any land; for severance of the land from any other land of the lessee; or for surface rights of way and easements. Where consent cannot be agreed, the warden may determine the amount for compensation (either with or without formal proceedings, based on the parties' wishes).

Commonwealth land

The Mining Act also includes a definition of "Commonwealth land" being land over which the Commonwealth holds a freehold or leasehold interest or land that is otherwise vested in the Commonwealth. Accordingly, Commonwealth land within Western Australia is subject to the Mining Act.

Commonwealth land is treated in a similar way to Crown land. As a result, mining on Commonwealth land will be allowed with the consent of the State Minister for Mines and Petroleum, and the agreement of the Commonwealth Minister for Sustainability, Environment, Water, Population and Communities.

Overlapping titles

In Western Australia, land already the subject of a tenement may not be the subject of an application for another tenement. That is, overlapping tenements may not exist under the Mining Act.

However, this principle does not apply to miscellaneous licenses. A miscellaneous license may be applied for over land that is the subject of an existing tenement, irrespective of whether that existing tenement is held by the applicant for the miscellaneous license.

Similarly, another tenement may be granted over land that is the subject of an existing miscellaneous license.

An underlying tenement holder may object to the granting of an application for a miscellaneous license by lodging a notice of objection within the prescribed time and prescribed manner. Where a notice of objection is lodged, it is not uncommon for the relevant parties to enter into a private access agreement following which the notice of objection will be withdrawn and the miscellaneous license granted.

However, where a notice of objection is not withdrawn, the warden shall hear and determine the application for the miscellaneous license. This may cause delay in the grant of a miscellaneous license.

ENVIRONMENTAL LAW IN AUSTRALIA

Federal environmental law

The Environment Protection and Biodiversity Conservation Act 1999 (the "**EPBC Act**") is the Commonwealth Government's central piece of environmental legislation. It provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places—defined in the EPBC Act as matters of 'national environmental significance.' Should an 'action,' defined as a project, development, undertaking, activity or series of activities, have the potential to have a significant impact on a matter of national environmental significance, the proponent of the action must refer the action to the Commonwealth Minister for the Environment for a determination of whether the action can be taken, and if so, what conditions may be applied.

Taking an action without referring it to the Minister may lead to a fine of up to $11 million.

Once referred to the Minister, the Department of Agriculture, Water and the Environment will assess the action, and provide a report to the Minister. Alternatively, if, as is the case with Western Australia, a bilateral assessment agreement is in place between the Commonwealth and the State, the initial assessment may be conducted by the appropriate state agency, in the case of Western Australia, the Environmental Protection Authority. In August 2020, the Minister published a notice of intention to develop a bilateral approval agreement with Western Australia. If and when a bilateral approval agreement comes into effect between the Commonwealth and the State, certain classes of action which are approved by the State will not require approval under the EPBC Act.

In addition, the Act provides power for the Commonwealth to institute recovery plans for threatened flora and fauna, and ecological communities.

Western Australia environmental law

The environmental impact of mining in Western Australia is principally managed at the State level through the Environmental Protection Act 1986 (WA) ("EP Act") (which is supported by the Environmental Protection Regulations 1987 (WA) (EP Regulations)) and the Contaminated Sites Act 2003 (WA).

Western Australia State environmental assessment

The EP Act regulates the environmental impact assessment procedure applying to the evaluation of proposals, including mining proposals. Under Part IV of the EP Act, any person or government agency may refer a proposal to the Environmental Protection Authority ("EPA") for a decision as to whether a proposal should be subject to environmental impact assessment. In doing so, the EPA considers whether a proposal or a future proposal is one that is likely to have a significant effect on the environment.

Once the EPA decides that a proposal should be assessed, it determines whether the proposal will be assessed on proponent information, or whether public consultation will be required. At the conclusion of the environmental impact assessment process, the EPA will publish a report to the Minister recommending whether the proposal should be implemented and, if so, on what conditions. Recommendations made in EPA reports are subject to broad third party appeal rights. Following the EPA report and any appeals, the Minster, in consultation with other relevant authorities, either refuses the proposal or issues a ministerial statement of approval with conditions. The EPA may also provide advice about the implementation of proposals which are not significant enough for formal evaluation, but warrant some degree of review.

Proposals need not be referred to the EPA, however, if the EPA considers that a proposal is likely to have a significant effect on the environment, it can require a proponent to refer the proposal for environmental impact assessment. In addition, the Minister may refer a proposal to the EPA where there is public concern.

Once referred to the EPA, the proposal cannot commence until the Minister makes a decision on whether the action can be taken.

Even if a mining proposal is of insufficient scale to have a significant effect on the environment, it may still require licensing under the EP Act. Licenses and works approvals are issued by the CEO following negotiation between the proponent and the Department of Water and Environmental Regulation, and may involve public advertising / consultation. The conditions of licences and works approvals issued by the CEO are subject to broad third party appeal rights, however, the decision to grant the licence or works approval is not.

Environmental conditions in the mining tenement

Mining tenements issued under the Act are subject to a standard condition that a company must submit and have approved management plans for environmental protection before it is allowed to actually mine. In addition to identifying potential environmental impacts, the management plans must outline the proponent's commitments to manage, monitor and mitigate potential environmental impacts associated with the mining and rehabilitation plans following mining. Management plans are approved by the Department.

Clearing and vegetation

Generally speaking, the clearing of native vegetation in WA requires a permit under the Environmental Protection (Clearing of Native Vegetation) Regulations 2004 (WA) ("**Clearing Regulations**"). An exception to this is where there is a Ministerial Statement in force.

If mining activities will require land clearing, proponents may be required to apply for either an area permit or a purpose permit. Area permits authorize the clearing of vegetation in a particular area and may only be applied for by the owner of the land. Purpose permits authorize clearing of different areas of land from time to time for a specific purpose, and must be applied for by the person undertaking the clearing. Note that under delegated authority, clearing permits for mining activities may be issued by the Department rather than by the Department of Water and Environmental Regulation ("**DWER**").

Clearing that is the result of exploration activities carried out under an authority granted pursuant to the Mining Act, and designated as 'low impact' under the Clearing Regulations, may be exempt from obtaining a clearing permit. For example, activities involving no ground disturbance and little or no environmental damage, and driving vehicles or other mechanized equipment through vegetation.

Contaminated Sites

In addition to preparing and providing a rehabilitation plan, and of course as noted above, providing appropriate funds to the Mining Rehabilitation Fund, a proponent is subject to the contaminated sites regime in the Contaminated Sites Act 2003. The regime places responsibility for contamination generally first upon the person causing the contamination, then upon the landowner, and finally with the State government.

Other requirements

In addition to the above, a mine site is also subject to regulations dealing with such issues as noise, taking threatened or endangered flora or fauna, unauthorized discharges, controlled waste, and depending on the location of the mine, specific environmental protection policies. Various mine facilities, such as accommodation villages, may also be subject to State planning legislation and require development approval.

NATIVE TITLE AND ABORIGINAL HERITAGE IN AUSTRALIA

Native title issues

Native title refers to the traditional rights and interests of indigenous people to their land and waters, as recognized at common law. Native title rights and interests will only be recognized at law where it can be demonstrated that they have continued to be observed, and that a continuing connection exists between indigenous groups and their traditional lands.

Extinguishment of native title and compensation

Native title can be extinguished in a number of ways. These include the valid grant of certain titles by the Crown prior to December 23, 1996 (careful analysis needs to be undertaken in relation to certain acts that occur in the period between January 1, 1994 and December 23, 1996) including freehold and certain exclusive possession leases listed in Schedule 1 to the Native Title Act 1993 (Cth) ("**NTA**"). Native title can also be extinguished by the construction or establishment of public works by or on behalf of the Crown such as roads, railways and buildings. However, the grant of a mining tenement that is valid as to native title over land does not have the effect of extinguishing native title, as the non-extinguishment principle applies. This means that any native title rights and interests that may exist over or in relation to the land to which the mining tenement relates will effectively be suspended during the term of the mining tenement, to the extent to which such rights and interests are inconsistent with the rights granted under the relevant mining tenement.

Compensation can be payable for the extinguishment of native title right and interests. However, despite recent Federal Court decisions, there is still a lack of clarity in relation to the amount of compensation that may be payable for full or partial extinguishment of native title rights and interests. In Western Australia, the mining legislation provides that should any compensation be payable to native title holders, the applicant for or the holder of the mining tenements giving rise to the compensation must pay the compensation.

The Native Title Act

The NTA confers onto indigenous persons who hold native title rights and interests, or who have made a native title claim that has passed a registration test, the right to be consulted on, and in some cases to participate in, the decisions about activities proposed to be undertaken on the land over or in relation to which they either hold, or claim to hold, native title rights and interests. Consequently, indigenous Australians have been able to negotiate benefits for their communities, including in relation to employment opportunities, heritage protection and/or monetary compensation.

If native title still exists in relation to the land underlying exploration sites, and conversion of those site to mining tenements affects native title, then obtaining a mining lease over or in relation to those sites will require compliance with the future act procedures under the NTA (discussed further below). However, the future act procedures in the NTA are not relevant to a large part of south-western Western Australia because the Federal Court of Australia determined in December 2021 that native title had been extinguished across that area. This means that no proposed act within that area can *affect* native title because native title has already been extinguished.

Future Acts

As discussed above, where native title has already been extinguished, the future act provisions of the NTA do not apply because native title rights and interests cannot be *affected* by a proposed act (such as the grant of a mining lease).

The procedures outlined below apply where native title rights and interests have not been extinguished, and a proposed act would affect native title. A future act is a proposed act, such as the grant of an exploration license or a mining lease or the conversion of an exploration license into a mining lease, on land that may affect native title rights, by extinguishing it or by creating interests that are inconsistent with the continued existence or observance of native title rights. Where an act, such as the grant of exploration or mining tenements, would affect native title, the NTA requires certain requirements to be complied with for the act to be considered valid as to native title. If the relevant future act requirements of the NTA are not observed, then the grant of the relevant tenement may be invalid to the extent that native title is affected.

In relation to the grant of mining tenements, future act requirements that often need to be observed under the NTA are:

(a) the "right to negotiate" process, which involves the giving of notice of the application for the tenement, publication of a notice in relation to the application and a minimum period of negotiation with relevant registered native title parties (whether registered native title claimants or holders of native title rights and interests) with the aim of securing their consent to the grant of the tenement. If agreement can be reached then this may take the form of an agreement under section 31(1)(b) of the NTA, or an Indigenous Land Use Agreement (discussed below). If agreement cannot be reached, then the National Native Title Tribunal can make a determination as to whether the relevant tenement should be granted, and if so whether any conditions should be imposed; or

(b) entering into an Indigenous Land Use Agreement with relevant native title parties.

Commercial matters (including compensation payments and other benefits) are generally dealt with in an agreement between the tenement holder and the native title parties.

There are also a number of other circumstances set out in the NTA in which the grant of an exploration or mining tenement may be made valid as to native title. These include (amongst others) where the grant of the relevant tenements is done in accordance with an offer, commitment, arrangement or undertaking that was in place before July 1, 1993, or in accordance with a right created under statute before a specified time.

Aboriginal Heritage in Western Australia

The Aboriginal Heritage Act 1972 (WA) ("Aboriginal Heritage Act") protects sites and areas of significance to Aboriginal persons.

Compliance with the Aboriginal Heritage Act is a standard condition imposed generally on mining tenements in Western Australia. It is an offense under the Aboriginal Heritage Act for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site (which, amongst other things, includes any sacred, ritual or ceremonial site of importance and special significance to people of Aboriginal descent).

A register of Aboriginal sites is kept under the Aboriginal Heritage Act and administered by the Department of Indigenous Affairs. However, sites and objects of significance to Aboriginal persons are protected by the Aboriginal Heritage Act whether or not those sites are registered under the Aboriginal Heritage Act, and there is no requirement for sites to be registered.

In December 2021, the WA State Government passed the Aboriginal Cultural Heritage Act 2021 (WA) ("Aboriginal Cultural Heritage Act"). The substantive parts of the Aboriginal Cultural Heritage Act will commence operation on a date to be proclaimed.

Once proclaimed, the Aboriginal Cultural Heritage Act will replace the Aboriginal Heritage Act, which will be phased out over a transitional period.

The Aboriginal Cultural Heritage Act will introduce a broader definition of Aboriginal cultural heritage incorporating tangible and intangible elements. It creates tiered offenses for harming Aboriginal cultural heritage without authority, with a maximum penalty of $10 million for body corporates.

The authorization regime under the Aboriginal Cultural Heritage Act creates a focus on agreement making between proponents and interested Aboriginal parties, although the Minister retains final discretion in the event an agreement cannot be reached.

WATER LAW IN AUSTRALIA

The Rights in Water and Irrigation Act 1914 (WA) (RIWI Act) provides a licensing regime for the taking of certain underground and surface water sources which is administered by DWER to ensure that the water resources of Western Australia are utilized in a sustainable manner. A license grants the licensee the right to take water from a watercourse, wetland or underground water resource to a certain volume for a specified purpose. The license is subject to conditions imposed by the Department. An appropriate type of license is required for the particular water resource to be utilized: either a surface water license or a groundwater license.

CHILEAN LAW AND REGULATIONS

ENVIRONMENTAL REGULATIONS

Background Information

The Chilean Law No. 19,300 ("Environmental Act") provides the basis and main principles of the Chilean legal environmental system and establishes a legal framework and regulates issues such as the environmental impact assessment system for the evaluation and approval of certain projects and activities ("SEIA"); environmental liability; air and water quality and emission standards; prevention and decontamination plans, among others.

As a general consideration, the Environmental Act does not contemplate absolute bans or prohibitions to develop certain kind of projects or to operate in certain areas and the requirements of the law and the Environmental Authorities, as this term is defined below) for such purposes may vary depending on the features and environmental impacts of the projects to be carried out.

The Chilean environmental authorities are the following ("Environmental Authorities"):

(i) the Ministry of Environment, responsible for designing regulations and policies;

(ii) the Environmental Assessment Service ("SEA"), responsible for managing the SEIA; and

(iii) the Superintendence of the Environment ("SMA"), in charge of overseeing and enforcing environmental laws and regulations.

Finally, there are Environmental Courts, with jurisdiction to settle claims against the SMA and to solve cases of environmental damage.

Environmental Impact Assessment System

The SEIA is an administrative procedure coordinated by the SEA, which aims to assess the environmental impacts of projects or activities and approve or reject them from an environmental standpoint.

Article 10 of the Environmental Act and Article 3 of Supreme Decree N° 40/2012, SEIA Regulations, provide those projects or activities listed therein may only be carried out or modified after a prior assessment of their environmental impacts. These projects are of various kinds (energy, mining, industrial, infrastructure, forestry, etc.) and may entail relevant environmental impacts, whether by reason of their magnitude, location or the hazards involved. The list of projects subject to prior environmental assessment includes mining activities such as: (i) mining projects with a mineral extraction capacity above 5,000 tons per month; (ii) mining prospections; and (iii) mining waste dumps, among others. In addition, the list includes other facilities and activities that may be part of mining projects which may trigger the need for the project to be assessed under the SEIA (e.g., electric transmission lines, provision of water for a certain amount of people, aqueducts or maritime pipelines, storage, and transportation of hazardous substances, among others).

The project owner, either in case of a new project or the modification of an existing one, must submit an environmental impact study or environmental impact declaration depending on the magnitude of the environmental impacts generated thereof[1]. Projects subject to mandatory environmental assessment must be submitted to the SEIA by means of an environmental impact declaration unless certain circumstances or effects are listed in concur (article 12 of Environmental Act). Such circumstances or effects include, among others, risks for people´s health; significant adverse effects to renewable natural resources; location near protected resources, population or areas; and affectation of landscape or cultural heritage. Therefore, the need to file an environmental impact study for a mining project or activity must be analyzed on a case-by-case basis. While the environmental impact declaration consists basically in a description of the project and the way applicable regulations and permits will be fulfilled, an environmental impact study consists in a detailed characterization of the project, including and environmental baseline, an analysis of potential environmental impacts and the corresponding mitigation, restoration, or compensation measures, if applicable, among other aspects.

After a preliminary review performed by the SEA, environmental impact studies and or declarations are delivered to the relevant public agencies (those with regulatory authorities over one or more components of the projects) which, in turn, pose their observations and comments with regards to the corresponding project.

The assessment of environmental impact studies also considers a public participation stage. With regards to environmental impact declarations, public participation may take place only if the

[1] It is usual for project owners not obliged to assess their projects or modifications under the SEIA to request an official pronouncement from the relevant regional office of the SEA in order to confirm and demonstrate to third parties that the project or its modifications comply with laws and regulations and has not eluded the SEIA. This request is known as a "Pertinence Consultation" (*"Consulta de Pertinencia"*), which provides the project owner with an official response issued by the SEA regarding the obligation, or lack thereof, of carrying out an environmental impact assessment of the project or its amendment prior its execution.

relevant projects entail environmental burdens on nearby communities and the public participation stage is opened by the SEA after request by at least ten individuals or two citizen's organizations. Within the participation stage, citizens are allowed to submit their observations to the project that is under environmental impact assessment, and though not binding for the project owner nor for the governmental authority evaluating the project, they must be duly addressed by the relevant governmental authority, provided some specific formalities are met. In the event a project involves an affectation to indigenous peoples, an indigenous consultation according to the ILO Convention 169 must also take place.

Once the relevant applicant project owners satisfactorily responds the observations posed by public agencies, the environmental assessment procedure finishes with the issuance of an environmental approval resolution ("RCA") by the corresponding Regional Environmental Assessment Commission or the SEA's Executive Director[2], which operates as a global environmental permit, certifying that such project complies with all applicable environmental laws and regulations, thus allowing the project owner to carry it out in accordance with the description contained in the relevant environmental impact study or declaration and additional requirements and conditions set forth in the corresponding RCA.

According to the Environmental Act, RCAs expire after five years as of the relevant service of notice to the project holder, should the execution of the authorized project or activity have not been initiated.

Environmental Sectorial Permits

The RCA certifies that a certain project complies with the prevailing environmental laws and regulations, including the corresponding so-called environmental sectorial permits ("PAS"), which are sector-specific permits with environmental content[3]. Once the RCA is granted, the project owner must separately request and obtain applicable PAS from the specific agencies in charge of the technical aspects thereof, before starting construction of the relevant facilities.

Required PAS will depend on the type and characteristics of each project. Among the PAS that are usually required for mining projects are, for instance, the permit for the construction and operation of a tailing deposit, the permit for the installation of a mining waste dump and the approval of mining closure plans, all granted by the Mining and Geology National Service ("SERNAGEOMIN"). In addition, other permits that are usually required by mining operations are the permit for the storage of solid wastes and the disposal of liquid wastes, granted by the Sanitary Authority, permit for the construction and operation of a hazardous waste storage site granted by the Sanitary Authority, permits for archeological excavations granted by the National Monuments Council, and permits for the modification of watercourses granted by the General Water Bureau.

Other Sectorial Permits

Additionally, the construction and operation of most projects require the issuance of a large number of non-environmental sector-specific authorizations granted by the competent administrative authorities.

2 RCAs for projects that are located within two or more of Chile's administrative regions are issued by the SEA's Executive Director. If the project is located within one region, the RCA is granted by the corresponding Regional Environmental Assessment Commission.

3 The environmental content thereof is assessed under the SEIA. This means that once a PAS is approved under the SEIA, no authority may deny it based on the grounds on environmental reasons, although relevant agencies may deny them based on non-environmental aspects such as technical ones.

Among the permits that are usually required by mining projects are the following: municipal license granted by the corresponding Municipality, construction permits and final reception of works for buildings, granted by the corresponding Municipal Works Department, authorization for the storage of hazardous substances granted by the Sanitary Authority, roads access permits granted by the Roads Directorate, and electric and fuels authorizations granted by the Fuels and Electricity Superintendence, among others.

Challenge of Environmental Approval Resolutions

RCAs may be challenged by interested third parties by means of the following administrative and judicial claims:

(i). Administrative claim ("*recurso de reclamación"*): Project owners and persons that posed observations during the public participation stage may challenge an RCA within 30 business days as of the date they are served upon the claimants. The resolution of this type of claims may be appealed before Environmental Courts.

(ii). Exceptional review: According to Environmental Act, RCAs of projects assessed under the SEIA by means of environmental impact studies may be exceptionally reviewed, either *ex officio* or at the request of project owners or persons directly affected, if upon execution, the variables assessed and foreseen in follow-up plans that were the basis of the conditions or measures approved, have materially changed or have not been verified at all, to adopt the measures required to remedy such situations. There is not a specific term for this review, and thus, it may be carried out during the whole lifespan of any project.

(iii). Invalidation: The Environmental Authority may invalidate an RCA, at the request of any interested party or by its own decision, on the grounds of illegality. Terms for interested third parties to request the invalidation are not specifically set forth in environmental regulations. Nonetheless, Courts have determined that, in accordance with administrative and environmental regulations, such term would be 30 days, although in certain specific cases, the Courts have admitted invalidation requests filed within a 2-year term after the issuance of the RCA.

(iv). Constitutional protection action: It is established to guarantee the exercise of constitutional rights such as the right to live in a "pollution free" environment. This remedy must be filed within 30 days as of the date on which the affected person becomes aware of the privation, disturbance or threat to the constitutional right that claims to be affected.

Enforcement of Environmental Approval Resolutions

Compliance with the conditions, measures and obligations set forth in RCAs and the environmental laws and regulations is supervised by the SMA, which is entitled to impose the following sanctions in the event of non-compliance: (i) written warnings, (ii) fines up to 10,000 UTA (currently approximately US$ 8,000,000), (iii) provisional or definitive closure of facilities, or (iv) revocation of the relevant RCA. The aforementioned sanctions may only be imposed after an administrative process in which the alleged offender is entitled to file discharges and all the information to disprove the alleged infringements. In any case, the specific sanction to be imposed depends on the seriousness of the infringement and on several circumstances that must be considered by the SMA, such as the environmental adverse effects generated thereof, economic capacity of the offender, intentionality and corrective measures implemented, among other factors. Sanctions imposed by the SMA may be challenged before the Environmental Courts.

CHILEAN MINING REGULATIONS

Mining Safety Regulation

Supreme Decree No. 132 of 2004 of the Mining Ministry establishes many specific obligations for mining companies to comply with, regarding, among other matters, the protection of:

(i) the life and health of their workers within the mining industry; and

(ii) the civil construction developments, mining jobs, machinery, equipment, tools, buildings, and facilities.

Breaches or non-compliances with such obligations are sanctioned with fines. In the event that a mining company repeatedly incurs in infractions, the authority may declare the suspension or termination of such mining activities.

Mine Closure

Law No. 20,551 (the "**Mine Closure Law**") requires mining companies, as defined in the Mine Closure Law, to design a series of technical measures and actions to be implemented at closure, to prevent, minimize and control risks to the life and integrity of people, and mitigate the operational effects on the comprised environmental components, assuring their physical and chemical stability (the "**Closure Plan**").

Mining companies subject to the general proceeding, those with an extractive capacity of over 10,000 gross tons/month per site, are required to determine the Closure Plan´s implementation costs (valuation) and place a financial guarantee before SERNAGEOMIN to secure its prompt and total execution.

The Mine Closure Law sets forth a list of eligible financial instruments for the guarantee, classified according to their liquidity (for instance, A.1 category includes certificates of demand deposit, bank warranty bill, standby letters of credit, and first demand insurance policies).

Mining Concessions – Legal/Regulatory Framework

Under the Chilean Constitution, the State is the absolute and exclusive owner of all mines and mineral substances.

Notwithstanding, all individuals and legal entities, national or foreign (with certain exceptions), are entitled to obtain mining concessions to explore and exploit metallic and non-metallic mineral substances, except for liquid or gaseous hydrocarbons and lithium, which can be mined directly by the State or by private entities under administrative concessions or special operation contracts.

Mining concessions are immovable property, different from the property of the surface landowner (even if one same person or entity owns both properties). Such ownership right can be enforced against the State or any other third party, freely assigned, mortgaged, and, in general, subject to any legal contract as in the case of any other immovable property under the Chilean Civil Code.

Mining concessions are granted by a judicial award in a non-contentious proceeding set forth in the Mining Code.

Exploration mining concessions are granted for two years unless before their expiration date the holder requests an extension for up to two more years, for which they must waive at least half of the surface originally covered by the concession. Exploitation mining concessions have an indefinite duration and entitle their holder to explore and exploit all claimable mineral substances within their boundaries.

Holders of mining concession must pay an annual license equivalent to approximately US$ 1.4 per hectare in the case of exploration mining concessions and the equivalent to approximately US$ 7.2 per hectare in the case of exploitation mining concessions.

Payment is due in March of each year, and lack of payment of any annual license entitles the Chilean General Treasury to initiate a judicial proceeding to collect payment by selling the mining concessions with outstanding payments in a public auction.

Except for the annual mining license payment, no other investment commitment applies to the holder of a mining concession to maintain the concession in good standing.

WATER RIGHTS REGULATION IN CHILE

Water rights granting, ownership and exercise

Under Chilean law, water is a national asset for public use. To obtain the right to use it, private entities can submit a water right application before the General Water Bureau ("DGA"). These are special rights that authorize the extraction of a certain amount of water from natural sources such as rivers, streams, or aquifers. They are subject to a registered ownership system – separate from real estate – and entitle the holders to perpetually extract and use a certain flow of water as established in the granting resolution, which must contain, among other elements, the flow granted (expressed in metric units and time), the watercourse of extraction, the intake point, and the essential characteristics of the water right.

Once granted, water rights are not associated to specific uses and their holders may use the water extracted, according to the water right characteristics, in any activity. For example, consumptive rights may be used in agriculture or mining and non-consumptive rights may be used in electricity generation or aquaculture.

Water rights are classified by the Chilean Water Code according to their exercise characteristics as consumptive or non-consumptive, permanently or eventually exercisable, and continuously, discontinuously, or alternately exercisable.

Water rights in Chile do not operate under a 'permits' logic since their holders own them perpetually. Moreover, water rights are real property protected by the Chilean Constitution, and their holders can use them and dispose of them according to the law with similar formalities to those apply to real estates.

Ownership of the land where the water rights' intake points are located is not mandatory for the exercise of water rights. Under provisions of the Water Code, water rights' owners are entitled to impose all easements necessary for the water rights' exercise, through payment of the corresponding compensations, which are to be agreed between the affected parties, and subsidiarily, by the relevant civil court.

Fees for non-use of water

There is, however, under the Water Code, a penalty fee if water rights are not used. This fee will be proportionate to the unused flow if the water right is only partially used. Non-payment of the fee could result in a public auction of water rights by the corresponding authority and, if nobody is interested, in their cancelation.

However, the Water Code provides a fee exemption, applicable to water utility companies.

Essential features of water rights

According to the Water Code[4], lack of essential features of water rights in their relevant ownership registrations, entails the practical risk of an inability to obtain the registration of the water rights in the water rights public cadastre kept by the DGA ("CPA"), and, consequently, the impossibility to submit any application before the DGA involving such water rights, such as authorizations for constructions, amendments, changes or unification of water intakes or changes of intake points or source of supply.

Also, lack of CPA's registration implies a legal unfeasibility for any potential application concerning such water rights before several other public offices, such as the Environmental Assessment Service, the Agricultural and Stock Service, or the National Irrigation Commission.

In order to correct this issue, judicial procedures might be initiated, in order to obtain a ruling that declares the essential characteristics of the water rights and order their registration in the CPA kept by the DGA. Such procedure generally takes from 6 to 12 months, although there is no mandatory term in the law for this regard.

[4] The essential features of a water right are: (i) name of owner; (ii) waterway or basin where it is located; (iii) province where its intake point is located; (iv) flow, expressed in a volume per time unit; (v) exercise characteristics (consumptive/non consumptive; permanently or eventually exercisable; continuously, discontinuously, or alternatively exercisable).

OUR HISTORY

Our history traces back to 1992, when our first lithium carbonate plant was constructed in Shehong, China. On October 16, 1995, our Company, under the name of our predecessor Shehong Lithium, was established as a state-owned enterprise in Sichuan by Sichuan Pearl Electricity Co., Ltd. (四川明珠電力股份有限公司), Sichuan Silk Company Shehong Branch Company (四川省蠶絲公司射洪縣公司), Shehong Natural Gas Chemical Plant (射洪縣天然氣化工廠) and Sichuan Jinchuan Minerals Company (四川省金川縣礦產公司). Our business then focused on the production and sales of battery-grade lithium carbonate, industrial-grade lithium carbonate and the lithium products, together with other chemical products.

Since 2004, our Company has developed further under the leadership of Mr. Jiang Weiping. Mr. Jiang Weiping set up Tianqi Group Company, one of our Single Largest Group of Shareholders, on December 6, 2003 with a registered capital of RMB50 million, and commenced to develop its business in early 2004. The businesses of Tianqi Group Company include sales of dangerous chemicals with permits, mineral products, stone materials, mechanical equipment and fittings, hardware products, construction materials, decorative materials, house leasing and property management. Upon the establishment of Tianqi Group Company, Mr. Jiang Weiping entered into negotiations with the Shehong County government to acquire our Company at a net consideration of RMB11,449,100.

Details of the background of Mr. Jiang Weiping are set out in the section headed "Directors, Supervisors, Senior Management and Employees" in this Prospectus.

On December 25, 2007, we converted into a joint stock company under the name of Sichuan Tianqi Lithium Industries, Inc. with a registered capital of RMB72 million. The shareholding structure of our Company remained the same after the conversion, with Tianqi Group Company and Ms. Zhang Jing holding 86.4% and 13.6% of equity interest respectively.

On August 31, 2010, we celebrated a milestone by listing on the Shenzhen Stock Exchange (stock code: 002466), issuing 24,500,000 A Shares at RMB30 per share to the public through an initial public offering.

To secure a stable source of long-term supply and improve the quality of the lithium chemicals being produced from spodumene, we pursued upstream integration and acquired the Greenbushes Mine in 2014. The Greenbushes Mine is the biggest supplier of lithium concentrate in the world and accounted for approximately 38% of the global lithium mining output in 2021, according to the Wood Mackenzie Report. The acquisition guaranteed our supply of lithium, and vertically integrated our business along the industrial chain. Our businesses now range from mining, manufacturing and sales of lithium concentrates to manufacturing and sales of lithium compounds and derivatives.

In April 2015, we acquired our Zhangjiagang Plant in Jiangsu, China, which was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world as of the Latest Practicable Date, according to the Wood Mackenzie Report.

In September 2016, we started investing in a lithium hydroxide manufacturing plant in Kwinana, Australia. The plant is designed to produce high quality lithium hydroxide to serve our customers in Europe, Japan, Korea and other countries.

In 2017, Chengdu Tianqi and Chongqing Kunyu Lithium Co., Ltd. ("**Chongqing Kunyu**") entered into an investment agreement and relevant supplementary agreements, pursuant to which

Chengdu Tianqi contributed RMB154.3 million in cash and Chongqing Kunyu contributed its assets (including operating assets of the Tongliang Plant) with a value of RMB2.6 million, for the purpose of setting up a new company, Chongqing Tianqi. The basis of consideration was determined on an arm's length basis with reference to a valuation report commissioned by an Independent Third Party with respect to the assets contributed by Chongqing Kunyu. The principal business of Chongqing Tianqi is the operation of the Tongliang Plant located in Chongqing which manufactures and sells lithium metal products, and undertakes research and development of metal material smelting process.

In May 2018, we entered into the SQM Share Purchase Agreement with Nutrien, pursuant to which we agreed to purchase and Nutrien agreed to sell 62,556,568 Series A shares in SQM at a consideration of approximately US$4.07 billion. The SQM Transaction was completed on December 3, 2018. Immediately following the completion of the SQM Transaction, we held 62,556,568 Series A shares and 5,516,772 Series B shares of SQM, altogether representing approximately 25.86% of the total issued capital of SQM, and have become the second largest shareholder of SQM. Our shareholding in SQM was subsequently diluted from 25.86% to 23.75% as a result of an issuance of approximately 22.4 million Series B shares by SQM and disposal of 241,454 Series B shares of SQM by the Group in 2021. Our Company's shareholding in SQM was further diluted from 23.75% to 22.78% due to a disposal of 2,754,383 Series B shares by the Group from January to June 2022.

Please refer to the sections headed "History and Corporate Structure—Our Major Acquisitions—(3) SQM" and "Business—Our Investments in the Global Lithium Value Chain—Investment in SQM" in this Prospectus for details.

In December, 2020, our Company and TLEA entered into a share subscription agreement with IGO and IGO Lithium, pursuant to which IGO subscribed for the increased share capital of TLEA. IGO is a leading mining and exploration company listed on the Australian Securities Exchange with high-quality nickel, copper and cobalt assets in Western Australia, which business is complementary to our Company's business in the lithium industry. Such partnership can form a stable portfolio of clean energy metal assets including lithium, nickel and cobalt for our customers. Our Company can also benefit from the synergy effect in production, marketing and sales operations brought by this partnership, optimizing the integration of our overseas assets and businesses, giving full play to the quality and scale of the Greenbushes Mine and the Kwinana Plant, and ultimately growing and developing a leading global lithium business. IGO is an Australian company which has extensive experience in the mining industry and our Company can benefit from the operational experience of a local Australian company while managing the business operations of TLEA. The transaction was completed on July 2, 2021. As a result of the transaction and as of the Latest Practicable Date, IGO and our Company held 49% and 51% of equity interest in TLEA respectively and our Company effectively controls the board of TLEA as we have the power to appoint the majority of the board directors. Therefore, TLEA remains a consolidated subsidiary of our Company. Our Company currently indirectly holds approximately 26% equity interest in Windfield through TLEA and effectively controls the board of Windfield through TLEA as TLEA has the right to appoint half of the directors of the board of Windfield and the right to designate a director to be the chairman of the board who has an additional casting vote in the case of an equality of votes. Therefore, Windfield remains a consolidated subsidiary of our Company. Since the Company effectively controls the board of Windfield through TLEA, the Company has effective control over the Greenbushes Mine. The strategic partnership between our Company and IGO will not impact TLEA's entitlement of the initial 50% of the annual production of the Greenbushes Mine under the co-investment arrangements with Albemarle Germany as IGO is not a party to the Tianqi Lithium Off-take Agreement and Tianqi Lithium Distribution

Agreement and does not have the right to take up and distribute the products on its own. For further details regarding the co-investment arrangements, the Tianqi Lithium Off-take and Distribution Agreements, please refer to the section headed "Connected Transactions" in this Prospectus.

MILESTONES

Key corporate historical events and milestones of the Group are set forth below:

1992	We commenced construction of our first lithium carbonate plant in Shehong.
1995	Shehong Lithium, the predecessor of our Company, was founded as a state-owned enterprise.
2004	Mr. Jiang Weiping acquired Shehong Lithium through Tianqi Group Company.
2007	The predecessor of our Company was converted into our Company, a joint stock company named Sichuan Tianqi Lithium Industries Inc. We had an initial registered capital of RMB72 million.
2008	We obtained exploration license for spodumene deposits in Yajiang Cuola Mine.
2010	We were listed on the Shenzhen Stock Exchange (stock code: 002466).
2012	We obtained mining license for spodumene deposits in Yajiang Cuola Mine.
2014	We acquired a 51% equity interest in Windfield, the parent entity which owns the Greenbushes Mine—the world's largest lithium mine in terms of spodumene production according to Wood Mackenzie. We also completed a private placement to raise RMB3.0 billion to fund the transaction.
	We purchased a 20% equity interest of Shigatse Zhabuye from Tibet Autonomous Region Mineral Development Co., Ltd to participate in development of lithium brine-based resources at Zhabuye Salt Lake Project, Tibet.
2015	We acquired the Zhangjiagang Plant in Jiangsu, China, the only fully-automated battery-grade lithium carbonate plant in the world as of the Latest Practicable Date.
2016	We commenced investing in a lithium hydroxide processing plant in Kwinana, Western Australia.
2017	We increased our production capacity of lithium metal via acquisition of the operating assets of the Tongliang Plant.
	We commenced construction of an additional chemical grade concentrate plant adjacent to the existing chemical grade concentrate plant at the Greenbushes Mine in Australia.
2018	We completed the SQM Transaction and obtained 25.86% equity interest in SQM, becoming its second largest shareholder. The transaction reinforced our participation in the development of high-quality lithium brine-based resources.
2020	IGO, a strategic investor, invested in our subsidiary TLEA by way of share subscription. The goal of such strategic partnership is to grow and develop leading global lithium business.

MAJOR SHAREHOLDING CHANGES AND INCREASES IN THE SHARE CAPITAL OF OUR COMPANY

(1) A Share Offering and Listing on the Shenzhen Stock Exchange in 2010

As approved by the CSRC, our A Shares were listed on the Shenzhen Stock Exchange under the stock code of 002466 on August 31, 2010. Upon completion of our A Shares offering, our total share capital was RMB98,000,000.

The shareholding structure of our Company immediately after the A Shares Offering was as follows:

Name of the Shareholder	Number of A Shares held	Approximate percentage of shareholding
		(%)
Tianqi Group Company	62,478,000	63.75
Ms. Zhang Jing	9,792,000	9.99
Other A Shareholders	25,730,000	26.26
Total	98,000,000	**100.00**

(2) Issuance of A Shares in 2011

On May 24, 2011, our Company allotted and issued 49,000,000 fully paid A Shares to all then existing Shareholders on a pro-rata basis at nil consideration by converting our capital reserve into share capital. Our registered capital increased to RMB147 million divided into 147,000,000 A Shares.

(3) Non-Public Offering of A Shares in 2014

On February 27, 2014, upon approval by the CSRC, our Company completed a non-public offering of 111,760,000 A Shares at an issue price of RMB28 per A Share, raising RMB3,129,280,000 in total. Our total share capital increased to 258,760,000 Shares.

(4) Issuance of A Shares in 2016

On May 27, 2016, our Company allotted and issued 732,113,200 fully paid A Shares to all then existing Shareholders on a pro-rata basis at nil consideration by converting our capital reserve into share capital. Our registered capital increased to RMB993.58 million divided into 993,582,200 A Shares.

(5) Placement of A Shares in 2017

On December 26, 2017, upon approval by the CSRC, our Company completed a placement of 147,696,201 A Shares to existing shareholders at an issue price of RMB11.06 per A Share, raising approximately RMB1,633,519,983 in total. Our total share capital increased to 1,142,052,851 Shares.

(6) Placement of A Shares in 2019

On December 26, 2019, upon approval by the CSRC, our Company completed a placement of 335,111,438 A Shares to existing shareholders at an issue price of RMB8.75 per A Share, raising RMB2,932,225,083 in total. Our total share capital increased to 1,477,099,383 Shares.

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, we had 29 subsidiaries and 1 joint venture in China, Hong Kong, Australia, United Kingdom, Chile and Canada. Our subsidiaries and joint venture entity provide a comprehensive geographic coverage of the world's lithium bases, which enables us to produce a diversified portfolio of high quality lithium products at low cost, distinguishing us from our worldwide competitors. The following are our major subsidiaries that made material contributions to our financial results during the Track Record Period:

(1) Chengdu Tianqi

Chengdu Tianqi is a wholly-owned subsidiary of our Company. It was established as a limited liability company on August 22, 2014 in the PRC with a registered capital of RMB2.5 billion. Its principal businesses include sale of mineral and chemical products, and import and export of products and technologies. It commenced operations in 2014.

(2) Tianqi Lithium (Jiangsu)

Tianqi Lithium (Jiangsu) was established in the PRC on February 10, 2010 with a registered capital of RMB800 million. We acquired the entire equity interest in Tianqi Lithium (Jiangsu) in 2015. It owns and operates the Zhangjiagang Plant, our battery-grade lithium carbonate manufacturing plant in Jiangsu, China, and its principal business is the production of lithium carbonate.

(3) Shehong Tianqi

Shehong Tianqi, our wholly-owned subsidiary, was established as a limited liability company in the PRC on March 23, 2016 with a registered capital of RMB600 million. It owns and operates the Shehong Plant, which we acquired in 2004 and transferred to Shehong Tianqi in 2016. The principal business of Shehong Tianqi is manufacturing of lithium carbonate, lithium hydroxide and lithium metal from a production facility in Shehong County, Sichuan Province.

(4) Chongqing Tianqi

Chongqing Tianqi was incorporated as a limited liability company in the PRC on February 13, 2017 with a registered capital of approximately RMB178,598,385. We own a 86.38% equity interest in Chongqing Tianqi, with the remaining 13.62% owned by Chongqing Kunyu Lithium Co., Ltd., an Independent Third Party. The principal businesses of Chongqing Tianqi is the operation of the Tongliang Plant located in Chongqing which manufactures and sells lithium metal products, and undertakes research and development of metal material smelting process.

(5) Windfield

Windfield was incorporated as a limited liability company in Australia on September 21, 2012 and owns 100% interests in Talison and the Greenbushes Mine. We own 51% of TLEA which in turn owned 51% of the issued shares of Windfield, with the remaining 49% owned by RT Lithium, an Independent Third Party except being a substantial shareholder of Windfield. The principal business of this subsidiary is the production of lithium concentrate through the operations of the Greenbushes Mine.

Before our acquisition of Windfield in May 2014, Windfield, through Talison, its wholly-owned subsidiary, commenced development of a lithium chemical manufacturing plant in Australia in 2012. In September 2015, as we and the other shareholder of Windfield, namely, RT Lithium, had different strategic plans in our respective expansion of production capacity and development in the lithium industry (for instance, we completed the acquisition of the Zhangjiagang Plant in April 2015), we and RT Lithium mutually agreed to terminate the development of the said plant. Since then, Windfield and its subsidiaries have focused their operations on the Greenbushes Mine.

(6) Tianqi Xinlong

Tianqi Xinlong was incorporated as a limited liability company in the PRC on May 3, 2017 with a registered capital of RMB5,200 million. We own 100% equity interest in Tianqi Xinlong. The principal businesses of Tianqi Xinlong is the R&D and sales of lithium.

(7) TLK

TLK was incorporated as a limited liability company in Australia on April 27, 2016 with a registered share capital of AUD$221,270,532. We own a 51% equity interest in TLK through TLEA. The principal businesses of TLK is the production and sales of lithium chemical products.

Detailed information of our other subsidiaries is set out in the section headed "Appendix 1—Accountants' Report—Notes to the Historical Financial Information" in this Prospectus.

OUR MAJOR ACQUISITIONS

(1) Acquisition of Lithium Mine

On May 28, 2014, we completed the acquisition of a 51% equity interest of Windfield from Tianqi Group Company with the consideration of about RMB3.04 billion, which was determined with reference to the acquisition cost of Talison, being the only significant asset of Windfield, acquisition cost of which was determined after arm's length negotiation in a competitive bid situation. The total consideration was settled by March 31, 2014. We raised capital of more than RMB3.0 billion through a non-public offering of 111,760,000 A shares for the purpose of, among others, funding the acquisition of Windfield.

(2) Acquisition of Lithium Compounds and Derivatives Plant

On January 16, 2015, we entered into a share purchase agreement through Tianqi HK with Galaxy Resources Limited and Galaxy Lithium Australia Limited and acquired a 100% equity interest of Tianqi Lithium International (previously known as Galaxy Lithium International Limited) at a consideration of US$71.7 million in cash, which was determined with reference to the fair value and liabilities of Tianqi Lithium International, of which US$12.7 million was paid in May 2014 and US$59.0 million was paid in April 2015. At the relevant time, Tianqi Lithium International owned the Zhangjiagang Plant indirectly through Tianqi Lithium (Jiangsu) (previously known as Galaxy Lithium (Jiangsu) Co., Limited (銀河鋰業(江蘇)有限公司)), and Galaxy Resources Limited and Galaxy Lithium Australia Limited were Independent Third Parties. On February 13, 2015, the Sichuan Department of Commerce issued the Corporate Overseas Investment Certificate for the acquisition. The acquisition was properly and legally completed on April 24, 2015. After the acquisition, our production capacity and market share increased, facilitating the processing of quality lithium compounds. In August 2016, the entire equity interest in Jiangsu Tianqi held by Tianqi Lithium International was transferred to Chengdu Tianqi to streamline our corporate structure.

(3) SQM

On May 17, 2018, we entered into the SQM Share Purchase Agreement with Nutrien to acquire 62,556,568 Series A shares of SQM, which represents an approximately 23.77% equity interest in SQM, from Nutrien, an Independent Third Party, for consideration of US$65 per share in cash. The total consideration for the acquisition is approximately US$4.07 billion, which was determined with reference to the market value of SQM and was paid upon the closing of the SQM Transaction. The SQM Transaction was completed on December 3, 2018. Immediately following the completion of the SQM Transaction, we held 62,556,568 Series A shares and 5,516,772 Series B shares of SQM, altogether representing approximately 25.86% of the total issued capital of SQM, and have become the second largest shareholder of SQM. As of December 31, 2021, we held an aggregate of 23.75% of the total issued share capital of SQM; SQM's largest shareholder and its affiliates, which are controlled by Mr. Julio Ponce Lerou, a Chilean businessman, held in an aggregate of an approximately 26.07% of the equity interest in SQM.

SQM is a global specialty chemicals company based in Santiago, Chile and was founded in 1968. Listed on the Santiago Stock Exchange, the Santiago Electronic Stock Exchange and the New York Stock Exchange, SQM has a strong global presence in a wide variety of industries and applications through its five business lines: specialty plant nutrition, iodine and derivatives, lithium and derivatives, industrial chemicals and potassium. At its plants in Northern Chile, SQM processes salt brines, which are located in the Salar de Atacama, containing lithium and potassium concentrations as well as Caliche Ore, which are located in the Atacama desert, containing the world's largest commercially exploited source of natural nitrates as well as co-located iodine. The Series A shares and the Series B shares are traded on the Santiago Stock Exchange and the Santiago Electronic Stock Exchange. The Series B shares were also traded on the New York Stock Exchange in the form of ADSs at a ratio of 1:1.

As of December 31, 2021, SQM had two classes of shares traded on the Santiago Stock Exchange, namely 142,819,552 Series A shares and 142,818,904 Series B shares, of which approximately 47.34% of Series B shares are traded on the New York Stock Exchange in the form of American deposit receipts. Series A and Series B shares have the same economic rights (i.e., both receive equal dividends) and voting rights, except in relation to the election of the board of SQM, whereby Series A shareholders elect seven of the eight board members through a cumulative voting mechanism while Series B shareholders elect the remaining one board member.

According to SQM's 2021 annual report on Form 20-F filed with the SEC on April 25, 2022, SQM had total assets of approximately US$7,044 million as of December 31, 2021, and its revenue and net profit were approximately US$2,862 million and US$592 million, respectively, for the year ended December 31, 2021. As of the Latest Practicable Date, the market capitalization of SQM was approximately US$25.8 billion. During the years ended December 31, 2019, 2020 and 2021, we received cash dividends of US$79.6 million, US$51.4 million, and US$124.0 million from SQM, which represented a yield as a percentage of our total investment costs of 1.9%, 1.2% and 2.9% respectively.

OUR A SHARE LISTING AND REASONS FOR THE LISTING

As of the Latest Practicable Date, all our A Shares were traded on the Shenzhen Stock Exchange. On September 3, 2020, our Company, Mr. Jiang, Ms. WU Wei (our then president) and Mr. ZOU Jun, received a decision of public criticism by the Shenzhen Stock Exchange (the "**Decision**"). The Decision was made on the basis that there was a large discrepancy between the net profit disclosed in the 2019 annual results forecast announcement (revised) in February 2020 and the 2019 annual report published in April 2020. The discrepancy was mainly due to the impact of COVID-19 affecting the forecast sales, business plans and valuation of SQM. SQM is listed on the Santiago Stock Exchange, the Santiago Electronic Stock Exchange and the New York Stock Exchange. The timing of publication of SQM's financial information was in March 2020, which was later than timing for the Company to publish its annual result forecast on the Shenzhen Stock Exchange. For the 2019 annual results forecast announcement (revised) published in February 2020, we forecasted SQM's 2019 fourth quarter profit/loss based on our own financial model and Bloomberg's expected EPS forecast and forecasted our Company's share of profit or loss from our equity investment in SQM accordingly. In February 2020, the impact of COVID-19 was relatively more contained as it had yet to spread to European countries. The impact of COVID-19 on SQM's business and valuation had thus been underestimated and therefore causing a discrepancy between SQM's actual published profit/loss and our forecast. After considering SQM's actual 2019 performance as published in March 2020 and the future impact of COVID-19 on SQM's business, which was adversely affected by the drop in Chile's trade export volume and also the lithium export price, we lowered the forecast sales price and volume of SQM, causing a change in the accounting impairment provision of our equity investment in SQM. This resulted in the discrepancy between the net profit disclosed in our 2019 annual results forecast announcement (revised) published in February 2020 and our 2019 annual report published in April 2020. Subsequently, we received enquiries from the Shenzhen Stock Exchange and the Sichuan Securities and Regulatory Commission (the "**Regulatory Enquiries**"). We have taken the following measures in response to such enquiries: (1) we have conducted internal investigations and reviewed our internal control policies to analyze the reasons for the discrepancy and whether there were internal control deficiencies leading to such discrepancy. It was confirmed that the discrepancy was not due to internal control deficiency but instead the uncertainty in valuation of SQM due to the impact of COVID-19; (2) we confirmed that we would actively monitor SQM's public announcements and would review our financial model for any modeling deficiencies. On September 3, 2020, Shenzhen Stock Exchange announced the public criticism on the Company, Mr. Jiang, Ms. WU Wei and Mr. ZOU Jun according to the Listing Rules of Shenzhen Stock Exchange. After the Decision, our Directors alongside the senior management members have taken special training on standardized operation of listed companies. We will continue to comply with the all the applicable rules and policies in relation to financial disclosure and accounting going forward and will monitor the changing market conditions and regulatory requirements on an ongoing basis and will further enhance our internal control policies accordingly or implement new policies if necessary. We will also proactively communicate with the management personnels of SQM to ensure the alignment of public disclosure regarding the financial information of SQM as published by SQM in the both the Santiago Stock Exchange and the New York Stock Exchange and as published by us in the Shenzhen Stock Exchange. As advised by our PRC legal advisor, according to the applicable rules and regulations of the Shenzhen Stock Exchange, the Shenzhen Stock Exchange may impose sanctions by way of issuing a decision of public criticism for incidents that do not constitute material non-compliance. Our PRC legal advisor is therefore of the opinion that, the aforementioned discrepancy which caused the decision of public criticism is not regarded as a material non-compliance of the rules of the Shenzhen Stock Exchange. As of the Latest Practicable Date, there has been no follow-up Regulatory Enquiries from both regulatory bodies. Based on the reasons and remedial measures aforementioned, our Directors do not expect the Decision to have any material adverse effect on our business, financial condition or results of operation.

On January 16, 2021, we announced our plan to conduct a non-public A Share placement to Tianqi Group Company (the "**Proposed A Share Placement**"). We received some inquiries from investors after the announcement of the plan. On the same day, the secretary to the Board of Directors and the chief financial officer of our Company discussed with relevant parties the need to terminate the Proposed A Share Placement due to public concerns over potential short-swing trading, as our Single

Largest Group of Shareholders had previously reduced their respective shareholdings in our Company during the period from July 2020 to December 2020, and they subsequently undertook to acquire the shares in connection with the Proposed A Share Placement. Pursuant to the PRC Securities Law, shareholders owning 5% or more stake in a company listed on PRC stock exchanges are not allowed to make profit through two trades of the listed company's shares in opposite directions within 6 months (i.e. short-swing trading). We also received a letter of concern (關注函) issued by the Shenzhen Stock Exchange on the same day (the "**First Letter of Concern**") mainly enquiring whether the Proposed A Share Placement would constitute short-swing trading in violation of relevant PRC securities regulations. On January 17, 2021, our Company convened a Board and Supervisory Committee meeting and decided to terminate the Proposed A Share Placement in order to avoid any risk of short-swing trading that might result from the Proposed A Share Placement in order to protect the interests of public investors. Our Company then published an announcement regarding the termination on January 18, 2021. On January 18, 2021, our Company received another letter of concern from the Shenzhen Stock Exchange mainly requesting for an explanation as to whether our Company has considered the reasonableness of the Proposed A Share Placement, whether the Proposed A Share Placement was compliant with relevant laws and regulations and whether our Company has conducted dutiful enquiries regarding the Proposed A Share Placement (the "**Second Letter of Concern**"). We published our response to both the First and the Second Letter of Concern on January 30, 2021. As of the Latest Practicable Date, there has been no follow-up from the Shenzhen Stock Exchange. Considering that we have terminated the Proposed A Share Placement, responded to the Shenzhen Stock Exchange's First and Second Letter of Concern after conducting relevant reviews and received requisite legal opinion issued by our PRC legal advisor, we have not received any penalty from the Shenzhen Stock Exchange, and our PRC legal advisor is of the opinion that, this does not constitute material non-compliance of the applicable rules of the Shenzhen Stock Exchange.

We have had no material non-compliance records with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations since our A Share listing, and our Directors consider that there are no material issues in relation to our compliance record that should be brought to the investors' attention.

Based on (i) the documents and information provided by the Company; (ii) the discussions with the Company and its PRC legal advisor; and (iii) the public searches conducted, the Joint Sponsors are of the view that, save as disclosed above, the Company has had no material non-compliance records with the applicable rules of the Shenzhen Stock Exchange and other applicable PRC securities laws and regulations since its A Share listing, and there are no material issues in relation to its compliance record that should be brought to the investors' attention.

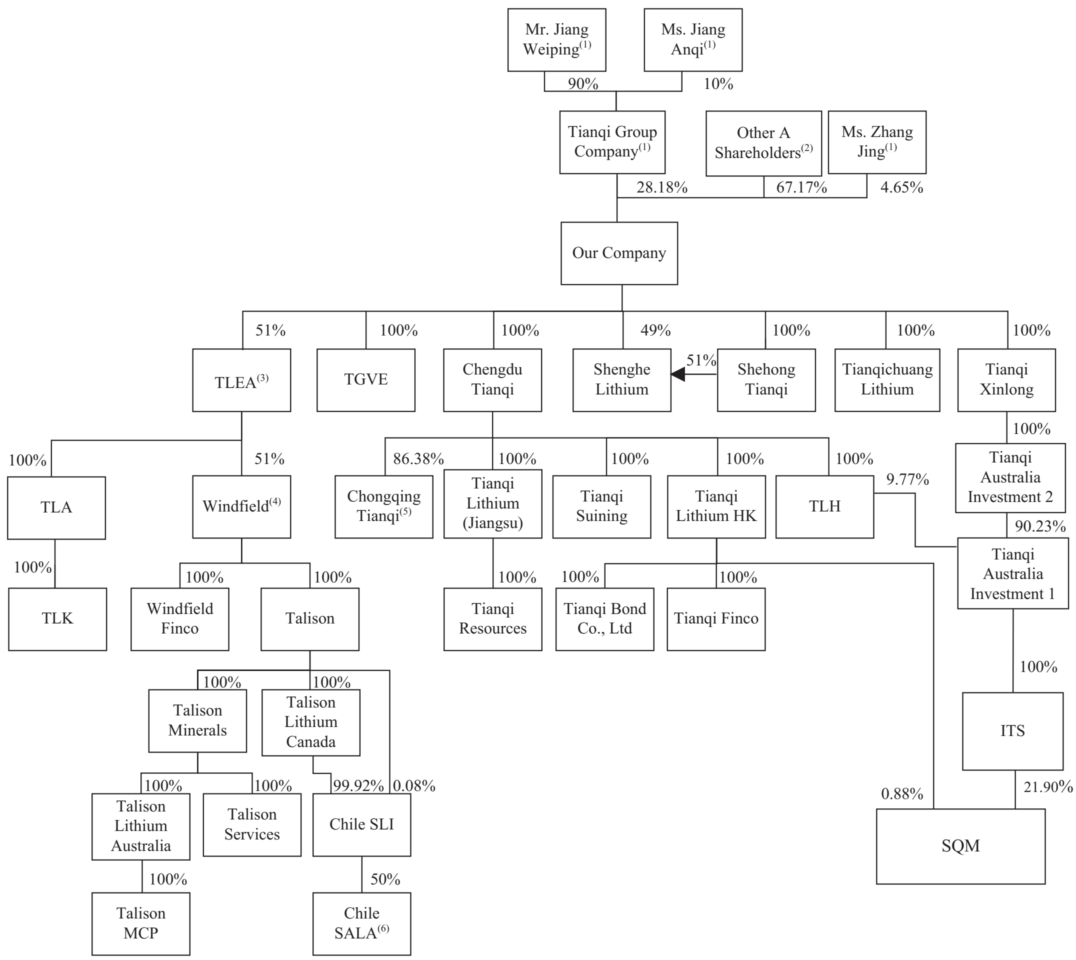
The Company currently does not plan to further raise capital shortly after Listing and will comply with the relevant requirements under Rule 10.08 of the Listing Rules.

We seek to list our H Shares on the Stock Exchange, primarily to establish an overseas financing platform to raise capital to fully repay the SQM Indebtedness, to expand our production capacity and increase capital funding for operations, to increase our international brand-awareness to further enhance our competitiveness and to optimize our capital structure and shareholder composition.

OUR GROUP STRUCTURE

Shareholding Structure Prior to the Global Offering

The following chart sets out our group structure as of the Latest Practicable Date and prior to the Global Offering:



Notes:

(1) Ms. Zhang Jing is the spouse of Mr. Jiang Weiping. Ms. Jiang Anqi is the daughter of Mr. Jiang Weiping and Ms. Zhang Jing. All of Mr. Jiang Weiping, Ms. Zhang Jing, Ms. Jiang Anqi and Tianqi Group Company are considered as the Single Largest Group of Shareholders of the Company.

(2) Include approximately 0.04% share interest in the Company held by our Director Mr. Zou Jun.

(3) The remaining 49% of the equity interest in TLEA is held by IGO Lithium, a wholly-owned subsidiary of IGO.

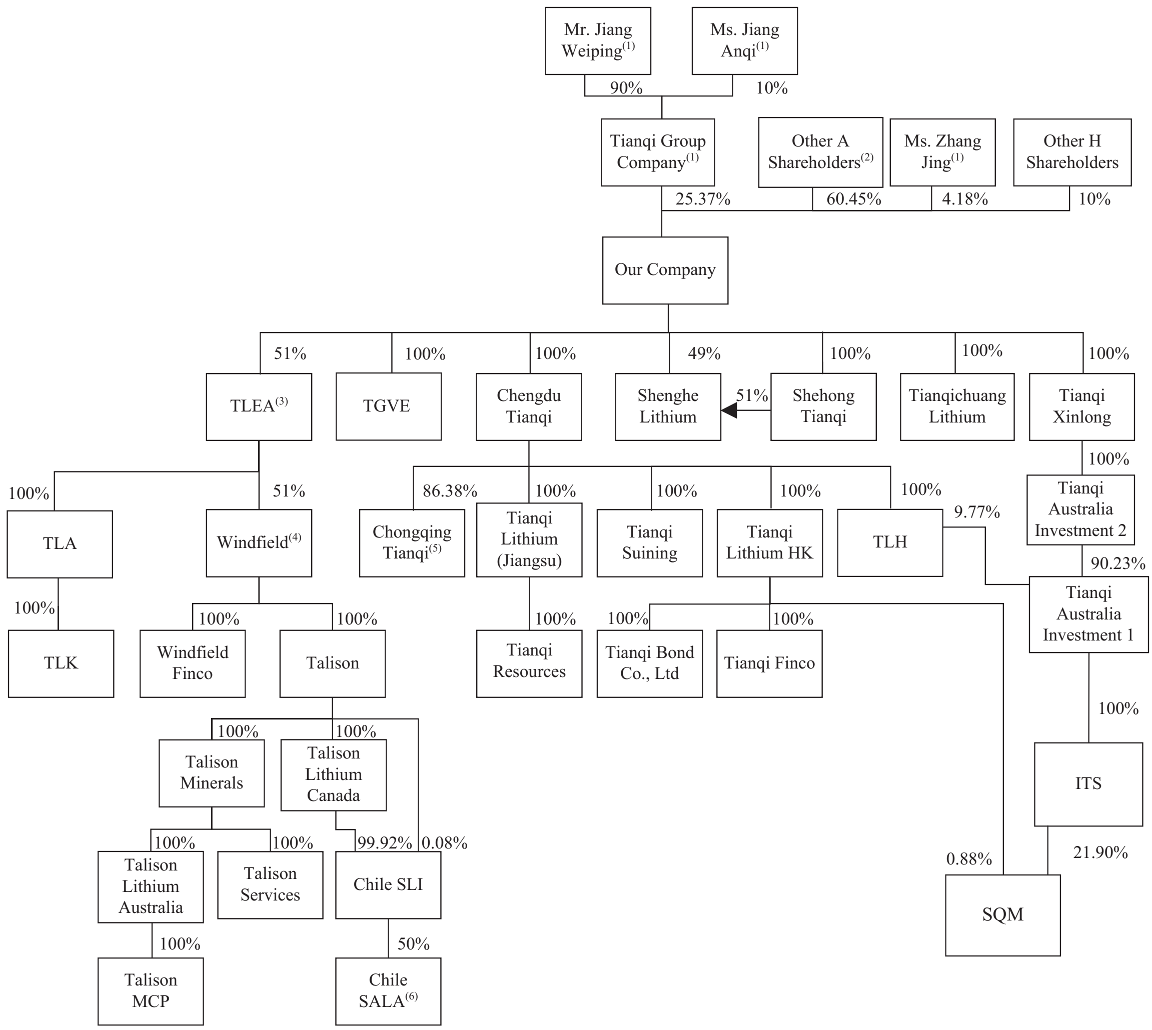
(4) The remaining 49% of the equity interest in Windfield is held by RT Lithium, an Independent Third Party except being a substantial shareholder of Windfield.

(5) The remaining 13.62% of the equity interest in Chongqing Tianqi is held by Chongqing Kunyu Lithium Co., Ltd. (重慶昆瑜鋰業有限公司), an Independent Third Party except being a substantial shareholder of Chongqing Tianqi.

(6) The remaining 50% of the equity interest in Chile SALA, a joint venture of our Group, is held by San Antonio SpA (an Independent Third Party).

Shareholding Structure Immediately Following the Completion of the Global Offering

The following chart sets out our group structure immediately after the completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



Notes:

(1) Ms. Zhang Jing is the spouse of Mr. Jiang Weiping. Ms. Jiang Anqi is the daughter of Mr. Jiang Weiping and Ms. Zhang Jing. All of Mr. Jiang Weiping, Ms. Zhang Jing, Ms. Jiang Anqi and Tianqi Group Company are considered as the Single Largest Group of Shareholders of the Company.

(2) Include approximately 0.04% share interest in the Company held by our Director Mr. Zou Jun.

(3) The remaining 49% of the equity interest in TLEA is held by IGO Lithium, a wholly-owned subsidiary of IGO.

(4) The remaining 49% of the equity interest in Windfield is held by RT Lithium, an Independent Third Party except being a substantial shareholder of Windfield.

(5) The remaining 13.62% of the equity interest in Chongqing Tianqi is held by Chongqing Kunyu Lithium Co., Ltd. (重慶昆瑜鋰業有限公司), an Independent Third Party except being a substantial shareholder of Chongqing Tianqi.

(6) The remaining 50% of the equity interest in Chile SALA, a joint venture of our Group, is held by San Antonio SpA (an Independent Third Party).

OVERVIEW

We are a leading lithium producer in China and globally. We own and mine lithium minerals in Australia and produce lithium compounds and derivatives in China. We have not conducted any mining activities in China during the Track Record Period. We are well-positioned to capitalize on the new energy revolution globally, particularly in the EV and energy storage sectors. We are the only lithium producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates, according to the Wood Mackenzie Report. We operate in critical stages of the lithium value chain, including (i) mining of lithium ore and manufacturing of lithium concentrate, and (ii) manufacturing of lithium compounds and derivatives. By leveraging the high-quality and low-cost lithium concentrate from the Greenbushes Mine, we are able to achieve self-sufficiency in lithium raw materials for efficient manufacturing of high-quality lithium compounds and derivatives.

One of our subsidiaries is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%, and we ranked third in terms of revenue generated from lithium in 2021, according to the Wood Mackenzie Report. We are also the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, with a market share of 7% and 12%, respectively, according to the same source. We believe that the strong growth in lithium consumption by our end markets, primarily including the EV and energy storage system markets, will present huge growth opportunities for us. The global annual lithium demand is expected to increase at a CAGR of 15.4% from 2022 to 2026, reaching a total of 1.07 million tons LCE in 2026, according to the Wood Mackenzie Report. In particular, lithium demand from lithium-ion batteries for use as EV rechargeable batteries, one of our key end-markets, is estimated to grow at a CAGR of 21.2% from 2022 to 2026, reaching a total of 675.4 thousand tons LCE in 2026, according to the Wood Mackenzie Report. In addition, along with the global energy transition and "carbon neutrality" goals, energy storage system will also be one of the fastest growing end markets for the lithium industry in the next ten years. According to the Wood Mackenzie Report, the lithium demand for energy storage system is expected to grow at a CAGR of 11.6% from 2022 to 2026, reaching 59.0 thousand tons LCE by 2026. By leveraging our self-sufficiency in high-quality lithium raw materials, diversified product portfolio and advanced production capabilities, we are able to keep in step with the latest market developments and technological breakthroughs in the lithium-based new energy sectors.

Through our subsidiary Talison, we have access to the lithium mining rights at the Greenbushes Mine. The Greenbushes Mine was the largest lithium mine in the world in terms of production and reserves as of December 31, 2021, according to the Wood Mackenzie Report. It was also the lowest-cost large-scale mined lithium producer globally in 2021, according to the Wood Mackenzie Report. Through the Greenbushes Mine, we are able to produce sufficient lithium concentrates to cover all lithium raw materials required for our manufacture of lithium compounds and derivatives. The Greenbushes Mine also produces technical-grade lithium concentrates. Our subsidiary Talison has been the largest supplier of technical-grade lithium concentrates in the world by production since 2015, according to the Wood Mackenzie Report.

We also hold a 100% equity interest in the Yajiang Cuola Mine in Sichuan province, China, a lithium asset held for future development. According to the BDA Report, the Yajiang Cuola Mine is part of the larger Jiajika lithium mineralization district, which is considered the largest hard rock lithium mineralization district in China and Asia. This is an important lithium asset held for us for the future.

As of the Latest Practicable Date, we held an approximately 22.78% equity interest in and are the second largest shareholder of SQM, which is the largest producer of lithium compounds from brine globally by production output in 2021, according to the Wood Mackenzie Report. According to the Wood Mackenzie Report, SQM is also one of the lowest-cost producers of lithium carbonate in the world, calculated based on production cost in 2021. We view our investment in SQM as strategic investment considering (i) SQM as the largest lithium compounds producer from brine as measured by production output in 2021, according to the Wood Mackenzie Report; and (ii) our right to nominate three out of eight board seats. The investment in SQM will also enable us to financially benefit from SQM's operations. Therefore, we believe our investment in SQM will generate long-term value and can help create future cooperation opportunities.

We expect market demand for lithium products to continue to grow in the future. We have other high-quality lithium resources to provide strong upstream support to capture this growing demand. We hold a 20% equity interest in Zhabuye Salt Lake Project in Tibet, which is already in production. We also hold a 13% equity interest in the Salares 7 Brine Exploration Project in Chile through Talison.

Our three domestic manufacturing plants in Shehong, Sichuan province, Zhangjiagang, Jiangsu province and Tongliang, Chongqing, China, together were capable of manufacturing the full spectrum of lithium compounds and derivatives with a combined annual production capacity of 44,800 tons as of December 31, 2021. According to the Wood Mackenzie Report, our Zhangjiagang Plant was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world as of the Latest Practicable Date. We have also built a battery-grade lithium hydroxide manufacturing plant in Kwinana, Western Australia. The first phase of the plant has an annual production capacity of 24,000 tons. The construction has been completed and is currently in the trial production stage. We are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure of the second phase of the battery-grade lithium hydroxide plant in Kwinana, and the two phases of the Kwinana Plant are expected to have an annual production capacity of 48,000 tons when in full operation. We also plan to expand the lithium production capacity at the Tongliang Plant in Chongqing by adding an annual production capacity of 2,000 tons. When our plants are fully constructed and operational, our total annual production capacity of lithium compounds is expected to exceed 110,000 tons. Before the new production capacity becomes available, we cooperate with and outsource some manufacturers of lithium compounds and derivatives to downstream lithium compounds processing plants through tolling arrangements to enhance our processing capabilities and meet the demand of our downstream customers. We continuously seek to upgrade our technologies and techniques to further improve our cost and operational efficiency.

Our products are primarily divided into two categories, (i) lithium concentrate products and (ii) lithium compounds and derivatives products. Lithium concentrate products include chemical grade and technical grade lithium concentrate, whereas lithium compounds and derivatives products include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. Our products are widely used in a number of end markets, mainly including EV, energy storage system, aircraft, ceramics and glass. We are a market leader in a number of products globally. For example, according to the Wood Mackenzie Report, we are the world's second largest supplier of battery-grade lithium carbonate, behind SQM, and one of the world's top ten suppliers in battery-grade lithium hydroxide, as measured by production in 2021.

With over 20 years of experience in the lithium industry, we have established a stable customer base in China and globally and become a critical supplier for many leading battery materials manufacturers. We are the second largest battery-grade lithium carbonate producer in the world in terms of annual production output, with a global market share of 13.5% in 2021, according to the Wood Mackenzie Report. Through our sustainable access to high-quality lithium concentrate and advanced manufacturing capabilities, we are capable of developing and manufacturing lithium compounds with high quality and consistency to meet the stringent quality standards required by global battery materials manufacturers. Our products are supplied to three of the five largest manufacturers of large-cell lithium-ion batteries in the world, as well as six of the ten largest cathode manufacturers in the world as measured by market share in 2021, according to the Wood Mackenzie Report. Some of them also belonged to our top ten customers during the Track Record Period. Due to our dedicated efforts and investments in R&D, as of the Latest Practicable Date, we had accumulated a total of 166 authorized patents. As of the Latest Practicable Date, we had applied for 32 patents, including a number of industry-leading technical and product innovations. We participated in setting the product standards and specifications for the manufacture of various types of lithium compounds in China, including battery-grade and industrial- grade lithium carbonate and battery-grade lithium hydroxide.

Our revenue was RMB4,816.4 million, RMB3,215.2 million and RMB7,597.9 million for the years ended December 31, 2019, 2020 and 2021, respectively. We incurred net losses of RMB5,480.4 million and RMB1,124.6 million for the years ended December 31, 2019 and 2020, respectively, and we recorded a net profit of RMB4,205.8 million for the year ended December 31, 2021.

COMPETITIVE STRENGTHS

Leading lithium producer in China and globally

One of our subsidiaries is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%, and we ranked third in terms of revenue generated from lithium in 2021, according to the Wood Mackenzie Report. Through our subsidiary Talison, we hold lithium mining rights at the Greenbushes Mine, the largest hard rock lithium mine in the world as measured by the size of production and reserves. The Greenbushes Mine is the largest lithium mining operation in the world as measured by spodumene concentrate output in 2021, which accounted for approximately 38% of the global lithium mining output in 2021, according to the Wood Mackenzie Report. With one of the lowest production costs for lithium products, the Greenbushes Mine also has the largest production volume of chemical-grade lithium concentrate in 2021, according to the Wood Mackenzie Report.

We are the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, according to the Wood Mackenzie Report. Our lithium compounds and derivatives products primarily include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. According to the Wood Mackenzie Report, we were the world's second largest supplier of battery-grade lithium carbonate, and one of the world's top ten suppliers of battery-grade lithium hydroxide in terms of production output in 2021.

In addition, we held a 22.78% equity interest in SQM as its second largest shareholder as of the Latest Practicable Date. SQM is the world's largest producer of lithium compounds from brine as measured by production output in 2021, according to the Wood Mackenzie Report. Our strategic holding of SQM has increased our exposure to SQM's world-class brine resources, thereby further consolidating our position in the industry and generating stable and attractive long-term financial returns.

Our existing manufacturing plants in Shehong, Sichuan province, Zhangjiagang, Jiangsu province and Tongliang, Chongqing had a combined production capacity of 44,800 tons as of December 31, 2021. Our Zhangjiagang Plant in Jiangsu province is the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world, according to the Wood Mackenzie Report. We have also built a battery-grade lithium hydroxide manufacturing plant in Kwinana, Western Australia. The first phase of the plant has been completed and has been in the trial production stage. In order to further expand our production capacity, we are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure of the second phase of the battery-grade lithium hydroxide plant in Kwinana, Western Australia. The two phases of the Kwinana Plant are expected to have an annual production capacity of 48,000 tons when in full operation. In addition, we are constructing a lithium carbonate plant in Anju District of Suining, Sichuan province, with an estimated annual production capacity of 20,000 tons. We also plan to expand the lithium production capacity at the Tongliang Plant in Chongqing by adding an annual production capacity of 2,000 tons. When our plants are fully constructed and operational, our total annual production capacity of lithium compounds will exceed 110,000 tons. Before the new production capacity becomes available, we outsource processing work to downstream lithium compound processing plants to enhance our processing capabilities and meet the demands of our downstream customers. We will continuously seek to upgrade our technologies and techniques to further improve our cost and operational efficiency.

Optimally positioned to capitalize on the fast development of end markets, especially in the EV and energy storage sectors, and particularly in China

We are optimally positioned to capitalize on the tremendous growth prospects in our end markets, driven by the combination of a number of market tailwinds, including the increase in demand and policy support in the EV and energy storage sectors. According to the Wood Mackenzie Report, due to increasingly strong penetration rates in the EV market and a decrease in manufacturing costs, sales volume of EV is forecast to increase at a CAGR of 17.1% from 2022 to 2026, reaching 27.7 million units by 2026. According to the Wood Mackenzie Report, China became the largest EV market in the world in 2021 and is expected to maintain this position. Lithium consumption in connection with lithium-ion batteries is expected to increase at a CAGR of 18.6% from 2022 to 2026, primarily driven by the growing usage of lithium-ion batteries in the automotive industry, reaching 917.1 thousand tons LCE in 2026, according to the Wood Mackenzie Report. In addition, with the changing global energy structure and the need to meet the “carbon neutrality” requirements, energy storage system will become one of the fastest growing end markets for the lithium industry in the next decade. According to the Wood Mackenzie Report, the lithium consumption in energy storage-related infrastructure is expected to increase at a CAGR of 11.6% from 2022 to 2026 reaching consumption of 59.0 thousand tons LCE by 2026. With our self-sufficiency in high-quality lithium raw materials, diversified product portfolio and leading production capacity, we are able to prepare ourselves for changes in our end-markets, meet the increasing demands from the EV and energy storage sectors, and keep up with the latest technological breakthroughs in the field of lithium-based new energy.

Our broad product portfolio includes lithium compounds and derivatives applicable to a wide variety of EV and battery OEMs, as well as commercialized or early stage lithium-based energy storage system. Our stable supply of high-quality lithium concentrates from the Greenbushes Mine and our advanced processing and production capabilities allow us to manufacture lithium compounds and derivatives to meet the stringent demands of major battery materials manufacturers. Our lithium carbonate products are considered benchmark products in the Chinese market, according to the Wood

Mackenzie Report. We are also the world's second largest and the world's top ten largest supplier of battery-grade lithium carbonate and battery-grade lithium hydroxide in 2021, respectively, according to the Wood Mackenzie Report. In the future, lithium iron phosphate batteries and high-nickel lithium-ion batteries are expected to develop in parallel, and battery-grade lithium carbonate and battery-grade lithium hydroxide are expected to continue to have their advantages in their respective applicable technical domains, according to the Wood Mackenzie Report. In order to further expand our production capacity, we are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure of the second phase of the battery-grade lithium hydroxide plant in Kwinana, Western Australia and a lithium carbonate plant in Suining, Sichuan province, with the expected annual production capacity of 24,000 tons and 20,000 tons, respectively, once constructed and fully operational.

Strategic exposure to two of the world's large-scale, low-cost and high-grade lithium resources, and strategic holdings in high-quality reserve lithium assets

We are one of the few companies in the world with exposure to both a high-quality hard rock lithium mine and a lithium brine mine. Leveraging the large and high-quality upstream lithium resources, we are able to secure sufficient and consistent raw materials for lithium compounds manufacturing.

Through Talison's lithium mining rights, we have access to the Greenbushes Mine, the largest hard rock lithium mine as measured by the size of production and reserves in the world, according to the Wood Mackenzie Report. Talison's production output of 102.0 thousand tons LCE of chemical-grade lithium concentrate in 2021 made it the largest supplier of chemical-grade lithium concentrate in the world, according to the Wood Mackenzie Report. Talison has been operating the Greenbushes Mine for over 30 years and gained significant experience in the production of lithium concentrate. The grade of the Greenbushes Mine's reserves is the highest in the world, considerably above other operating lithium mines, according to the Wood Mackenzie Report. As a result of its high-grade lithium mineralization and large-scale operation, the Greenbushes Mine was the lowest-cost large-scale mined lithium producer globally in 2021, according to the Wood Mackenzie Report. We have achieved self-sufficiency in lithium concentrate through our offtake agreement with Talison. According to the Wood Mackenzie Report, Talison is also the largest producer of spodumene concentrate by production output. The LoM of the Greenbushes Mine had approximately 21 years remaining based on the ore reserves on December 31, 2021 according to the BDA Report, considering the expansion works currently undertaken, planned and considered. This gives us a sustainable competitive advantage from such large scale and stable supply of high-quality, low-cost lithium raw materials to support not only our own existing and future manufacturing plants, but also our customers' business development throughout the industry lifecycle.

Through our equity interest in SQM, we have strategically gained exposure to Salar de Atacama Salt Lake, the world's largest brine-based lithium reserve in 2021 according to the Wood Mackenzie Report. SQM was also the world's largest producer of lithium compounds from brine in 2021 as measured by production output, according to the Wood Mackenzie Report. In addition, we also hold the mining rights of the Yajiang Cuola Mine. We expect market demand for lithium products to grow in the future, and the Yajiang Cuola Mine can provide strong upstream support for the increased market demand. According to the BDA Report, the Yajiang Cuola Mine is part of the larger Jiajika lithium mining district, which is considered to be the largest hard rock lithium mining area in Asia. As of December 31, 2021, it had 632,000 tons of LCE lithium resources according to the same source. In addition, we also hold a 20% stake in Zhabuye Salt Lake Project in Tibet, which is already in production, as well as a 13% equity interest in the Salares 7 Brine Exploration Project in Chile through Talison, which we expect will provide attractive options for our further expansion in the medium and long term.

Our 100% lithium concentrate self-sufficiency, sizable capability to produce a variety of end-products with consistency and quality, and advanced production technologies give us a cost advantage that leads to operational efficiencies, security and higher profitability

We are the only manufacturer in the PRC that has achieved 100% self-sufficiency and full vertical integration through a large, consistent and stable supply of lithium concentrates, according to the Wood Mackenzie Report. Our operation covers critical links and aspects of the value chain throughout the lithium industry, including mining of lithium ore and production of lithium concentrates and manufacture of lithium compounds and derivatives. We benefit significantly from the synergies between our business lines, which gives us a cost advantage that improves our operational efficiency, stability, and flexibility and increases our profitability.

Our stable supply of low-cost and high-quality lithium raw materials from the Greenbushes Mine in turn positioned us to be one of the lowest-cost producers of lithium concentrate, according to the Wood Mackenzie Report. Our self-sufficiency in lithium raw materials provides us with a low cost and reliable upstream support for not only our existing plants, but also our expansion projects to boost our production capacity. Our ability to supply a diversified portfolio of lithium compounds and derivatives allows us to efficiently adapt to changing market demands.

The development status of different hard rock mines or brines may vary, and the expansion cycles may be long and capital intensive, preventing the surge of lithium supply in the short term. At the same time, individual resources are subject to local mining development policies where the assets are operated, and the recovery time of production capacity is relatively long. Therefore, increases in global lithium resources is expected to be limited in the short and medium term. Our continuous, stable and high-quality supply of lithium resources ensures a stable supply of raw materials and controllable product quality in our lithium compounds and derivatives processing plants.

The global footprint of our production network significantly increases the stability and security of the supply of our products. In China, our manufacturing plants in Shehong, Zhangjiagang and Tongliang, together are capable of producing the full spectrum of our lithium compound and derivative products. Our Kwinana Plant in Western Australia and our Suining Plant in Sichuan province, once fully constructed and operational, are expected to significantly increase our capacity to produce high quality battery-grade lithium hydroxide and battery-grade lithium carbonate. With such a diverse geographic coverage of production, we are well positioned to support various customers from all over the world. Our diverse geographic coverage also ensures that we can supply to our customers in a stable, efficient and cost-effective manner and helps safeguard our and our customers' supply chain against various external risks.

In addition, our highly advanced production technologies also greatly improve our operational efficiency and lower our production costs. Our battery-grade lithium carbonate production technology uses special process control indicators and control methods in the production process to deliver products of lithium carbonate with lower impurity; at the same time, this technology directly uses spodumene as a raw material to produce battery-grade lithium carbonate, without other cumbersome conversion processes, and has a higher lithium recovery rate and lower production cost. Compared with the traditional calcium oxide conversion method, our technology for preparing battery-grade lithium hydroxide has a shorter process, lower energy consumption, and higher yield. At the same time, special drying equipment is used to ensure that carbon dioxide, the key impurity index in the product, is maintained at a far lower level than the industry standards. We have also implemented fully automated production lines and intelligent production machinery for the manufacture and quality control of our lithium hydroxide products at the Shehong Plant in Sichuan province. This has significantly improved our ability to meet the stringent requirements set by mainstream battery material manufacturers in an efficient and cost effective manner.

Capitalizing on our fully vertically integrated business model, we are able to achieve significant cost advantage and high profitability. For the years ended December 31, 2019, 2020 and 2021, our gross profit margin was 56.0%, 41.3% and 61.7%, respectively.

Established leader in the global lithium industry that has built a stable customer base and a critical partner in the supply chain of many key battery and EV OEMs around the world

Throughout our over 20 years of history in the lithium industry, we have developed long-term relationships with many preeminent lithium end users globally and in China, through our dedicated and committed sales forces as well as unparalleled sales coverage efforts. We have a stable and high-quality customer base primarily consisting of global top-tier battery manufacturers, battery materials producers, multinational electronics companies and glass producers. The mutual recognition among leading companies in all links of the industry chain has been greatly improved, and the mutual dependence and stickiness are gradually increasing. Our products are supplied to three of the five largest manufacturers of large-cell lithium-ion batteries in the world, as well as six of the ten largest cathode material manufacturers in the world as measured by market share in 2021, according to the Wood Mackenzie Report. We have maintained stable relationships with a majority of our five largest customers during the Track Record Period. We have integrated ourselves into many of our customers' own R&D efforts, including efforts to develop batteries with long life, high energy density and high reliability and safety. We have become a critical supplier for many of our customers. The importance of our products within the supply chain of our customers and our products' track record of high quality and consistency have enabled us to develop and maintain long-term customer relationships.

Long and proven track record of efficient operation in lithium mining and manufacturing, with expertise and technical strengths enabling us to achieve high product consistency and quality required for the accreditation process in the battery industry supply chain

The mining of lithium raw materials and the manufacturing of lithium compounds and derivatives are both demanding and sophisticated industrial operations which, according to the Wood Mackenzie Report, pose a number of high barriers to entry. With respect to lithium mining, our subsidiary Talison is a well-established leader with significant experience in the mining of lithium ores and production of lithium concentrate over its more than 30 years of successful operation of the largest hard rock lithium mine in the world in terms of reserves and production in 2021, according to the Wood Mackenzie Report. With respect to the manufacture of lithium compounds and derivatives, barriers to entry include difficulties in obtaining production technology and know-how, developing customized products, providing resources for marketing, sales and logistics support, obtaining approval from customers as a new supplier and ensuring security of feedstock supply. These barriers could pose challenges to new market entrants in achieving large-scale commercialized production of lithium products on a consistent basis, especially for battery-grade products as they often require strict accreditation processes. As an established industry-leading lithium compound producer, we have a long and proven history of supplying high-quality battery-grade lithium compounds at a large scale. According to the Wood Mackenzie Report, our lithium carbonate products are considered to be the benchmark products in the China market, and we produce larger volumes of lithium compounds at superior quality compared to most of our domestic competitors. The fact that we participated in setting the product standards and specification for the manufacture of various types of lithium compounds in China is a testament to the high quality and consistency of our products. As a result, we are able to consistently pass the demanding accreditation processes conducted by many leading battery material manufacturers.

Due to our extensive experience and industry-leading expertise in the manufacture of lithium compounds and derivatives, we are confident in our ability to efficiently roll out new plants and maintain high standards of operational performance at the same time. Throughout our history we have demonstrated a strong commitment to and capability of effectively implementing debottlenecking, ramping up capacity utilization and conducting technological upgrades for our compounds and derivatives manufacturing plants. For example, we have conducted multiple technological upgrades to our Zhangjiagang Plant in Jiangsu province, which resulted in further improvements in production efficiency and a decrease in energy consumption. We are also continuously enhancing the automation technologies at our Shehong Plant in Sichuan province to improve production quality and lower production costs. We have completed our preliminary research on low-cost lithium sulfide production method and plan to complete the pilot scale testing by September 30, 2022.

Our technology center has been identified as the "National Enterprise Technology Center (國家企業技術中心)" by five government authorities, including the NDRC and the Ministry of Science and Technology. We also won the title of "National Technological Innovation Demonstration Enterprise (國家技術創新示範企業)" issued by the MIIT. Our research on the "Key Technologies and Industrialization of Lithium Materials for Electric Vehicle Battery Manufacturing" (電動汽車動力電池鋰材料製造關鍵技術及產業化) won first prize in the China Non-ferrous Metals Industry Science and Technology Award. As of the Latest Practicable Date, we had assembled a dedicated team of R&D employees, led by a core team of experienced experts from a variety of scientific fields essential to the R&D of lithium products. As of the Latest Practicable Date, through our R&D efforts, we had obtained a total of 166 authorized patents and 32 patents in the application stage, including several industry-leading technology and product innovations. For example, we have developed an award-winning innovative method for the manufacture of battery-grade lithium carbonate, which has significantly improved production efficiency and consistency. In addition, we also participated in the formulation of production standards and specifications for various lithium compounds in the PRC, including battery-grade and industrial-grade lithium carbonate, as well as battery-grade and industrial-grade lithium hydroxide.

Experienced and committed international management team with visionary leadership and proven execution capabilities, overseen by effective and efficient corporate governance system

Our proven track record of successful operations and our leading market position bear testament to our management team's leadership and execution prowess. Led by our visionary Chairman, Mr. Jiang Weiping, we have a deep bench of highly qualified management team with extensive experience in the industry. Primarily responsible for the overall strategic planning and business development of the Company, and making major strategy decisions, Mr. Jiang has over 20 years of experience in the lithium industry. Mr. Jiang has been an economic development consultant of Suining Municipal People's Government since March 2017, a council member and the vice president of the Association of Listed Companies of Sichuan Province since August 2018, and the executive vice president of the lithium branch of China Non-Ferrous Metals Industry Association since May 2016.

Our development history is the epitome of the strategic vision of Mr. Jiang, the execution capabilities of our management team, and our commitment to delivering on our promises to our customers and the vision of developing the lithium industry, for example, the acquisition of a 51% equity interest in Windfield, the parent of Talison, the strategic investment in SQM, the acquisition and subsequent debottlenecking and operational improvement of the Zhangjiagang Plant in Jiangsu province and the investment and construction of the Kwinana Plant in Western Australia.

We believe that our experienced management team can quickly adapt to the evolving needs of our Company, identify trends in our industry, capture end-market opportunities, and ensure that our business development and expansion aligns with the industry trends in China and globally. For details of our senior management team, please refer to the section headed "Directors, Supervisors, Senior Management and Employees" in this Prospectus.

Socially responsible and fully committed to sustainable development with high ESG standards

We attach great importance to the development and implementation of the industry's highest level of occupational safety and environmental protection standards, which are considered to be the key factors for the sustainable and continuous success of lithium compound and derivative production companies.

Occupational health and safety are among our most important corporate and social responsibilities. We regularly provide training on health, safety and accident prevention for employees and contractors. We require employees engaged in mining, construction and hazardous chemical production and processing businesses in the PRC to obtain and maintain relevant safe work permits issued by respective local government authorities in the PRC. We have established a system to properly record accidents and follow up such accidents by our relevant production teams and administrative personnel in accordance with our internal policies. We follow international practices and have passed GB/T 28001-2011 Occupational Health and Safety Management System Certification, aligning with international practices. All of our domestic production plants have passed OHSAS18001 or ISO45001 Occupational Health and Safety Management System Certification. As of the Latest Practicable Date, we did not face any major claims due to accidents.

We seek to comply with the environmental laws and regulations governing air pollution, noise emissions, hazardous materials, water and waste emissions and other environmental issues issued by relevant government departments in the jurisdictions where we operate. We have implemented strict waste disposal procedures in our production plants. The waste we produce is processed in accordance with applicable environmental standards. In 2021, our exhaust gas emission and greenhouse gas emission decreased by 6.6% and 21.8%, respectively, as compared to 2020. During the Track Record Period, we achieved significant progress in environmental protection and passed the ISO14001:2004 environmental management system certification.

We have also maintained stringent environmental operating conditions in our overseas mining operations. For example, the Greenbushes Mine site is certified to International Standards ISO 9001:2008 Quality Management System Requirements and ISO 14001:2015 Environmental Management System requirements and is externally audited.

Our Directors confirm that we have complied with applicable health and safety laws and regulations in all material aspects, and we have not violated these laws and regulations during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any safety incidents that had a significant impact on our operations.

DEVELOPMENT STRATEGIES

Our strategic goal is to strengthen our leading position in the global lithium producing industry. We plan to achieve this goal by implementing the following development strategies:

Expand our mining operations to support our future business growth

Our upstream operations are the foundation of our vertically integrated business model and are also key in supporting our overall business growth and meeting anticipated market demands.

We aim to enhance our upstream lithium resources supply through a series of expansion strategies, which include expanding existing mine operations, developing and constructing reserve assets, investing in new lithium resources and cooperating with the world's leading mining companies to explore new investment and development opportunities for lithium assets.

The Greenbushes Mine will continue to provide high-quality raw materials for our production of lithium compounds. The currently planned expansion of capacity is intended to reach design levels of production over the next six years to match forecast demand growth. We have completed the construction of a tailings retreatment plant for reclamation of mine tailings in the first quarter of 2022, which will add an annual production capacity of spodumene concentrate of 280,000 tons when in full operation according to the BDA Report. We commenced the construction of CGP3 in 2019 and expect the construction to complete in 2025, taking the annual lithium concentrate production capacity to 2.1 million tons post commissioning according to the BDA Report. A further processing plant, CGP4, is also planned for construction beginning in 2025, which is expected to be operational by 2027. We expect the Greenbushes Mine to continue to maintain its low cost production after the completion of the expansions above. Our management team at Talison is well-trained and highly experienced to ensure the successful execution of the expansion plan.

The Yajiang Cuola Mine is our important lithium asset and has significant development potential. We are conducting a feasibility study of recommencing the development and production of the Yajiang Cuola Mine. In addition, we also monitor lithium resource projects in other regions of the world and will continue to seek investment opportunities in other lithium resources. Where our financial conditions permit, we may consider making acquisitions or establishing strategic partnerships with leading mining companies to gain access to other high-quality lithium mining resources in China and globally.

Further enhance our production capacity for lithium compounds and derivatives and enrich product offerings

In order to fully seize the growth opportunities of downstream demand in the lithium industry, we plan to further increase our production capacity of lithium compounds and derivatives to provide raw materials for the capacity expansion of the world's top battery manufacturers. We are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure of a second phase of the battery-grade lithium hydroxide plant in Kwinana, Western Australia. When the second phase of the plant becomes operational, the total annual production capacity of the Kwinana Plant will reach 48,000 tons, further enhancing our production capabilities in battery-grade lithium hydroxide.

To enhance our production capacity of battery-grade lithium carbonate, we are constructing a lithium carbonate processing plant in Anju District of Suining, Sichuan province, China with an annual production capacity of 20,000 tons. Due to its geographic proximity to our Shehong Plant, we believe that we will be able to minimize the execution risks and improve cost efficiency through the operational synergies between the two plants. We also plan to expand the lithium production capacity at the Tongliang Plant in Chongqing by adding an estimated annual production capacity of 2,000 tons, so as to capitalize on the future development in solid-state lithium batteries as well as other downstream applications of lithium metal. In addition, we plan to continuously upgrade and improve our production technologies at the Shehong Plant and Zhangjiagang Plant to increase production capacity and efficiency.

Furthermore, we will continue to cooperate with high-quality downstream lithium compounds processing plants through tolling arrangements to supplement our lithium compounds processing capacity to leverage our competitive edge and strengths in upstream lithium resources, and fully take advantage of the flexibility provided by such tolling arrangements to meet the market demand.

We believe that with our production technology and operational experience as well as long-term relationships with our customers, we will have unique competitive advantages in constructing and operating new plants in China and globally. We will make full use of these advantages to effectively reduce the execution risks and operating costs. In addition to the aforementioned plans, we will also consider further capacity expansion in other business areas on a global scale according to the market's future demand for lithium products and our actual situation.

Establish various strategic partnerships with leading companies in the upstream and downstream of the value chain to fully capture the latest opportunities

In order to fully capture the latest opportunities in the lithium producing industry and enhance our leading position in the lithium producing sector, we plan to establish various strategic partnerships with major participants in the upstream and downstream of the value chain, including equity investments, projects, collaboration at product level, joint technological innovation, which will be able to help reduce our initial capital investment, share project risks, and at the same time fully benefit from both sides' respective advantages and achieve a win-win situation.

In the upstream lithium mining business, we will continue to seek partners to expand our access to high-quality lithium mining resources. We will try to carry out strategic cooperation and continue to cooperate with the world's leading mining companies to explore new lithium resource development opportunities, so as to expand the layout of high-quality lithium resources.

In the downstream lithium compounds business, we plan to sign long-term sales agreements with reputable customers to further develop and maintain customer relationship. We will also consider deepening our partnerships with customers in the downstream of the value chain, such as cooperation in the downstream precursor production, battery recycling and other businesses of the value chain.

We believe that through strategic cooperation with key players in the upstream and downstream of the value chain, we aim to further strengthen our connections with all segments along the lithium battery value chain and enhance our position as a core supplier of raw materials in the industry.

We will also gain exposure to emerging technologies in the new energy industry through strategic investment. For example, our investments in Shanghai Aerospace Power Technology Co., Ltd., SES Holdings Pte. Ltd., Beijing WeLion New Energy Technology Co., Ltd. and XTC New Energy Materials (Xiamen) Co., Ltd. (廈門廈鎢新能源材料股份有限公司) have enabled us to access emerging battery and battery materials business and better capitalize on future developments in new battery applications of lithium. We believe such strategic investments will not only help us adapt to evolving industry trends and customer demand, but also create more business opportunities for our business. For more information, please see "—Our Operations" and "—Our Investments in the Global Lithium Value Chain—Investments in Downstream New Energy Companies."

Continue to expand our global business and develop our global customer base

We plan to further expand our business globally and expand our global customer base to enhance our position as a core material supplier in the global lithium industry.

Through our successful acquisition and operation of the Greenbushes Mine in Australia, we have achieved self-sufficiency in feedstock supply for our current lithium compounds operations with high-quality and low-cost lithium raw materials. Following its planned expansions, the Greenbushes Mine will provide further support to our expansions of manufacturing capacity for lithium compounds and derivatives. Through the construction of our Kwinana Plant in Australia, we have established a leading battery-grade lithium hydroxide manufacturing hub with close proximity to key raw materials supply and better access to global end-market customers. Our strategic acquisition of an equity stake in SQM has enabled us to benefit from SQM's operation in world-class brine resources in Chile. Through such initiatives, we have gained significant experience in operating in overseas markets, which provides a strong basis to pursue our strategy to continue to build our global presence.

With our rich experience in overseas operations, we will continue to develop our international business in the future, build an integrated and global production operation that covers critical stages of the value chain. We plan to expand our global business and penetrate into overseas market such as European market through strategic collaboration and joint ventures. At the same time, we will also grow our global customer base. We plan to continue to expand our customer base and deepen customer relationships on a global scale by further strengthening our sales and customer-oriented R&D capabilities. We will continue to enhance our international sales and marketing capabilities by recruiting and training sales personnel.

Reinforce our R&D capabilities, enhance our know-how of the lithium battery value chain, and improve our core competitiveness

We have been committed to investing significant resources in our R&D efforts to support our overall development strategy. We strive to further advance our R&D to optimize product quality, improve operational efficiency and lower production costs, and in the meantime, develop forward-looking technologies that may lead industry transformations.

Our future R&D priorities include optimizing and upgrading the technology of extracting lithium from brine mines, improving the comprehensive utilization of mineral resources to reduce carbon emissions, continuing to optimize our lithium compounds and derivatives products based on our customers' feedback and developments in the end markets, strengthening our R&D on lithium recycling to keep in step with latest industry trends, furthering our understanding of advanced lithium-based battery materials expected to be applied in next generation battery technologies, and participating in the R&D of potential future battery technologies in order to develop innovative products to suit our customers' needs and enhance our know-how of lithium battery value chain. To this end, we plan to continuously expand our talent pool and leverage our long-standing relationship with customers and in-depth understanding of the downstream supply chain, so as to improve our core competitiveness.

OUR OPERATIONS

One of our subsidiaries is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%, and we ranked third in terms of revenue generated from lithium in 2021, according to the Wood Mackenzie Report. We are also the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, according to the Wood Mackenzie Report. We have over 20 years of experience in the lithium industry. Our fully vertically integrated model allows us to operate in both the upstream and downstream segments of the lithium industry, ranging from the mining and producing of lithium concentrates to the manufacturing of lithium compounds. Through our subsidiary, Talison, we hold the lithium mining rights at the Greenbushes Mine, the world's largest hard rock mine as measured by the size of production and reserves in 2021, according to the Wood Mackenzie Report. The Greenbushes Mine was also the lowest cost large-scale lithium mine in 2021, according to the Wood Mackenzie Report.

Our revenues are generated from two business segments, namely (i) sales of lithium compounds and derivatives and (ii) sales of lithium concentrates. The following table sets forth a breakdown of our total revenue by business segments, each expressed in an absolute amount and as a percentage of our total revenue, for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	2,902.3	60.3	1,735.3	54.0	4,960.2	65.3
Sales of lithium concentrates	1,914.1	39.7	1,479.9	46.0	2,637.7	34.7
Total Revenue	**4,816.4**	**100.0**	**3,215.2**	**100.0**	**7,597.9**	**100.0**

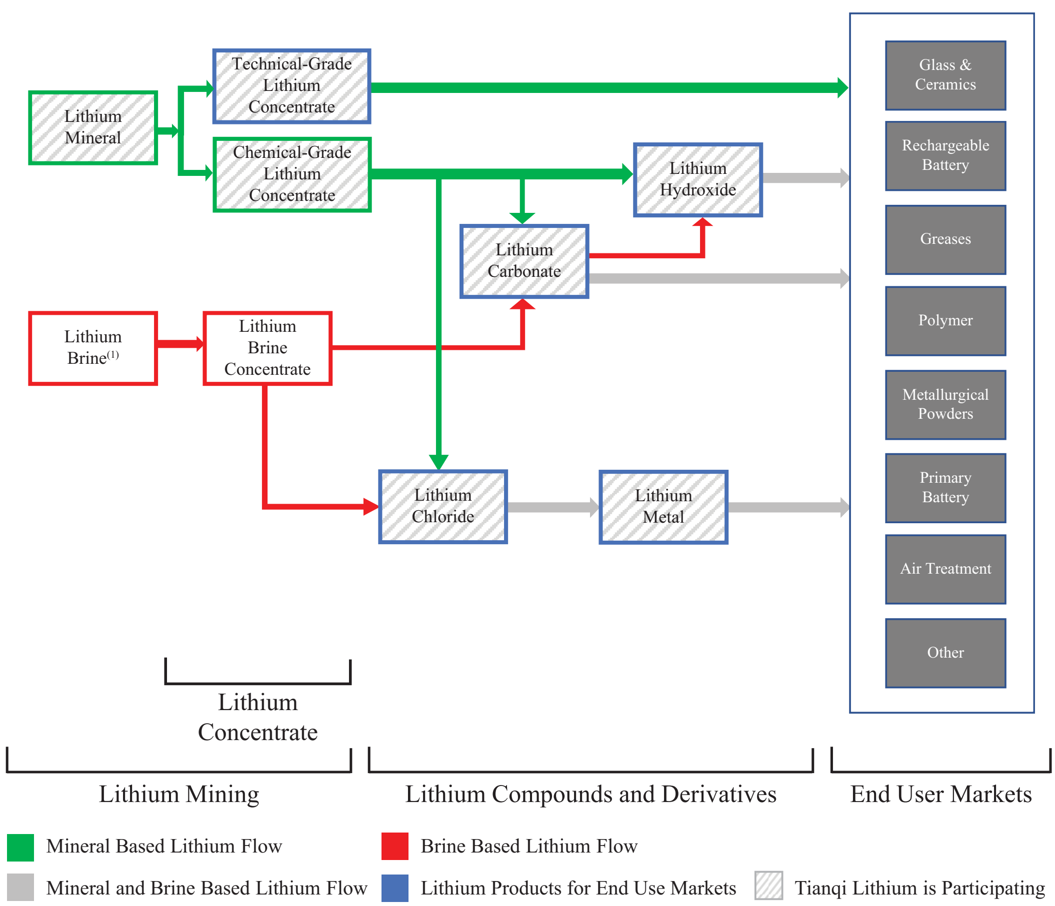
The following table sets forth a breakdown of our gross profit and gross profit margin by business segments, for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	1,381.2	47.6	402.2	23.2	3,052.2	61.5
Sales of lithium concentrates	1,316.1	68.8	924.8	62.5	1,635.7	62.0
Total Gross Profit	**2,697.3**	**56.0**	**1,327.0**	**41.3**	**4,687.9**	**61.7**

Gross profit margin for our sales of lithium compounds and derivatives business decreased from 47.6% in 2019 to 23.2% in 2020, primarily due to a decrease in the selling prices of our lithium compounds and derivatives in 2020, in line with decreased prevailing market prices, while the average production cost remained relatively stable. Gross profit margin for our sales of lithium compounds and derivatives business increased from 23.2% in the year ended December 31, 2020 to 61.5% in the year ended December 31, 2021, primarily due to a significant increase in the selling prices of our lithium compounds and derivatives in the year ended December 31, 2021 in line with increased prevailing market prices.

OUR FULLY VERTICALLY INTEGRATED BUSINESS MODEL

We believe our fully vertically integrated business model is key to our success in providing high-quality lithium products and meeting our customer's stringent demands. Our vertical integration incorporates critical segments of the lithium value chain, including (i) mining of lithium ore and manufacturing of lithium concentrate, and (ii) manufacturing of lithium compounds and derivatives. The diagram below illustrates our integrated business model and the interconnections between our production processes.



Note:

(1) We gain exposure through our equity investment in SQM.

MINING, PRODUCTION AND SALES OF LITHIUM CONCENTRATES

Through our subsidiaries TLEA and Windfield, we hold an indirect 26.01% equity interest in Talison, which owns and holds the lithium mining rights at the Greenbushes Mine. We also own the mining rights at the Yajiang Cuola Mine in Sichuan, China. Currently, only the Greenbushes Mine is in operation, processing lithium ore into lithium concentrates, while the Yajiang Cuola Mine is currently held as a lithium asset for future development.

For the years ended December 31, 2019, 2020 and 2021, revenue generated from our sale of lithium concentrates amounted to RMB1,914.1 million, RMB1,479.9 million and RMB2,637.7 million, respectively, representing 39.7%, 46.0% and 34.7% of our total revenue for the same periods, respectively. For the years ended December 31, 2019, 2020 and 2021, gross profit generated from sales of lithium concentrates amounted to RMB1,316.1 million, RMB924.8 million and RMB1,635.7 million, respectively, representing gross profit margin of 68.8%, 62.5% and 62.0%, respectively.

Our Lithium Resources Assets

The Greenbushes Mine is currently in operation, and the Yajiang Cuola Mine lithium resources asset is held for future development. As of the Latest Practicable Date, we relied on the Greenbushes Mine for all of our lithium concentrate production and supply of lithium raw materials. The expiry dates of our mining leases for the Greenbushes Mine range from December 27, 2026 to September 27, 2036. Upon the expiry of current terms of our mining leases, the Western Australian Minister for Mines and Petroleum will have the discretion to extend the leases for further periods (no more than 21 years each) subject to our compliance with the conditions in the leases. The expiry date of our exploration license is March 7, 2026. Upon the expiry of the current term of our exploration license, the Western Australian Minister for Mines and Petroleum will have a discretion to extend the license for a term of five years and any subsequent renewal terms of two years if the Minister is satisfied that the exploration license is in good standing and a prescribed ground for extension of the exploration license exists. All lithium operations in the Jiajika District, including the construction of our Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013, due to an alleged environmental incident related to a neighboring mine owned and constructed by a third party. The People's Government of Ganzi Tibetan Autonomous Prefecture published a regulatory guidance relating to the construction recommencement in a press release in 2019, which provided policy guidance for our business development in Ganzi, in particular, in relation to our development and construction at Yajiang Cuola Mine. We are conducting a feasibility study of recommencing the development and production of the Yajiang Cuola Mine.

The following table sets forth our ownership percentages in the two mines and their respective acquisition dates, locations, lithium reserves or resource amounts and grades or concentrations as of December 31, 2021, according to the BDA Report.

Assets	Ownership	Acquisition time	Location	Type	Resources					Reserves			
					Measured (Mt LCE)[7]	Indicated (Mt LCE)[7]	Inferred (Mt LCE)[7]	Total (Mt LCE)[7]	Grade (lithium oxide)	Proved (Mt LCE)[8]	Probable (Mt LCE)[8]	Total (Mt LCE)[8]	Grade (lithium oxide)
Greenbushes Mine	26.01%[1]	May 2014	Greenbushes, Australia	Spodumene									
—Central Lode and Kapanga					0.04	10.3	2.7	13.1	1.6%[4]	0.04	8.2	8.3	2.0%[5]
—TSF1					—	0.5	0.1	0.6	1.3%[4]	—	0.4	0.4	1.4%[5]
Yajiang Cuola Mine	100%[2]	October 2008	Cuola, Yajiang, PRC	Spodumene	—	0.5	0.2	0.6	1.3%[6]	—[3]	—[3]	—[3]	—[3]

Notes:

(1) As of the Latest Practicable Date, we held a 51% equity interest in TLEA, which owned 51% of equity interest in Windfield. Talison is a wholly owned subsidiary of Windfield, and owns 100% equity interest in and holds the lithium mining titles at the Greenbushes Mine.

(2) We owned 100% equity interest in Yajiang Cuola Mine through our wholly owned subsidiary, Shenghe Lithium, as of the Latest Practicable Date.

(3) As of December 31, 2021, the lithium reserves were considered not defined for the Yajiang Cuola Mine under the JORC standards, according to the BDA Report.

(4) Lithium oxide grade for measured resources, indicated resources and inferred resources in the Central Lode and Kapanga were 3.2%, 1.8% and 1.0%, respectively, as of December 31, 2021. Lithium oxide grade for the indicated resources in the enriched zone and inferred resources in depleted zone of TSF1 were 1.5% and 0.8%, respectively, as of December 31, 2021.

(5) Lithium oxide grade for proven ore reserves and probable ore reserves in the Central Lode and Kapanga were 3.2% and 2.0%, respectively, as of December 31, 2021. Lithium oxide grade for probable reserves in the TSF1 was 1.4%, as of December 31, 2021.

(6) Lithium oxide grade for indicated resource and inferred resource of Yajiang Cuola Mine were 1.3% and 1.3%, respectively, as of December 31, 2021.

(7) Resources in the Central Lode and Kapanga areas of the Greenbushes Mine were based on a cut-off grade of 0.5% lithium oxide. Resources in TSF1 of the Greenbushes Mine were based on a cut-off grade of 0.7% lithium oxide. Resources in the Yajiang Cuola Mine were based on a cut-off grade of 0.5% lithium oxide. The cut-off grades on which our resources are based are in accordance with industry standard commonly used by experts for the same type of mines as the Greenbushes Mine and Yajiang Cuola Mine.

(8) Reserves in the Central Lode and Kapanga of the Greenbushes Mine were based on a block cut-off grade of 0.7% lithium oxide. Reserves in TSF1 of the Greenbushes Mine were based on a cut-off grade of 0.7% lithium oxide. The cut-off grades on which our reserves are based are in accordance with industry standards commonly used by experts for the same type of mine as the Greenbushes Mine.

In addition, as of the Latest Practicable Date, we held minority equity interests in certain lithium resources assets in China and Chile. For more information, see "—Our Investments in the Global Lithium Value Chain."

Lithium Resources Asset in Operation—Greenbushes Mine

The Greenbushes Mine is located in Greenbushes, approximately 250km south of Perth and 90km southeast of the port of Bunbury, Western Australia, a major bulk-handling port in the southwest of Western Australia. It has been producing lithium concentrates since 1983. In 2014, we acquired a 51% equity interest in Windfield, the parent entity of Talison, which owns 100% equity interest in and holds the lithium mining rights in the Greenbushes Mine. The remaining 49% equity interest in Windfield is held by RT Lithium, an Independent Third Party except being a substantial shareholder of Windfield. In June 2021, we restructured our shareholding in Windfield by establishing a joint venture, TLEA, in which we hold a 51% equity interest, whereas a strategic investor, IGO, holds the remaining 49% of TLEA. TLEA holds 51% equity interest in Windfield. The following map shows the location of the Greenbushes Mine:

Source: BDA Report

The transaction with IGO requires the TLH Multiple Entry Consolidated (the "**MEC**") group to undertake an 'internal restructure'. The ATO is currently focused on arrangements whereby a restructure by an MEC group enables a tax free exit from Australian investments. We are currently consulting with the ATO in respect of the tax treatment of the IGO Transaction to obtain certainty of the tax outcome. As this engagement process is in its early stages, the timeline for the conclusion of the ATO engagement is uncertain and outside of our control. After consulting with our tax advisor who is qualified to advise on the compliance status and the potential tax liability in relation to the IGO Transaction, we are of the view that (i) there has been no non-compliance with Australian tax laws as of the Latest Practicable Date in connection with the IGO Transaction, as no tax lodgments have been made for the year in which the IGO Transaction occurred and the application of Part IVA is at the discretion of the ATO, which has not been exercised as of the Latest Practicable Date, and (ii) if the ATO were to exercise its discretion to apply Part IVA, this would not result in non-compliance, and the assessed total tax liability could be up to A$167 million (before penalties and interest) based on what is considered to be the most likely counterfactual if Part IVA were to apply as of the Latest Practicable Date.

Resource and Reserve

The Greenbushes Mine is the largest hard rock lithium mine in the world as measured by the size of reserves, according to the Wood Mackenzie Report. The majority of lithium resource and reserve of the Greenbushes Mine are located at the Central Lode and Kapanga, and the rest of them are located at the TSF1. The Central Lode and Kapanga contain approximately 13.1 million tons LCE of lithium resources and 8.3 million tons LCE of proven and probable lithium reserves as of December 31, 2021, according to the BDA Report. According to the BDA Report, as of December 31, 2021, the lithium oxide grades of the resources and reserves of the Central Lode and Kapanga were 1.6% and 2.0%, respectively. Located in a central part of the Greenbushes Mine, the TSF1 had approximately 0.6 million tons LCE of indicated and inferred lithium resources and 0.4 million tons LCE of probable lithium reserves as of December 31, 2021, according to the BDA Report.

According to the BDA Report, as of December 31, 2021, the remaining LoM of the Greenbushes Mine was estimated to be approximately 21 years based on the ore reserves on December 31, 2021, taking into consideration the expansion projects currently undertaken, planned and considered. For more information on the expansion works, see "—Lithium Asset in Operation—Greenbushes Mine—Expansion Plan."

We conducted exploration drillings at the Central Lode, which identified that all significant lithium resources are confined to the Central Lode's lithium orebody within the main pegmatite zone, with deposit remaining partly open at depth and along strike to the south. We also undertook drillings to explore the lithium resources contained in the TSF1 area. We incurred capital expenditures in connection with our exploration activities, mainly with respect to the drilling cost, of A$7.4 million, A$9.1 million and A$11.0 million in the years ended December 31, 2019, 2020 and 2021, respectively.

We will conduct further review prior to significant ore flow from Kapanga, as recommended in the BDA Report, and will take into account, among others, the following: (i) at present, Kapanga ore dilution loss is covered by the fact that it is a probable ore reserve estimate; (ii) there will be no significant flow of ore from Kapanga until 2027 or later, and additional reviews of Kapanga will be needed before ore flow as the resource will change with drilling activities; and (iii) dilution and ore loss will be adjusted through the reconciliation process when ore mining commences and will be reviewed regularly.

Production

The high-quality ore at the Greenbushes Mine allows for efficient and low-cost production of lithium concentrates. The Greenbushes Mine is considered to have one of the lowest production costs for mined lithium products in 2021, according to the Wood Mackenzie Report. In 2021 and prior years, the Greenbushes Mine had the largest lithium concentrate output in the world, according to the Wood Mackenzie Report. The Greenbushes Mine has three plants for the processing of lithium ore into lithium concentrate, which are located adjacent to the open pit mining operation. The three plants, namely the Technical-Grade Plant ("**TGP**"), the Chemical-Grade Plant No. 1 ("**CGP1**") and the Chemical-Grade Plant No. 2 ("**CGP2**"), produce lithium concentrates containing a range of grades with varying iron impurity levels. Low iron technical-grade concentrates are produced at the TGP, and chemical-grade concentrate which contains higher levels of iron is produced at CGP1 and CGP2. Talison has completed commissioning of CGP2 and its associated crusher, CR2, which is in the ramp up stage. Total spodumene concentrate production capacity is expected to be approximately 1.34 million tons per annum on completion of the CGP2 ramp up and yield improvements, according to the BDA Report. CGP2 is expected to reach full production by the fourth quarter of 2022. The annual production volume of the Greenbushes Mine is determined with reference to the expected demand of our Company (through TLEA) and Albemarle Germany (through RT Lithium) respectively, taking into account factors such as market demand and the production plans for further product processing. Windfield will devise a production plan based on such expected demand as well as its inventory level and production capacity. For the year ended December 31, 2021, CGP1 processed around 1.83 million tons of ore, CGP 2 processed around 1.39 million tons of ore, and the TGP processed around 0.35 million tons of ore, with total production of 0.95 million tons of technical and chemical grade concentrates according to the BDA Report.

The following table sets forth a summary of effective processing capacity and utilization rates for our processing plants at the Greenbushes Mine during the Track Record Period.

	For the year ended December 31,					
	2019		2020		2021	
	Effective Processing Capacity(1)	Utilization Rate(2)	Effective Processing Capacity(1)	Utilization Rate(2)	Effective Processing Capacity(1)	Utilization Rate(2)
	(tons of ore)	%	(tons of ore)	%	(tons of ore)	%
TGP	374,000	100	374,000	62	374,000	95
CGP1	1,820,000	91	1,820,000	77	1,820,000	101
CGP2	800,000	47	800,000	35	1,600,000	87

Notes:

(1) The effective processing capacity represents the average of each month's designed processing capacity multiplied by the number of months in actual processing.

(2) The utilization rate is calculated based on the actual output for the relevant period divided by the effective processing capacity for the relevant period.

The main production facilities at Greenbushes Mine consist of processing plants, crushing plants, a water treatment plant, power and water supply facilities, a laboratory, an administrative office, occupational health and safety training offices, dedicated mines rescue area, stores, storage sheds, workshops and engineering offices. Talison holds a number of mining and ancillary licenses at the Greenbushes Mine. For details about the mining permits at the Greenbushes Mine, see "—Our Mining Permits."

Expansion Plan

Talison plans to increase production capacity in line with an anticipated increase in demand for lithium products, through a series of simple, modular, and low-cost expansions based on existing proven technology, according to the BDA Report. The currently planned expansion of capacity is intended to reach design levels of production over the next six years to match forecast demand growth. The three existing plants, the Technical Grade Plant ("**TGP**") and the two Chemical Grade Plants ("**CGP1**" and "**CGP2**") produce mineral concentrates containing a range of lithium grades with varying iron impurity levels. On July 24, 2018, our board approved the construction of a third chemical-grade lithium concentrate plant ("**CGP3**") and related infrastructure. We commenced the construction of CGP3 in 2019 and expect the construction to be completed in 2025, taking annual lithium concentrate production capacity to 2.1 million tons post commissioning according to the BDA Report. A further processing plant CGP4 is also planned for construction beginning in 2025. CGP3 will be capable of increasing the Greenbushes Mine's annual output of chemical-grade lithium concentrate by approximately 520,000 tons when fully constructed and operational, according to the BDA Report. We received the Ministerial Approval for the Lithium Mine Expansion (CGP3 and CGP4) by way of published Ministerial Statement No. 1111 on August 19, 2019. In addition, we have completed the construction of a tailings retreatment plant ("**TRP**") in the first quarter of 2022. TRP will be capable of processing 280,000 tons of spodumene concentrate per annum post commissioning, according to the BDA Report. We are also considering additional expansion projects.

Capital Expenditure

Capital expenditure of the Greenbushes Mine primarily covers our activities including plants, tailings storage facility and port facility expansions, mine development and R&D, exploration, and construction of water treatment plant. Total capital expenditure of the Greenbushes Mine for the year ended December 31, 2021 was A$128.3 million. The total capital expenditures for the construction of CGP3 and related infrastructure are expected to be A$626.8 million.

Operating Costs

Operating costs of the Greenbushes Mine include mining cost, processing cost, general and administrative cost, product transportation and marketing cost and royalty. Mining cost mainly includes cost of mine contractor, consumables, workforce employment, fuel, electricity and water, as well as repair and maintenance. Processing cost mainly includes cost of repair and maintenance, consumables, workforce employment, fuel, electricity and water. General administrative cost includes cost of on-site and off-site management and environmental cost.

Our all-in sustaining costs were the lowest among all lithium mines in the world in 2021, according to the Wood Mackenzie Report. This is mainly due to (i) the high quality of ore produced from the Greenbushes Mine, (ii) the geological advantages of our lithium mines, (iii) our developed infrastructure, and (iv) our mature technologies and processes and robust production capabilities. For details of our operating cash costs, see "Appendix IV—Competent Person's Report." The following table sets forth the operating cash costs of the Greenbushes Mine for the periods indicated, according to the BDA Report:

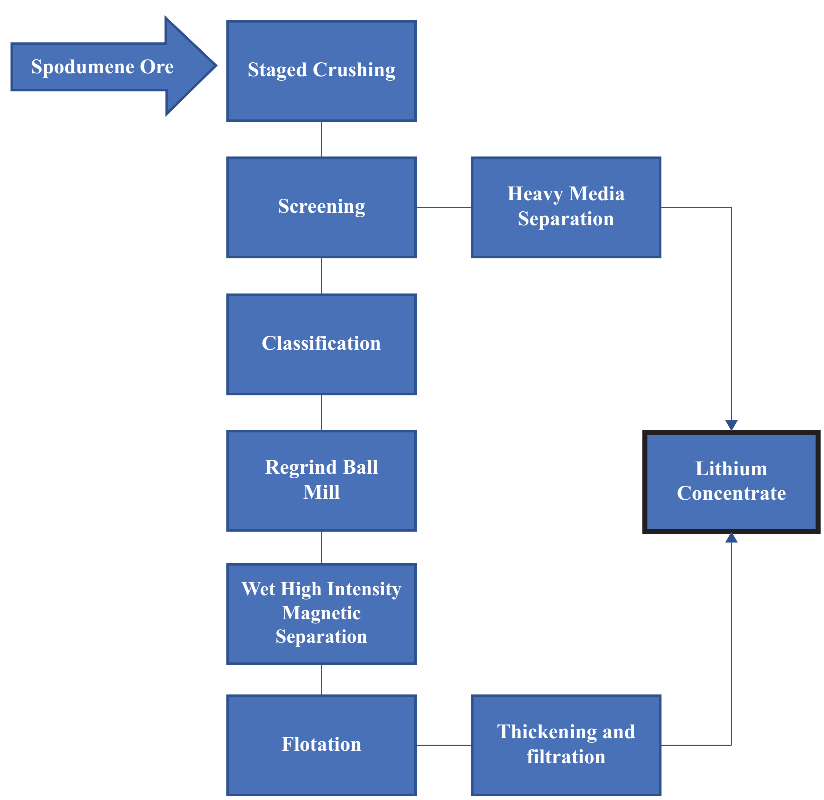
	For the year ended December 31,		
Unit Operating Costs	**2019**	**2020**	**2021**
	(A$/t spodumene concentrate)		
Mining cost	103.5	113.7	82.5
Processing cost	116.3	104.1	96.6
General and administrative cost	19.5	25.1	22.0
Total Site Operating Cost	**239.3**	**243.0**	**201.1**
Product transportation and marketing cost	24.6	22.3	21.0
Royalty	54.8	29.3	84.5
Total Operating Cash Cost	**318.6**	**294.5**	**306.5**

Lithium Concentrate Products

The Greenbushes Mine produces two types of lithium concentrates, namely technical-grade and chemical-grade concentrates. These two products primarily differ in lithia and iron content and particle size. Technical-grade lithium concentrates contain lithium oxide content of 5.0% to 7.2% and chemical-grade lithium concentrates contain lithium oxide content of 6%. End users of technical-grade lithium concentrates are primarily companies engaged in the glass, ceramics and porcelain industries while end users of chemical-grade lithium concentrate are primarily lithium compound producers and manufacturing plants. Talison has been the largest supplier of lithium concentrates in the world by production for seven years since 2015, according to the Wood Mackenzie Report. For the years ended December 31, 2019, 2020 and 2021, Talison produced approximately 765,000, 580,000 and 954,000 tons of lithium concentrates, respectively, according to the BDA Report.

Extraction and Beneficiation Process

We use the open-pit mining method for the extraction of lithium ore at the Greenbushes Mine. We then process lithium ore into lithium concentrates at the Greenbushes Mine through the following steps: (1) mined ore undergoes size reduction in a multi-stage crushing circuit, (2) crushed ore is sized by screens and coarse fractions are concentrated by heavy media separation to separate lithium minerals from lower density minerals and produce coarse lithium concentrates, (3) classification takes place to separate the remaining ore stream into several size fractions using screens and hydraulic sizing, (4) regrind ball milling is used to improve the liberation of the lithium minerals, (5) wet high intensity magnetic separation is applied to remove potentially contaminating minerals, (6) flotation is used to produce fine lithium concentrates, and (7) thickening and filtration are conducted to produce the finished lithium concentrates in chemical or technical grade. The diagram below illustrates the typical extraction and beneficiation process at the Greenbushes Mine.



Production Planning

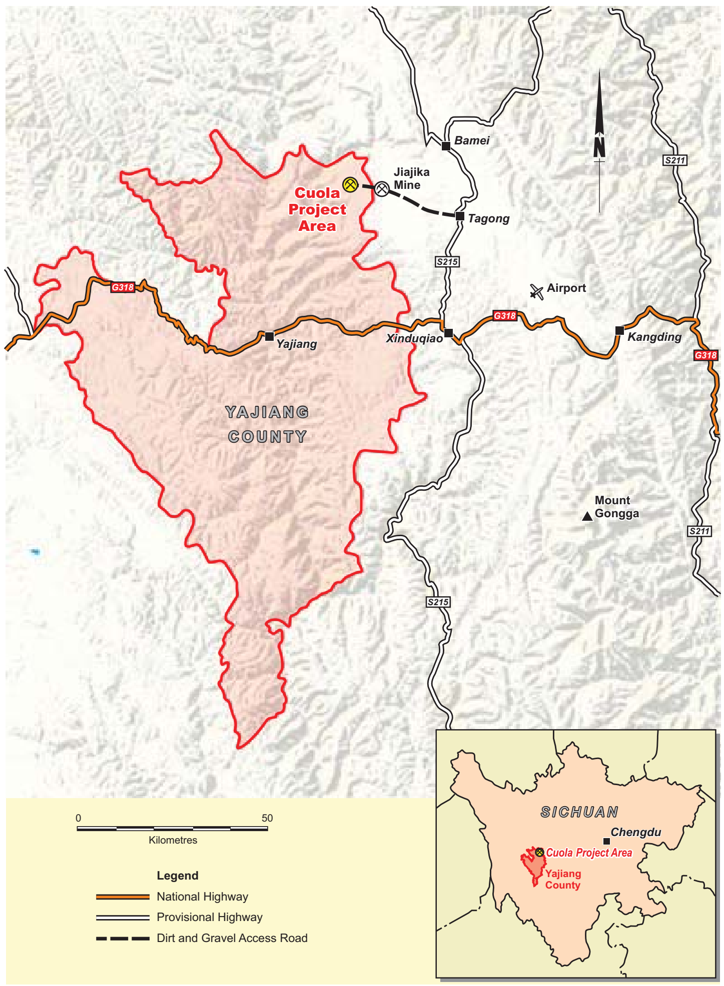
Production plans are prepared on a periodic basis based on anticipated market trends and discussions with customers of lithium concentrates. Regular production schedules are prepared based on these plans and existing inventory levels.

Delivery and Transportation

The Greenbushes Mine is well established in close proximity to a major highway and port in Western Australia's South West region. The finished lithium concentrate products are transported via the road from the Greenbushes Mine to a designated port for overseas freight shipping. Title and risks generally transfer to customers when the products are loaded onto the delivering vessel. Lithium concentrate products are commonly further transported in bulk to China where they may be consumed in bulk by lithium compound plants, or re-packaged into smaller quantities for direct delivery to customers. Our lithium concentrates are also transported to other countries directly from Australia in either bulk or packaged form. Our Directors have confirmed that we had not experienced any material shortage of transportation capacity during the Track Record Period and up to the Latest Practicable Date.

Lithium Asset—Yajiang Cuola Mine

The Yajiang Cuola Mine is located in the administration area of Xinwei Village, Murong Township, Yajiang County, Ganzi Tibetan Autonomous Prefecture, Sichuan Province, China. The map below shows the location of the Yajiang Cuola Mine:



Source: BDA Report

The Yajiang Cuola Mine is part of the larger Jiajika lithium mineralization district, which is believed to be the largest hard rock lithium mineralization district in China and Asia, according to the BDA Report. We hold 100% equity interest in the Yajiang Cuola Mine through our wholly-owned subsidiary, Shenghe Lithium, and have obtained the mining license for the spodumene deposits in the Yajiang Cuola Mine in April 2012. Our mining license is valid until 2032 and is renewable subject to certain conditions. The Yajiang Cuola Mine had approximately 632,000 tons LCE of lithium resources as of December 31, 2021, according to the BDA Report. During the Track Record Period, we held the Yajiang Cuola Mine as a lithium asset for future development. All the lithium operations in the Jiajika District, including the construction of our Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013, due to an alleged environmental incident related to a neighboring mine owned and constructed by a third party. The People's Government of Ganzi Tibetan Autonomous Prefecture published a regulatory guidance relating to the construction recommencement in a press release in 2019, which provided policy guidance for our business development in Ganzi, in particular, in relation to our development and construction at Yajiang Cuola Mine. We strategically adjusted the re-commencement of the construction of the Yajiang Cuola Mine since 2019 in response to the demand shrunk in 2019 and 2020 during the lithium market downturn. In addition, the lithium concentrates mined in the Greenbushes Mine were sufficient to meet our demands, therefore, after the completion of the investment in SQM, we strategically reallocated our financial resources to prioritize the timely repayment of our bank borrowings and the operation of our existing business and temporarily adjusted and slowed down some of our expansion plans which were less urgent. We are conducting a feasibility study of recommencing the development and production of the Yajiang Cuola Mine, and expect to complete the feasibility study in the second half of 2022. We had spent approximately RMB150 million on Yajiang Cuola Mine as of the Latest Practicable Date. We expect the construction will resume in the second half of 2022 and complete in 2025. We do not foresee any material impediment for recommencing the development and production pursuant to the regulatory guidance relating to the construction recommencement published in a press release by the People's Government of Ganzi Tibetan Autonomous Prefecture in 2019. If development and production of the Yajiang Cuola Mine involve drilling activities in the future, we will fully consider relevant geological conditions and strictly follow applicable rules and regulations, including General Requirements for Mineral Exploration (GB/T 13908-2020) and Geological Core Drilling Regulations (DZT0227-2010). Currently, we source all of our spodumene concentrates from the Greenbushes Mine.

MANUFACTURE AND SALES OF LITHIUM COMPOUNDS AND DERIVATIVES

Our Lithium Compounds and Derivatives Products

We are the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, according to the Wood Mackenzie Report. For the year ended December 31, 2021, our production capacity of lithium compounds and derivatives was 44,800 tons. Our Zhangjiagang Plant was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world as of the Latest Practicable Date, according to the Wood Mackenzie Report. We manufacture a variety of lithium compounds and derivatives from lithium concentrates, primarily including lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. For the years ended December 31, 2019, 2020 and 2021, revenue generated from manufacture and sales of lithium compounds and derivatives amounted to RMB2,902.3 million, RMB1,735.3 million and RMB4,960.2 million, respectively, representing 60.3%, 54.0% and 65.3% of our total revenue for the same periods, respectively. For the years ended December 31, 2019, 2020 and 2021, gross profit generated from manufacture and sale of lithium compounds and derivatives amounted to RMB1,381.2 million, RMB402.2 million and RMB3,052.2 million, respectively, representing profit margin of 47.6%, 23.2% and 61.5% for the same periods, respectively.

The following table sets forth a breakdown of the output of our main lithium compounds and derivatives products produced by us, for the periods indicated:

	For the year ended December 31,		
	2019	2020	2021
	Production Output	Production Output	Production Output
	(tons)	(tons)	(tons)
Lithium carbonate	33,527	28,328	33,087
Lithium hydroxide	4,969	4,883	5,042
Lithium chloride	4,659	4,303	4,984
Lithium metal	582	537	583

The following table sets forth a breakdown of our revenue from manufacturing and sales of lithium compounds and derivatives by product type, each expressed as an absolute amount and as a percentage of our total revenue for the periods indicated:

	For the year ended December 31,					
	2019		2020		2021	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
	(RMB in millions, except for percentage)					
Lithium carbonate	2,107.2	72.7	1,082.9	62.3	3,849.5	77.6
Lithium hydroxide	403.9	13.9	322.8	18.6	639.9	12.9
Lithium chloride(1)	33.1	1.1	53.2	3.1	82.5	1.7
Lithium metal	319.1	11.0	240.6	13.9	326.6	6.6
Others(2)	39.0	1.3	35.8	2.1	61.7	1.2
Total lithium compounds and derivatives	**2,902.3**	**100.0**	**1,735.3**	**100.0**	**4,960.2**	**100.0**

Notes:

(1) Majority of the lithium chloride we produced is consumed internally for manufacture of lithium metal.

(2) Others primarily include sodium sulfate, sodium hypochlorite and mineral ash and slag.

Our lithium compounds, including (i) battery-grade and industrial grade lithium carbonate, (ii) battery-grade lithium hydroxide and (iii) lithium chloride, can be used for a number of purposes such as (i) lithium battery cathode and electrolytes materials which are used in mobile electronic devices, EVs and energy storage equipment, (ii) raw materials for special glass and ceramic, (iii) chemical materials for grease, and (iv) tranquilizer. Our lithium metal products, which are in the forms of ingots, foil and rods in a range of sizes and thickness, are used in areas including the manufacturing of lithium battery cathode materials, as catalysts in the manufacture of pharmaceutical intermediaries and in the manufacture of alloys and other light-weight materials used in aircraft.

Our lithium carbonate products are considered a benchmark in the Chinese market with high performance features such as fine particle sizes to promote chemical bonding and low impurities to mitigate the potential battery cell failure. For example, in 2021, the average calcium level of our lithium carbonate products was approximately 3.5ppm, lower than the 50ppm criteria set out in Battery-grade Lithium Carbonate Industrial Standard (YS/T5822013). In addition, according to the Wood Mackenzie Report, our lithium carbonate products are considered the benchmark products in the China market, as we produce larger volumes of lithium carbonate at superior quality compared to most of our domestic competitors. Furthermore, we are capable of producing lithium compounds in large volumes with high consistency in quality.

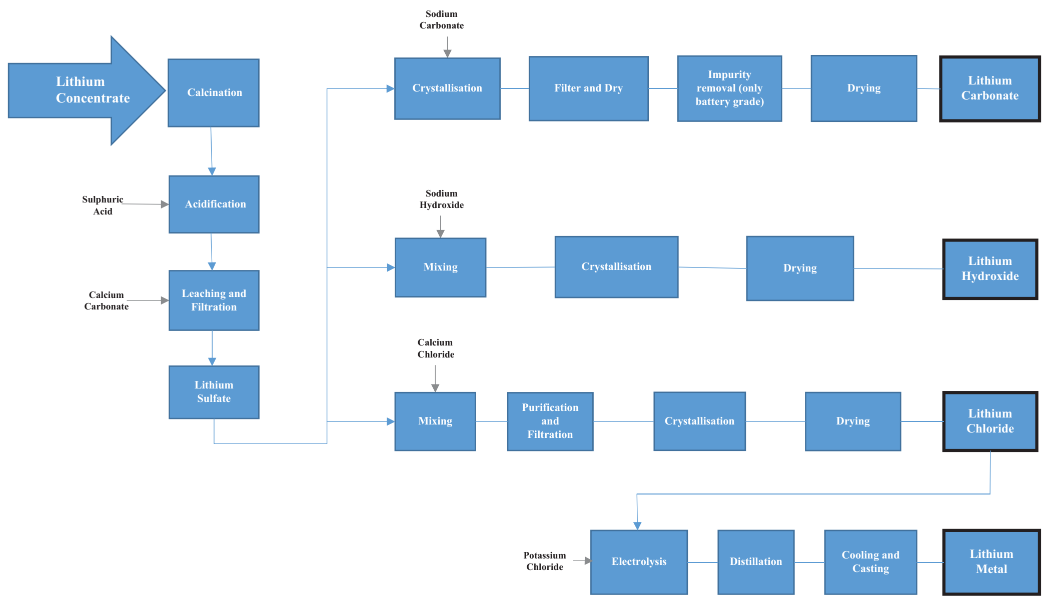
Our consistent and high-quality source of feedstock supply is key to achieving our high-quality, large-scale and consistent manufacture of lithium compounds. We source all of our chemical-grade lithium concentrates as feedstock from our captive Greenbushes Mine, the world's largest and highest-grade lithium deposit. The Greenbushes Mine's lithium concentrates are a long-established and benchmark product in the lithium industry, according to the Wood Mackenzie Report. We are the only lithium producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates, according to the same source. The consistency and high quality of our feedstock input naturally lead to the consistency and high quality of production output, even for large scale operations.

Our mineral-based and mature processing technique also plays an important role in our product quality and consistency. Our mature processing techniques have been developed and improved through our two decades of operations and research and development efforts, which ensures optimal reliability of our operations.

Cathode and electrolyte material manufacturers have stringent requirements for lithium products in terms of quality, consistency and volume, as failures in lithium raw materials may lead to costly recall of end products and damages to brand reputations. As a result, customers audit their suppliers on a multitude of levels through strict and long accreditation processes. Leveraging our aforementioned competitive advantages, we have become a long-term accredited supplier for major lithium cathode and electrolytes materials producers in China and globally and are uniquely positioned to meet the significant incremental demand from EVs and energy storage system in China and globally. Invited by the China Nonferrous Metals Industry Association, we participated in setting the national standards and specifications for various lithium compounds products in China, including battery-grade and industrial-grade lithium carbonate, battery-grade and industrial-grade lithium hydroxide and various other products.

Manufacture of Lithium Compounds and Derivatives

We process lithium concentrates into lithium carbonate, lithium hydroxide, lithium chloride and lithium metal through the following steps; (1) We carry out calcination, acidification and leaching and filtration of lithium concentrates, which create lithium sulfate; (2) sodium carbonate, sodium hydroxide and calcium chloride are added for producing lithium carbonate, lithium hydroxide and lithium chloride, respectively; and (3) lithium metal is produced using lithium chloride through processes including electrolysis and distillation. The following chart illustrates our lithium compounds and metal manufacturing process:



Production Planning

We typically prepare production plans on a periodic basis based on anticipated market trends and discussions with our customers. Pursuant to these plans and existing inventory levels, we procure raw materials and prepare monthly production schedules.

Existing Manufacturing Plants

We operate a total of three manufacturing plants in China. The table below sets forth the location, product categories and year of commencement of operation for these manufacturing plants:

Plant Name	Location	Primary Products Manufactured	Year of Commencement of Operation
Shehong Plant	Shehong, Sichuan, China	Lithium carbonate, Lithium hydroxide, Lithium chloride, Lithium metal	1995
Zhangjiagang Plant	Zhangjiagang, Jiangsu, China	Lithium carbonate	2015(1)
Tongliang Plant	Tongliang, Chongqing, China	Lithium metal	2017(2)

Notes:

(1) We acquired the Zhangjiagang Plant in 2015.

(2) We acquired the operating assets of the Tongliang Plant in 2017.

Our Shehong Plant processes lithium mineral concentrates supplied by the Greenbushes Mine to produce a variety of lithium compounds, predominantly lithium carbonate with smaller volumes of lithium hydroxide, lithium chloride and lithium metal. As of the Latest Practicable Date, we had upgraded a number of production technologies and techniques at Shehong Plant, including the automation modification of production line, improvement of production techniques of lithium carbonate and lithium chloride, as well as improvements in environmental protection facilities, in order to increase our production capacity and production efficiency. Our Zhangjiagang Plant was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world, as of the Latest Practicable Date, according to the Wood Mackenzie Report. As of the Latest Practicable Date, we had upgraded a number of production technologies and techniques at Zhangjiagang Plant, including the optimization of utilization of raw materials as well as improvement of environment protection facilities, in order to increase our production capacity and production efficiency.

Our Tongliang Plant focuses on the production of lithium metal products. As of the Latest Practicable Date, we were conducting comprehensive upgrades of our Tongliang Plant, including but not limited to establishing the world's first lithium metal automatic production line designed to produce lithium metal products, and improving environmental protection facilities and production techniques.

Production Capacity and Utilization Rate

We have maintained consistently high utilization rates during the Track Record Period. The following table sets forth a summary of our annual production capacity and utilization rates for our production plants for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)
	(tons)	%	(tons)	%	(tons)	%
Shehong Plant	24,200	102	24,200	81	24,200	99
Zhangjiagang Plant	18,500	100	20,000	90	20,000	96
Tongliang Plant	600	84	600	76	600	84

Notes:

(1) The effective production capacity represents the average of each month's designed production capacity multiplied by the number of months in actual production. The effective production capacity is measured in tons.

(2) The utilization rate is calculated based on the actual output for the relevant period divided by the effective production capacity for the relevant period.

Production Expansion Plan

In order to meet the fast-growing demand for lithium compounds and derivatives, we plan to expand our production capacity by constructing additional manufacturing plants in Australia and China. We believe that our expansion projects will help us further strengthen our production capacity, maintain our global market share and realize our market potential.

In 2016, we announced the construction of the Kwinana Plant for manufacturing battery-grade lithium hydroxide in Kwinana, Western Australia. We completed construction and started rectification and commissioning of the first phase of the Kwinana Plant in 2019. The rectification and commissioning of the first phase of the Kwinana Plant were suspended in 2020, and the construction of the second phase has suspended since 2019. We resumed the rectification and commissioning of the first phase of the Kwinana Plant in 2021. The first phase of the Kwinana Plant is currently in the trial production stage. The total capital expenditures for the construction of the first phase of the Kwinana Plant was A$770 million and was funded through the proceeds from an A Shares rights issue in 2017 and cash on hand. We are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure for the second phase of the Kwinana Plant, and expect to resume construction in the second half of 2022. Each of the first and second phases of the Kwinana Plant will have a capacity of 24,000 tons for battery-grade lithium hydroxide annually once fully constructed and operational. The Kwinana Plant will be operated by TLK, in which we own a 51% equity interest through our subsidiary, TLEA.

We and the municipal government of Suining entered into a strategic cooperation framework agreement in 2017 (as amended) for the establishment of the Anju Plant for producing lithium carbonate in two phases. The Anju Plant is located in Anju District of Suining, Sichuan province, China. Phase I of the Anju Plant is planned to be a lithium carbonate product line with approximately 20,000 tons annual production capacity. Pursuant to the framework agreement, the relevant government agencies would work with us in planning the construction and obtaining the relevant approvals and permits required for the plant. We had spent RMB150 million for Phase I of the Anju Plant as of the Latest Practicable Date. The construction of the Phase I of the Anju Plant commenced in May 2019 but was suspended in July 2019. We have resumed construction in the first quarter of 2022.

We suspended construction of the Kwinana Plant and Phase I of the Anju Plant because (i) demand shrunk in 2019 and 2020 during the lithium market downturn, and thus we slowed down our capacity expansion; and (ii) after the completion of our investment in SQM, we strategically re-allocated our financial resources to prioritize the timely repayment of our bank borrowings and the operation of our existing business, and temporarily suspended some of our expansion plans which were less urgent.

We plan our expansion projects on the basis of, among other considerations, strengthening relationships with customers, estimated market supply and demand for relevant products, utilization of existing manufacturing plants, estimated cost of development, availability and cost of lithium concentrates and availability and cost of capital resources. Expansions involve numerous risks and there is no guarantee that any of the expansion projects will be successful. We may also undertake additional expansion projects as we continue to grow worldwide. For more information on risks relating to our expansion projects, see "Risk Factors—Risk Factors Relating to Our Business—We may not be successful in expanding our operations to meet our demands or managing our growth effectively."

Machinery and Equipment

Our major machinery and equipment for the production of lithium concentrates primarily include ball mills, heavy medium separators, classifiers, flotation machines and dryers for our processing plants at the Greenbushes Mine. We engage contractors for certain mining activities, who provide and use machinery and equipment such as drilling and blasting equipment, crushers, excavator and trucks as required by their work. Our major machinery and equipment for manufacture of lithium compounds and derivatives include calcining kiln, acidification kiln, cooling kiln, ball grinding mill, centrifugal machine, squeezing machine, crystallizer, electrolytic tank, finery, vacuum distilling furnace and MVR system. We own all the major machinery and equipment at our lithium compounds and derivatives manufacturing plants. We are constantly repairing and upgrading our machinery and equipment to improve our operational efficiency. Depreciation is calculated to write-off the cost of equipment and machinery over the estimated useful lives based on various methods, including reducing balance over ten years for machinery and equipment exposed to acid and alkali; higher of units of production method or straight line method over 20 years for mining-specific machinery and equipment; and straight line method over five to ten years for other equipment and machinery. See "Appendix I—Accountants' Report—Notes to the Historical Financial Information."

Maintenance

We conduct inspections and maintenance at our manufacturing plants on a periodic basis, while overhauls are generally carried out on the whole manufacturing plant at a particular location from time to time. We have on average around two to four weeks of overhaul and maintenance each year at our three manufacturing plants in China. At the Greenbushes Mine, we require our contractors to keep all their machinery and equipment in good and proper repair and conduct regular safety checks during the term of their services. For our processing plants' machinery and equipment that we own, we also conduct maintenance and overhaul on a regular basis.

We have developed and implemented internal procedures at our plants periodically according to the characteristics and requirements of the particular equipment and machinery in order to ensure their proper function. During the Track Record Period, we did not experience any material or prolonged suspension of operations due to machinery, equipment or other facility failures.

Delivery and Transportation

With respect to our lithium compounds and metal products, we generally deliver finished products directly to our customers' warehouses or their designated locations by truck transportation operated by third-party logistics companies. We cover the delivery costs and the third-party logistics companies assume the related risks during the course of delivery, against which they would purchase transportation insurance policies. In case of export products, we would deliver them to the relevant port of export and have them shipped by sea freight to complete the delivery according to the relevant shipping agreement.

EXPANSION PLANS

The following table sets forth a summary of our major expansion plans.

Plant Name	Current Production Capacity (tpa)	Expected Increase in Production Capacity (tpa)	Major Products	Key Timeline	Current Status	Amount of Capital Expenditure Incurred[(1)]	Expected Source of Funding
Greenbushes CGP3	N/A	520,000	Chemical-grade Lithium Concentrate	Expect to complete in 2025.	Under Construction	A$123.0 million	Operating Cash Flow and Debt Financing
Yajiang Cuola Mine	N/A	100,000	Lithium Concentrate	Expect to recommence development in the second half of 2022 and complete in 2025.	Feasibility Study	RMB75.4 million	Operating Cash Flow
Kwinana Plant Phase II . .	N/A	24,000	Battery-grade Lithium Hydroxide	Expect to commence construction in the second half of 2022 and complete in 2024.	Feasibility Study	A$246.0 million	IPO Proceeds and Operating Cash Flow
Anju Plant Phase I . . .	N/A	20,000	Battery-grade Lithium Carbonate	Expect to complete in 2023.	Under Construction	RMB66.5 million	IPO Proceeds
Tongliang Plant	600	2,000	Lithium Metal	Expect to commence Phase I (800tpa) construction in the second half of 2022 and complete in 2023; expect to commence Phase II (1200tpa) construction in 2024 and complete in 2025.	Feasibility Study	RMB0.1 million	Operating Cash Flow

Note:

(1) As of March 31, 2022.

In addition to the aforementioned expansion plans, we have completed the construction of Greenbushes TRP in the first quarter of 2022. A further processing plant, Greenbushes CGP4, is also planned for construction beginning in 2025, which will be funded by Talison.

SALES AND MARKETING

We market and sell lithium concentrates and lithium compounds and derivatives in both domestic and overseas markets. We have a dedicated sales and marketing department that is responsible for marketing and sales of our products. With over 20 years of experience in the lithium industry, we have established a stable customer base in China and globally, and have become a critical supplier for our customers. We also provide value-added services such as optimized delivery arrangements in order to strengthen our relationship with customers. Our brand and products are widely recognized by our customers. Our key market is China. Revenue from China, which represents sales of products delivered to China, accounted for 73.2%, 76.9% and 86.6% of our revenue in 2019, 2020 and 2021, respectively.

As of the Latest Practicable Date, our sales and marketing department had 22 personnel, which focus on business development, customer service and industry coverage. We have four separate teams dedicated to providing (i) sales and marketing coverage in China, (ii) sales and marketing coverage in overseas markets primarily including Europe, North America and East Asia, (iii) sales services, logistics coordination and administrative support, and (iv) product management and development. We analyze the dynamics of existing customers and trends in key markets to discover sales opportunities. Our sales team regularly communicate our current offerings and development plans to our existing and potential customers. They also gather feedback from customers on our products and assist us in understanding and responding to demands for our products.

For the years ended December 31, 2019, 2020 and 2021, our selling and distribution expenses were RMB22.5 million, RMB20.5 million and RMB20.5 million, respectively, accounting for 0.5%, 0.6% and 0.3% of our total revenue during the same periods, respectively.

Pricing Strategy

We price our lithium compounds products based on a number of factors, including customer relationship, raw material costs and production costs, prevailing market prices, specifications of products, length of contract, and other contract terms such as delivery and payment. The prices of our products are also affected by the global and domestic economic environment and the demand for lithium concentrates and lithium compounds as well as market competition in the lithium industry.

For more information on sales and pricing of lithium concentrates from the Greenbushes Mine, see "Connected Transactions—Non-Exempted Continuing Connected Transactions Subject To Reporting And Announcement Requirements."

Customers

We sell our technical-grade lithium concentrates primarily to Albemarle Germany, an indirect shareholder of Talison through Windfield, and companies engaged in the glass, ceramics and porcelain industries, and our chemical-grade lithium concentrates primarily to Albemarle Germany. Our top customers for lithium compounds include battery material producers, glass production companies, manufacturers of pharmaceutical intermediaries and manufacturers of alloys for use in aircrafts. The revenue generated from our battery-grade lithium compound products, which are largely purchased by battery material manufacturers, accounted for 70.6%, 67.2% and 84.3% of our total revenue generated from lithium compound in 2019, 2020 and 2021, respectively. We expect that our sales will continue to be driven by the demand in the end markets we serve. During the Track Record Period and up to the Latest Practicable Date, we did not experience material quality issues with our products.

During the Track Record Period, our products were sold primarily in China and also in 22 other countries and regions including Korea, Japan, the United Kingdom, India and Germany. Our customers require high-quality and consistent production, reliable delivery and supportive after-sale services. Over the years, we have built strong relationships with our customers by consistently meeting these needs, growing our production capacity and improving our technologies to support their growth. Our products are supplied to three of the five largest manufacturers of large-cell lithium-ion batteries in the world, as well as six of the ten largest cathode manufacturers in the world as measured by market share in 2021, according to the Wood Mackenzie Report. Certain of these customers were among our top ten customers during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we did not experience any customer complaints about our products that would have a material adverse impact on our operations or financial results.

We primarily sell our products directly to customers. We also sell our products to a small portion of our customers through traders, primarily due to customers' needs of funds provided by traders to meet our relatively short credit term requirement or the common practice in certain local markets such as Japan. The terms of contracts between traders and us are in line with those of contracts between customers and us. During the Track Record Period and up to the Latest Practicable Date, all the traders were independent third parties. The revenue contribution from sales through traders accounted for 13.3%, 19.8% and 14.2% of our total revenue in 2019, 2020 and 2021, respectively. We currently rely on short-term contracts with the majority of our customers. Each short-term contract sets out the agreed terms, including the pricing, product specifications which may incorporate the relevant industry standards, quantity, payment terms, packaging, date and means of delivery. The key terms of our sales contracts are as follows:

- *Price adjustment.* Parties may renegotiate prices if the market price of the product fluctuates significantly.
- *Return policy.* We typically give our customer ten days after the delivery to submit complaints with regard to the quality of our products in written form. In the case of such customer complaint, if the product in question is determined, by a third party inspection organization or by us, to be non-compliant with the stipulated criteria, compensation will be agreed with the customer. Deceptive products may be returned or exchanged. We did not experience any material returns or refunds during the Track Record Period.
- *Re-sale restriction.* The products are for the buyer's own use, and shall not be re-sold to any third party.
- *Intellectual property rights.* We own all the intellectual property rights to our products.
- *Termination*. Either party may terminate the contract unilaterally if the other party fails to adhere to its obligations and fails to take necessary rectification measures or provide reasonable explanations within certain period of time.

We also enter into annual or semi-annual contracts with certain overseas customers which contain terms and conditions, including price, product specification, quantity, payment terms, date and means of delivery. We are also in the process of negotiating long-term purchase agreements with certain overseas customers although there is no certainty that these will be successfully completed.

In 2019, 2020 and 2021, our revenue generated from our largest customer, Albemarle and its related entities, amounted to RMB1,321.7 million, RMB1,041.1 million and RMB1,350.5 million, respectively, representing 27.4%, 32.4% and 17.8% of our total revenue, respectively. In 2019, 2020 and 2021, our revenue generated from our five largest customers amounted to RMB2,456.4 million, RMB1,821.5 million and RMB3,781.7 million, respectively, representing 51.0%, 56.7% and 49.8% of our total revenue, respectively.

In 2019, 2020 and 2021, our largest customer, Albemarle and its related entities, was a lithium compound producer headquartered in the U.S. that purchased technical-grade concentrates and chemical-grade concentrates from us. While this customer is headquartered in the U.S., most of our sales to it during the Track Record Period were delivered to its affiliates located outside of the United States. After consulting with its legal advisors, the Company is of the view that the risk that these transactions would be deemed to have violated relevant PRC and US laws or regulations is remote, as (i) the transactions are conducted in accordance with the Albemarle Agreements, which are part of the co-investment arrangement with commercial substance, and (ii) the Albemarle Agreements are entered into between an Australian entity (Windfield) and a German entity (Albemarle Germany), and lithium concentrate products are delivered domestically within Australia to Albemarle Germany's lithium hydroxide plant pursuant to the Albemarle Agreements. During the Track Record Period, we sourced raw materials and services mainly from Australia and China, and our products were sold primarily to customers outside the United States. Therefore, the trade tensions between the United States and China, such as the increase in tariffs, are unlikely to impair our ability to carry out our business. Furthermore, as of the Latest Practicable Date, the trade of lithium concentrates and lithium compounds were not subject to any trade restrictions between the United States and China. As our products do not involve sensitive technologies or functions and are unlikely to raise national interest concerns, we do not expect that any trade restrictions would be imposed on our products in the near future. In light of the foregoing, the Directors are of the view that the trade tension between the United States and China would not have a material impact on the Company's business operations. With regard to the due diligence conducted, nothing has come to the attention of the Joint Sponsors which would cast doubt on the Directors' view that the trade tension between the United States and China would not have a material impact on the Group's business operations. During the same period, the rest of our five largest customers who purchased lithium compounds and derivatives from us were based in China or South Korea. We have maintained stable relationships with a majority of our five largest customers during the Track Record Period.

Our Top Five Customers

The following table sets forth details of our top five customers for the year ended December 31, 2019:

Ranking	Customer	Business activities	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total revenue
							(RMB in thousands)	(%)
1	Albemarle and its related entities	Mining, production and sales of lithium concentrate	2014	Connected person	90 days from the date of billing	Bank transfer	1,321,692	27.4
2	XTC New Energy Material and its related entities	Manufacturing and sales of lithium compounds and derivatives	2016	Independent third party	60 days after receipt of goods	Bank transfer or bill settlement	497,111(4)	10.3
3	LG CHEM. Ltd.(1)	Manufacturing and sales of lithium compounds and derivatives	2017	Independent third party	30 days from the date of billing	Bank transfer	221,481	4.6
4	Shanghai Iwatani Co., Ltd. (上海岩穀有限公司)(2)	Manufacturing and sales of lithium compounds and derivatives	2010	Independent third party	15 days from the date of billing	Bank transfer	217,717	4.5
5	Livent Lithium Industry (Zhangjiagang) Co., Ltd. (力文特鋰業(張家港)有限公司)(3)	Manufacturing and sales of lithium compounds and derivatives	2017	Independent third party	15 days after receipt of goods	Bank transfer or bill settlement	198,422	4.1
Total							**2,456,423**	**51.0**

Notes:

(1) A leading chemical company in South Korea, focusing on petrochemicals, advanced materials, life sciences and batteries, with a registered capital of approximately KRW391 billion. (Sources: official website of the company)

(2) The Chinese subsidiary of a group company headquartered in Japan, with a registered capital of US$2.35 million and recorded a revenue of RMB1.7 billion in 2020. The traditional strength of the group has been in energy, and has extended its operations into other businesses, including machinery, electronic equipment, materials and food. (Sources: official website of the company, commercial database)

(3) The Chinese subsidiary of a group company headquartered in the US, with a registered capital of US$8 million. The group is a world leader in lithium technology and is listed on the New York Stock Exchange. (Sources: official website of the company, commercial database)

(4) Including the purchases made through three procurement agents in the amount of RMB98.0 million, RMB178.3 million and RMB51.3 million, respectively.

The following table sets forth details of our top five customers for the year ended December 31, 2020:

Ranking	Customer	Business activities	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total revenue
							(RMB in thousands)	**(%)**
1	Albemarle and its related entities	Mining, production and sales of lithium concentrate	2014	Connected person	90 days from the date of billing	Bank transfer	1,041,119	32.4
2	XTC New Energy Material and its related entities	Manufacturing and sales of lithium compounds and derivatives	2016	Independent third party	60 days after receipt of goods	Bank transfer or bill settlement	366,160[(2)]	11.5
3	SK Innovation Co., Ltd.[(1)]	Manufacturing and sales of lithium compounds and derivatives	2019	Independent third party	30 days from the date of billing	Bank transfer	187,650	5.8
4	Shanghai Iwatani Co., Ltd. (上海岩穀有限公司)	Manufacturing and sales of lithium compounds and derivatives	2010	Independent third party	15 days from the date of billing	Bank transfer	120,388	3.7
5	Livent Lithium Industry (Zhangjiagang) Co., Ltd. (力文特鋰業(張家港)有限公司)	Manufacturing and sales of lithium compounds and derivatives	2017	Independent third party	15 days after receipt of goods	Bank transfer or bill settlement	106,211	3.3
Total							**1,821,528**	**56.7**

Notes:

(1) A company headquartered in South Korea with a registered capital of approximately KRW468.6 billion and recorded a revenue of KRW3.81 trillion in 2020, with leading positions in petroleum production, battery production, and information and electronic materials industries. (Sources: official website and relevant announcement of the company)

(2) Including the purchases made through one procurement agent in the amount of RMB355.2 million.

The following table sets forth details of our top five customers for the year ended December 31, 2021:

Ranking	Customer	Business activities	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total revenue
							(RMB in thousands)	(%)
1	Albemarle and its related entities	Mining, production and sales of lithium concentrate	2014	Connected person	90 days from the date of billing	Bank transfer	1,350,545	17.8
2	XTC New Energy Material and its related entities	Manufacturing and sales of lithium compounds and derivatives	2016	Independent third party	60 days after receipt of goods or payment in advance	Bank transfer or bill settlement	1,224,266[4]	16.1
3	Sichuan Yuneng New Energy Battery Materials Co., Ltd. (四川裕能新能源電池材料有限公司)[1]	Manufacturing and sales of lithium compounds and derivatives	2020	Independent third party	7 days after receipt of goods or payment in advance	Bank transfer or bill settlement	561,657	7.4
4	Shenzhen Dynanonic Company Limited (深圳市德方納米科技股份有限公司)[2] and its related entities	Manufacturing and sales of lithium compounds and derivatives	2015	Independent third party	7 days after receipt of goods or payment in advance	Bank transfer or bill settlement	358,073	4.7
5	Guizhou Anda Energy Technology Co., Ltd. (貴州安達科技能源股份有限公司)[3]	Manufacturing and sales of lithium compounds and derivatives	2015	Independent third party	7 days after receipt of goods or payment in advance	Bank transfer or bill settlement	287,124	3.8
Total							3,781,665	49.8

Notes:

(1) A company incorporated in China and engages in the development and manufacture of new energy battery materials, with a registered capital of RMB350 million. (Sources: commercial database)

(2) A company incorporated in China, with a registered capital of RMB89.2 million. The company engages in the development and manufacture of lithium-ion battery materials and is listed on the Shenzhen Stock Exchange. (Sources: official website of the company and commercial database)
(3) A company incorporated in China, with a registered capital of RMB421.6 million. The company engages in the development and manufacture of new energy battery materials and is listed on the National Equities Exchange and Quotations since 2014. (Sources: official website of the company and commercial database)
(4) Including the purchases made through two procurement agents in the amount of RMB108.1 million and RMB893.4 million, respectively.

XTC New Energy Materials and its related entities made purchases through procurement agents due to our strict payment terms with a relatively short credit period. We are able to identify the ultimate customers in this scenario as (i) the identity of the ultimate customer would be set out in the sales agreement between us and the procurement agents as well as in relevant delivery orders, and (ii) we would be responsible for delivering products and providing after-sales services directly to the ultimate customer in accordance with the agreements with the procurement agents.

None of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest customers during the Track Record Period and as of the Latest Practicable Date. During the Track Record Period and as of the Latest Practicable Date, we did not have material disputes with our customers.

OUR INVESTMENTS IN THE GLOBAL LITHIUM VALUE CHAIN

Investment in SQM

We sought to broaden our network in the manufacture and sales of lithium products by investing in SQM, which has generated consistent and attractive benefits to us both financially and strategically.

SQM has provided consistent dividend payouts to us. According to SQM's annual reports on Form 20-F of years 2020 and 2021 filed with the SEC on March 16, 2021 and April 25, 2022 (the "**SQM Annual Report**"), for the years ended December 31, 2019, 2020 and 2021, SQM generated revenue of approximately US$1,944 million, US$1,817 million and US$2,862 million, respectively, and gross profit of approximately US$560 million, US$483 million and US$1,090 million, respectively. During the same periods, SQM reported profit for the year of US$281 million, US$168 million and US$592 million, respectively. During the years ended December 31, 2019, 2020 and 2021, we received cash dividends of US$79.6 million, US$51.4 million and US$124.0 million from SQM, which represented a yield as a percentage of our total investment costs of 1.9%, 1.2% and 2.9%, respectively.

From strategic perspective, we believe that our investment in SQM will strengthen our ability to capitalize on the strong growth prospects of the lithium-ion battery and EV markets. SQM is the world's largest producer of lithium compounds from brine as measured by production output in 2021, according to the Wood Mackenzie Report. We view our investment in SQM as strategic investment considering (i) SQM as the largest lithium compounds producer from brine as measured by production output in 2021, according to the Wood Mackenzie Report; and (ii) our right to nominate three out of eight board seats. The investment in SQM will also enable us to financially benefit from SQM's operations. Therefore, we believe our investment in SQM will generate long-term value and can help create future cooperation opportunities. As of the Latest Practicable Date, we did not have collaboration with SQM relating to the lithium business.

We have derived certain facts, statistics and business and financial information relating to SQM from information disclosed by SQM in its various public disclosures. We cannot assure you that the information derived from SQM's public disclosures was stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere in this Prospectus. See "Risk Factors—Certain facts and statistics derived from SQM's public disclosure may not be reliable."

Acquisition of SQM

On December 3, 2018, we completed the acquisition of 62,556,568 Series A shares of SQM held by Nutrien at a consideration of approximately US$4.07 billion, representing approximately 23.77% of the total issued capital of SQM then. The SQM Transaction was completed on December 3, 2018. Immediately following the completion of the SQM Transaction, we held 62,556,568 Series A shares and 5,516,772 Series B shares of SQM, altogether representing approximately 25.86% of the total issued capital of SQM. Following SQM's capital increase of US$1.1 billion in April 2021 and our disposal of 241,454 Series B shares, 2,079,125 Series B shares and 675,258 Series B shares of SQM in June 2021, the first quarter of 2022 and June 2022, respectively, we held 22.78% of the total issued capital of SQM and were the second largest shareholder of SQM as of the Latest Practicable Date. As of March 31, 2022, SQM's largest shareholder and its affiliates held in an aggregate of approximately 25.2% of the equity interest in SQM, according to the SQM's interim financial report for the first quarter of 2022.

In addition to our cash on hand, we incurred the SQM Indebtedness to finance the consideration of the SQM Transaction. For details of our financing arrangements in relation to the SQM Transaction, see "Financial Information—Factors Affecting Our Financial Condition and Results of Operations—SQM Investment" and "Financial Information—Indebtedness." We plan to apply approximately HK$8,865 million out of the total net proceeds of HK$12,022 million from the Global Offering (assuming an Offer Price of HK$75.50 per H Share, being the mid-point of the stated range of the Offer Price per H Share) to repay the outstanding balance of SQM Indebtedness. See "Future Plans and Use of Proceeds—Use of Proceeds."

Agreement among Shareholders

Our wholly-owned subsidiary, ITS, entered into an agreement among shareholders ("**Agreement among Shareholders**") with Sociedad de Inversiones Pampa Calichera S.A., Potasios de Chile S.A. and Inversiones Global Mining Chile Ltda. (collectively, "**PAMPA**") on April 10, 2019. The Agreement among Shareholders was further amended and extended on March 26, 2020, October 1, 2020, April 8, 2021 and December 21, 2021.

According to the Agreement among Shareholders, ITS and PAMPA, as the second and first largest shareholders of the SQM then, agreed on a number of corporate governance matters concerning SQM, including (i) in the event that a party has elected an SQM director solely voting its Series A shares and the director later resigns, such party's proposal to elect the director's successor shall be supported by the other party, (ii) if a candidate of ITS has been proposed as a candidate for the directors' committee, the corporate governance committee or the safety, health and environmental committee, PAMPA shall take all available actions to support such proposal, provided that ITS and its directors elected to SQM's board may only promote one person to each of such SQM committees, and (iii) each party agrees that the dividend policy then, which provides that SQM shall distribute and pay dividend in the amount of 50% to 100% of the net income of a year when certain financial parameters are met, is in the best interest of all shareholders of SQM. We believe that our and PAMPA's commitment to building a cooperation relationship will continue to support the future growth of SQM and will in turn benefit us both strategically and financially.

Tianqi Extrajudicial Agreement with the FNE

We have the right to nominate up to three members to the board of directors of SQM. On May 17, 2018, we entered into the SQM Share Purchase Agreement with Nutrien. Although the SQM Transaction did not trigger the reporting obligation to FNE, the CORFO demanded the FNE to initiate an investigation on the SQM Transaction considering the possible impact of concentration of the operators after the transaction. On June 15, 2018, FNE initiated the investigation. On August 27, 2018, we and the FNE entered into the FNE Agreement, which subjects us to certain restrictions with respect to our rights in electing directors as an SQM shareholder and our dealings with SQM, including but not limited to certain restrictions on our rights in accessing SQM's sensitive information and certain requirements to notify the FNE of potential contracts with SQM and investments in SQM. The restrictions will remain in place for a period of four years since completion date of the acquisition and will be automatically renewed for a period of two years. Pursuant to the FNE Agreement, we cannot nominate any of our directors, executives or employees to the board of directors of SQM. We and the directors nominated by us cannot influence or intervene for our benefit and prejudice the interests of SQM. The directors nominated by us cannot participate in or be part of any committees, the management or other decision-making bodies related to lithium of SQM or of any companies controlled by SQM, unless nominated by any of SQM's independent directors, and they will personally bind themselves to the obligations assumed by us with the FNE. We report to FNE the appointments of such directors and our compliance with the Extrajudicial Agreement. As of the Latest Practicable Date, three of the directors of SQM were nominated by us.

Independent Directors of SQM Nominated by Us

As of the Latest Practicable Date, we nominated the following three directors to the board of SQM, which was approved by SQM's annual general shareholders' meeting on April 26, 2022.

Mr. Ashley Luke Ozols is a director of SQM and a member of its directors' committee. He earned a commerce degree from the University of New South Wales Sydney and is also a CFA charterholder. He has vast international business experience specializing in providing strategic advisory and financing solutions to American, Australian and Asian based clients. Previously, he worked for us focusing on business development and led the SQM Transaction in 2018. He previously spent 15 years in investment banking at Macquarie, Grant Samuel and CLSA.

Ms. Dang Qi is a director of SQM and a member of its safety, health and environment committee. She is a graduate in Spanish Literature and Spanish-speaking Cultures from the Beijing Foreign Studies University, is an excellent social communicator with nine years of experience as a Chinese director and correspondent in four Latin American countries and, until the beginning of 2022, a chief reporter at Xinhua News Agency in Beijing, China. Ms. Dang has extensive working experience as a chief correspondent in Latin America, with more than 17 years working for Xinhua News Agency, a Chinese state news agency, and reported closely on the SQM Transaction and the brine deposits of the Salar de Atacama. Between May 2017 and March 2019, she was the director of Xinhua News Agency office in Chile.

Mr. Antonio Schneider is a director of SQM and a member of its corporate governance committee. He has a doctorate from The New School, New York and is a graduate of Economics from the University of Chile. He was Professor at the Autonomous Metropolitan University, UAM, Mexico D.F. Mr. Schneider is Chilean, and has collaborated in the Consultancy of the Presidency in Mexico on Food Systems and Technologies until 1982. Since then, he has worked in Chile in the cosmetics, forest products, salmon and food crops, fruit export, and food products industries. He is associated with financial and banking representations, mainly in Larrain Vial S.A., in international business, mining and its development as a national investment bank. He is a partner and director in Telecom and wifi systems at Transam Will. He has been a director at InvertecFoods, Pesquera Yadran, ChileFoods, Indura Peru, Salmonfood, Banco Estado and currently in companies in Chile and Peru at DDPacifico, Electra Santa Rosa.

Despite the restrictions imposed by the FNE Agreement, the directors nominated by us usually would share similar views in terms of industry and business development. Subject to compliance with the FNE Agreement, the three directors nominated by us have actively participated and will continue to actively participate in SQM board meetings, exerting important strategic impact on SQM at the board level.

Business Overview of SQM

SQM is based in Santiago, Chile. It was founded in 1968 and is currently listed on the Santiago Stock Exchange, the Santiago Electronic Stock Exchange and the New York Stock Exchange. According to the SQM Annual Report, SQM believes that it is the world's largest producer of potassium nitrate and iodine and one of the world's largest lithium producers. Its products are sold in approximately 110 countries through its worldwide distribution network, with 92% of its sales in 2021 derived from countries outside Chile.

Its products are mainly derived from mineral deposits found in northern Chile. It mines and processes caliche ore and brine deposits. The caliche ore in northern Chile contains the only known nitrate and iodine deposits in the world and is the world's largest commercially exploited source of natural nitrates. The brine deposits of the Salar de Atacama, a salt-encrusted depression to which SQM has mining exploitation rights, contain high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron. See "—Salar de Atacama Brine Deposits" for details.

Main Business Lines of SQM

According to the SQM Annual Report, SQM's main business lines include (i) specialty plant nutrition, (ii) iodine and derivatives, (iii) lithium and derivatives; (iv) potassium products, (v) industrial chemicals, and (vi) other products and services. According to the SQM Annual Report, for the year ended December 31, 2021, these six businesses lines represented 32%, 15%, 33%, 15%, 5% and 1%, respectively, of SQM's revenues in 2021.

Specialty Plant Nutrients

SQM's products have significant advantages for certain applications over commodity fertilizers based on other sources of nitrogen and potassium, such as urea and potassium chloride. In 2021, SQM sold its specialty plant nutrients in approximately 103 countries and to more than 1,200 customers.

Iodine and Its Derivatives

SQM believes that it is the world's leading producer of iodine and iodine derivatives, which are used in a wide range of medical, pharmaceutical, agricultural and industrial applications. In 2021, SQM sold its iodine products in approximately 52 countries to approximately 260 customers, and most of its sales were outside of Chile.

Lithium and Its Derivatives

SQM is a leading producer of lithium carbonate, which is used in a variety of applications, including electrochemical materials for batteries, frits for the ceramic and enamel industries, heat-resistant glass (ceramic glass), air conditioning chemicals, continuous casting powder for steel extrusion, pharmaceuticals and lithium derivatives. It is also a leading supplier of lithium hydroxide, which is primarily used as an input for the lubricating greases industry and for cathodes for high energy capacity batteries.

SQM produces lithium carbonate at its Salar del Carmen facilities, near Antofagasta, Chile, from highly concentrated lithium chloride produced in the Salar de Atacama. The annual production capacity of its lithium carbonate plant at the Salar del Carmen is now 120,000 metric tons per year. According to the Wood Mackenzie Report, SQM was the largest producer of lithium compounds from brine by production volume in 2021.

SQM also produces lithium hydroxide at the same plant at the Salar del Carmen, next to the lithium carbonate operation. The lithium hydroxide facility has a production capacity of 21,500 metric tons per year. In February 2021, SQM's board of directors approved the investment for its 50% share of the development costs in the Mt. Holland lithium project in SQM's joint venture with Wesfarmers, which it expects will have a total production capacity of 50,000 metric tons.

In 2021, SQM sold its lithium products in approximately 43 countries to approximately 244 customers, and most of the sales were to customers outside of Chile.

Potassium Chloride and Potassium Sulfate

SQM produces potassium chloride and potassium sulfate from brines extracted from the Salar de Atacama, both of which are fertilizer used in crops. In 2021, SQM sold potassium chloride and potassium sulfate in approximately 38 countries to approximately 543 customers.

Industrial Chemicals

SQM produces and sells three industrial chemicals namely sodium nitrate, potassium nitrate and potassium chloride. In 2021, SQM sold its industrial nitrate products in approximately 59 countries to approximately 280 customers.

Other Commodity Fertilizers

SQM also receives income from the commercialization of third-party fertilizers (specialty and commodity) in Chile and around the world. These fertilizers are traded in large volumes worldwide and are used as raw material for its specialty mixes or to complement SQM's product portfolio.

Salar de Atacama Brine Deposits

The Salar de Atacama, located approximately 210km east of Antofagasta, is a salt-encrusted depression in the Atacama Desert. Brines are pumped from depths of 15 to 150 meters below surface, through a field of wells that are located in the Salar de Atacama, distributed in areas authorized for exploitation, and which contain relatively high concentrations of potassium, lithium, sulfates and other minerals.

The brines are estimated to cover a surface of approximately 2,800 square kilometers and contain commercially exploitable deposits of potassium, lithium, sulfates and boron. SQM's mining exploitation rights to the Salar de Atacama are pursuant to a lease agreement, which expires in 2030. The lease agreement, as amended in January 2018, permits the Chilean Nuclear Energy Commission (Comisión Chilena de Energía Nuclear) to establish a total accumulated production and sales limit of up to 349,553 metric tons of lithium metallic equivalent (1,860,670 tons of lithium carbonate equivalent), which is in addition to the approximately 64,816 metric tons of lithium metallic equivalent (345,015 tons of lithium carbonate equivalent) remaining from the originally authorized amount.

According to the Wood Mackenzie Report, the Salar de Atacama has the largest brine-based lithium reserve in the world in 2021. According to the technical report summary filed by SQM in April 2022, the Salar de Atacama had a total lithium mineral resources of 10.8 million tons (Li) as of December 31, 2021. The following table sets forth details of the estimated measured, indicated and inferred lithium resources of the Salar de Atacama as of December 31, 2021, according to the technical report summary.

	Measured Resources	Indicated Resources	Inferred Resources	Total Resources
	(tons in million)	(tons in million)	(tons in million)	(tons in million)
Salar de Atacama	5.4	2.8	2.6	10.8

Notes: The mineral resource estimate considers a 0.05 weight percent cut-off grade for Li based on the cost of generating Li product, lithium carbonate sales, and the respective cost margin. Based on historical lithium prices from 2010 and the forecast to 2040, a projected lithium carbonate price of US$11,000/ton with the corresponding cost and profit margin is considered with a small increase to accommodate the evaporation area and use of additives.

SQM's lithium resources data is not readily comparable with our lithium resources and reserves data which was determined and reported in accordance with the JORC Code, and we are unable to estimate SQM's lithium resources data under the JORC Code. Potential investors are cautioned not to place undue reliance on SQM's lithium resources information contained in this Prospectus.

Investments in Downstream New Energy Companies

Shanghai Aerospace Power Technology

As of the Latest Practicable Date, we held a 9.91% equity interest in Shanghai Aerospace Power Technology Co., Ltd. ("**SAPT**"). As a subsidiary of China Aerospace Science and Technology Corporation and Shanghai Aerospace Industry (Group) Co., Ltd., SAPT is a new energy company in China that primarily operates in the development and manufacture of advanced lithium-based batteries for a range of applications including EVs and electric locomotives. Through our investment, we supported SAPT in a major production upgrade project for its manufacture and integration of lithium-ion batteries.

SES Holdings

As of the Latest Practicable Date, we held a 7.49% equity interest in SES AI Corporation ("**SES**"). SES and its subsidiaries specialize in the development and manufacture of solid-state batteries with ultra-high energy density using ultra-thin lithium-metal foil, as well as electrolyte and anode materials. We believe our investment in SES will provide us strategic exposure and market insight into next-generation battery technologies and help us develop our lithium metal business.

Beijing WeLion New Energy Technology

As of the Latest Practicable Date, we held a 3.26% equity interest in Beijing WeLion New Energy Technology Co., Ltd. ("**WeLion**"). Founded in 2016 and headquartered in Beijing, China, WeLion focuses on the development and manufacture of hybrid solid/liquid electrolyte batteries and all-solid lithium batteries. Through this investment, we expect to strengthen our ties with the latest developments in solid-state battery technologies.

XTC New Energy Materials

As of the Latest Practicable Date, we held a 2.25% equity interest in XTC New Energy Materials (Xiamen) Co., Ltd. (廈門廈鎢新能源材料股份有限公司) ("**XTC New Energy Material**"). Founded in 2016 and based in Xiamen, China, XTC New Energy focuses on the development and manufacture of lithium-ion battery cathode materials. The company mainly produces lithium cobalt oxide, nickel-cobalt-manganese based ternary materials, etc. It has been listed on the Shanghai Stock Exchange Star Market with the stock code of 688778 since August 2021. We expect to create more research and development opportunities and strengthen our strategic partnerships with XTC New Energy Materials through this investment in the field of new energy.

Investments in Upstream Lithium Assets

Zhabuye Salt Lake Project

The Zhabuye Salt Lake Project is located in Tibet Autonomous Region, China. As of the Latest Practicable Date, we held a 20% equity interest in Shigatse Zhabuye, which owns the exploration rights of the Zhabuye Salt Lake Project. The Zhabuye Salt Lake Project has 5.8 million tons LCE of lithium resources in 2021, according to the Wood Mackenzie Report and is already in production.

Salares 7 Project

The Salares 7 Project is located in Region III, Chile. The Salares 7 Project is a lithium and potassium brine exploration project which consists of seven salars (brine lakes and surrounding concessions). Chile SALA is the owner of exploration rights of the Salares 7 Project. Chile SALA is owned as to 50% by Talison, a non-wholly owned subsidiary of the Company, and 50% by the Company's Chilean partner San Antonio Sociedad Contractual Minera, an Independent Third Party. As Talison only holds 50% of the issued shares in Chile SALA, and the decisions of Chile SALA are made by Talison in conjunction with the other shareholder of Chile SALA pursuant to a joint venture agreement governing the operations of Chile SALA, we do not exercise control over Chile SALA. Therefore, in accordance with IFRSs, Chile SALA is not consolidated as a subsidiary into our financial statements. As of the Latest Practicable Date, we indirectly held a 26.01% equity interest in Talison and in turn held a 13% equity interest in Salares 7 Project, and were not planning to undertake any development or exploration activities at the Salares 7 Project.

OUR MINING PERMITS

As of the Latest Practicable Date, we held a total of 18 valid mining and related ancillary permits and licenses in China and Australia, collectively covering a total area of 10,336.7 hectares. In addition, we held an exploration license which covers an area of two blocks (one block = one graticule which is one minute of latitude by one minute of longitude).

Under the relevant PRC mineral laws and regulations, all mineral resources in China are owned by the state. Mining companies, are required to obtain mining and exploration permits prior to undertaking any mining or exploration activities, and the mining and exploration permits are limited to a specific geographic area and a certain time period. Mining enterprises that have, in accordance with law, applied for and obtained the right of mining and are conducting exploration within the designated mining area for the purpose of their own production are not required to separately make an application and registration for the right of exploration. We held one valid mining permit in China with respect to our Yajiang Cuola Mine as of the Latest Practicable Date, which covers an area of approximately 2.069 square kilometers and 1.2 million tons of permitted annual production. Our mining rights under the permit primarily include rights to mine mineral resources through opencast and underground mining and obtain the mineral products mined within the boundary delineated in the mining permit which is obtained according to law, subject to restrictions primarily including the effective protection, the rational mining, the comprehensive use of the mineral resources and the requirements of the state laws and regulations for labor safety, soil and water conservation, land reclamation and environmental protection. Types of minerals covered by the mining permit are lithium, beryllium, niobium and tantalum. Generally granted with a term of up to 20 years, the mining permit is valid until 2032 and renewable for another 20 years subject to certain conditions. These conditions primarily include lawful transfer of mining rights, timely payment of prescribed fees, assessment reports on mineral resource reserves, qualification certificates for mining rights, materials relating to environmental protection, and timely completion of prescribed renewal application procedures. In addition, there may be other materials required by the state departments of mineral resources for renewal. After due and careful review, the Directors are of the view that they do not foresee material obstacles for the renewal of the mining permit of the Yajiang Cuola Mine on the following basis (i) the current term of the mining permit will not expire until 2032; (ii) the Company is able to fulfill the substantive conditions prescribed under the currently effective rules and regulations in all material respects, such as the full payment of prescribed fees, and the Directors do not foresee material obstacles to satisfy the procedural conditions thereunder, including the timely completion of prescribed renewal application procedures; (iii) the Company closely monitors the legislative and regulatory development, so as to ensure that it could always meet the major renewal requirements; and (iv) the PRC Legal Advisor is of the view that, subject to the fulfillment of prescribed conditions, there are no material legal impediments that would prevent the Company from renewing the permit. For more information related to the regulatory environment related to mineral resources in China, see "Regulatory Environment—PRC General Industry Regulations—Laws and regulations of China's mining industry—1. Law of the Mineral Resources of the PRC."

Under the relevant Australian laws and regulations, each state and territory generally owns and regulates the mineral resources within its boundaries and ownership of minerals does not pass to the miner until the minerals have been extracted from the land. Under the Mining Act 1978 (WA) and Mining Regulations 1981(WA) in Western Australia, mining companies, including our subsidiary Talison, are required to obtain the applicable mining leases and ancillary licenses and leases prior to undertaking the relevant mining activities. As of the Latest Practicable Date, for the Greenbushes Mine, Talison held and had 100% interest in a total of 13 valid mining leases, two general purpose leases, one exploration license and two miscellaneous license granted under the Mining Act 1978 (WA) (the "**Greenbushes Mining Titles**"). Applications for two general purpose leases and a prospecting license are also pending. The expiry dates for these leases and license are set out in the table below. The Greenbushes Mining Titles cover a total area of approximately 10,129.7 hectares (not including the land covered by exploration license E 70/5540). Subject to the Mining Act 1978 (WA), the mining leases generally allow us to take and remove any minerals (except iron ore) and do all things necessary to effectively carry out mining operations in, on or under the land. As the holder of the mining leases we own all the minerals lawfully mined from the land in accordance with the leases. The mining leases also entitle us to fossick, prospect and explore for lithium minerals within the permitted areas. These mining leases do not in themselves confer authority to produce minerals, and we need further approvals before production may commence, including approvals in respect of the mining proposals, potential environmental impacts and protection of aboriginal people's property rights. The two general purpose leases grant us exclusive occupancy of the land area in which we operate for the purposes of concentrating lithium ore and depositing of lithium ore tailings, subject to certain conditions. The prospecting license, if granted, permits us to prospect for minerals (except iron ore) over an area of land and undertake various ancillary activities necessary or expedient to prospect for minerals. The exploration license permits our exploration activities over a larger area of land for a longer period than a prospecting license, authorizing us to enter land and undertake operations and works necessary for mineral exploration, including digging pits, trenches and holes, sinking bores, tunneling and extracting up to 1,000 tons of earth. The miscellaneous licenses we hold are for a communications facility, a minesite accommodation facility, a minesite administration facility, a storage facility, a pipeline, a power line and water supply and are also subject to certain conditions. Currently, the expiry dates of our mining leases for the Greenbushes Mine range from December 27, 2026 to September 27, 2036. Upon the expiry of current terms of our mining leases, the Western Australian Minister for Mines and Petroleum will have a discretion to extend the leases for further periods (no more than 21 years each) subject to our compliance with the conditions in the leases. Although the Minister has the discretion to extend the term, their decision must be exercised reasonably. Further, in March 2022, the Western Australian Department of Mines indicated in its discussions with us that the Minister will consider (i) whether the mining leases are in good standing and (ii) if the mining lease holder has been in compliance with the conditions when examining and considering the application for renewal. General conditions mainly include (i) requirements to incur expenditure on the mining leases in excess of a minimum amount per year; (ii) rehabilitation obligations in relation to disturbance to the land the subject of mining operations; (iii) an obligation to pay an annual rental fee; (iv) compliance with specified legislation relevant to the conducting of mining operations; (v) payment of royalties in accordance with the Mining Act 1978 (WA); and (vi) submitting annual reports in relation to project operations, environmental management and rehabilitation work. More specific conditions may be imposed on individual mining leases. As of the Latest Practicable Date, the mining leases held by the Greenbushes Mine were not subject to any specific conditions in relation to extension. The Greenbushes Mining Titles are subject to certain mining mortgages and caveats in relation to a corporate loan taken by our Australian subsidiaries. For more information related to the risks associated with these mortgages and caveats, see "Risk Factors—Risks Relating to Our Business—We are subject to certain restrictive covenants and risks associated with our debt financing terms which may limit or otherwise adversely affect our businesses, financial condition, results of operations and prospects." The expiry date of our exploration license is March 7, 2026. Upon the expiry of current term of our exploration license, the Western Australian Minister for Mines and Petroleum will have a discretion to extend the license for a term of five years and any subsequent renewal terms of two years if the Minister is satisfied that the exploration license is in good standing and a prescribed ground for extension of the exploration license exists. The prescribed grounds for extension include: (i) where an exploration program could not be completed or undertaken in certain circumstances; (ii) the land has been unworkable; or (iii) work already carried out justifies further exploration. After due and careful review, the Directors are of the view that they do not foresee material obstacles for the extension of the mining leases and the exploration license of the Greenbushes Mine when renewals are required on the following basis (i) as a common practice, if mining leases and exploration licenses are in good standing, the Minister will generally grant an extension, and the

Mining Titles Online Register maintained by the Western Australian Department of Mines indicated that all the mining leases and the exploration license held in connection with the Greenbushes Mine were in good standing in May 2022; and (ii) the Australian Legal Advisor is of the view that, to the best of its knowledge and subject to the mining leases and exploration license being in good standing and there being appropriate grounds at the time for the relevant tenements to be renewed, there are no material legal impediments that would prevent the Company from being granted renewals of the mining leases and the exploration license. For more information related to the regulatory environment for mineral resources in Australia, see "Regulatory Environment—Western Australian Mining Laws and Regulations—General Mining Law in Western Australia."

As of the Latest Practicable Date, we had obtained the requisite approvals, licenses and permits for our current mining operations in all material aspects. None of our mining permits are currently being renewed or need to be renewed in the near future. For our operations at the Greenbushes Mine, there are a number of ancillary permits, authorization and approvals primarily related to environmental and planning compliance that are required to be renewed before December 31, 2022. We do not anticipate any material impediment with their renewals. For more information on the risks related to our mining rights, see "Risk Factors—Risks Relating to Our Business—Failure to obtain or maintain required government permits, licenses and approvals for our mining and exploration activities or renewals thereof could materially and adversely affect our business, results of operations, financial position and growth prospects."

The following table sets forth details of our mining, exploration and other related ancillary permits as of the Latest Practicable Date:

Mines	Permit Type	Permit Holder (interest)	Area (hectare)	Permitted annual production volume (million tons)	Permit Number	Issuance Date	Expiry Date	Status
Greenbushes Mine . . .	Mining Lease	Talison (100%)	968.9	—	M01/02	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999.6	—	M01/03	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	998.9	—	M01/04	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999.4	—	M01/05	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	984.1	—	M01/06	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	997.1	—	M01/07	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999	—	M01/08	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	997.3	—	M01/09	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	999.6	—	M01/10	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	998.9	—	M01/11	December 28, 1984	December 27, 2026	Valid
	Mining Lease	Talison (100%)	18	—	M01/16	June 6, 1986	June 5, 2028	Valid
	Mining Lease	Talison (100%)	3	—	M01/18	September 28, 1994	September 27, 2036	Valid
	Mining Lease	Talison (100%)	70.4	—	M70/765	June 20, 1994	June 19, 2036	Valid
	Miscellaneous License	Talison (100%)	9.3	—	L01/01	March 19, 1986	December 27, 2026	Valid

Mines	Permit Type	Permit Holder (interest)	Area (hectare)	Permitted annual production volume (million tons)	Permit Number	Issuance Date	Expiry Date	Status
	Miscellaneous Licence	Talison (100%)	66.3	—	L70/232	April 21, 2022	April 20, 2043	Valid
	General Purpose Lease	Talison (100%)	10	—	G01/01	November 17, 1986	June 5, 2028	Valid
	General Purpose Lease	Talison (100%)	10	—	G01/04	April 21, 2022	April 20, 2043	Valid
	Exploration License	Talison (100%)	—	—	E 70/5540	March 8, 2021	March 7, 2026	Valid
	General Purpose Lease (pending)	Talison (100%)	15.1	—	G70/267	—	—	Pending
	General Purpose Lease (pending)	Talison (100%)	32.1	—	G70/268	—	—	Pending
	Prospecting License (pending)	Talison (100%)	9.3	—	P 01/2	—	—	Pending
Yajiang Cuola Mine	Certificate of Mining	Shenghe Lithium (100%)	206.9	1.2	C5100002012045210124005	April 6, 2012	April 6, 2032	Valid

SUPPLIERS AND CONTRACTORS

We use suppliers and contractors to procure a wide range of goods and services including utilities, energy, raw materials, mining operation services, construction services and other facilitating goods and services. For the years ended December 31, 2019, 2020 and 2021, our total amount of purchases from our suppliers and contractors amounted to RMB5,553.9 million, RMB2,265.7 million and RMB3,066.0 million, respectively.

Our Top Five Suppliers and Contractors

In 2019, 2020 and 2021, purchases from our top five suppliers and contractors amounted to RMB2,981.9 million, RMB635.5 million and RMB772.4 million, representing 53.7%, 28.1% and 25.2% of our total purchases for the same periods, respectively. During the same periods, purchases from our largest supplier amounted to RMB2,329.7 million, RMB225.4 million and RMB262.6 million, representing 41.9%, 9.9% and 8.6% of our total purchases, respectively.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors or their respective associates or any Shareholder (whom to the knowledge of our Directors owns more than 5% of the issued Shares) had any interest in any of our five largest suppliers of raw materials, utilities and energy. During the Track Record Period and as of the Latest Practicable Date, we did not have material disputes with our suppliers.

The following table sets forth details of our top five suppliers and contractors for the year ended December 31, 2019:

Ranking	Supplier	Business activities	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)
1	MSP Engineering[(1)]	Construction services	2010	Independent third party	14 days	Electronic payment	2,329,662	41.9
2	SG Mining Pty Ltd[(2)]	Mining services	2009	Independent third party	15 days from end of month of invoice	Electronic payment	249,075	4.5
3	Mondium Pty Ltd[(3)]	Construction services	2017	Independent third party	30 days from end of month of invoice	Electronic payment	199,124	3.6
4	Cape Crushing & Earthmoving[(4)]	Mining services	2018	Independent third party	30 days from end of month of invoice	Electronic payment	110,185	2.0
5	Mol Mitsui O.S.K. Lines[(5)]	Logistics transportation	2016	Independent third party	7 days	Electronic payment	93,819	1.7
Total							**2,981,865**	**53.7**

Notes:

(1) An engineering design and processing plants construction company with 50 years' international project delivery experience headquartered in Australia. (Source: official website of the company)

(2) A company founded in 2008 and located in Western Australia in the industry of construction and mining machinery. (Source: commercial database)

(3) An engineering, procurement and construction ("**EPC**") company located in Western Australia delivering EPC projects in the minerals processing sector domestically and in selected international markets. (Source: official website of the company)

(4) A leading Australian provider of mining (including crushing, tailings dams, site dewatering) and utilities (water & gas pipelines, power and communications) services located in Western Australia. (Source: official website of the company)

(5) A global shipping company headquartered in Japan with customers in a wide variety of fields including dry bulkers, crude oil tankers, car carriers and containerships. (Sources: official website of the company)

The following table sets forth details of our top five suppliers and contractors for the year ended December 31, 2020:

Ranking	Supplier	Business activities	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)
1	SG Mining Pty Ltd	Mining services	2009	Independent third party	15 days from end of month of invoice	Electronic payment	225,429	9.9
2	Mondium Pty Ltd	Construction services	2017	Independent third party	30 days from end of month of invoice	Electronic payment	175,154	7.8
3	MSP Engineering	Construction services	2010	Independent third party	14 days	Electronic payment	86,135	3.8
4	Mol Mitsui O.S.K. Lines	Logistics transportation	2016	Independent third party	7 days	Electronic payment	79,101	3.5
5	Alinta Sales Pty Ltd(1)	Utilities services	2019	Independent third party	14 days	Electronic payment	69,711	3.1
Total							**635,530**	**28.1**

Note:

(1) An Australian private company incorporated in 2000 providing utilities services. (Source: commercial database)

The following table sets forth details of our top five suppliers and contractors for the year ended December 31, 2021:

Ranking	Supplier	Background	Commencement of business relationship	Relationship with us	Credit terms	Settlement method	Transaction amount	Percentage of total purchase
							(RMB in thousands)	(%)
1	SG Mining Pty Ltd	Mining services	2009	Independent third party	15 days from end of month of invoice	Electronic payment	262,645	8.6
2	Mondium Pty Ltd	Construction services	2017	Independent third party	30 days	Electronic payment	195,013	6.4
3	Mol Mitsui O.S.K. Lines	Logistics transportation	2016	Independent third party	7 days	Electronic payment	122,376	4.0
4	Chengxin Lithium Group Co., Ltd. (盛新鋰能集團股份有限公司)(1)	Processing	2019	Independent third party	30 days from the date of billing	Electronic Payment	117,850	3.8
5	Sichuan Chuangang Gas Co., Ltd. Suining Branch (四川川港燃氣有限責任公司遂寧分公司)(2)	Utilities services	2017	Independent third party	5 days from the date of billing	Electronic payment	74,496	2.4
Total							**772,380**	**25.2**

Notes:

(1) A company headquartered in China. The company mainly engages in the production and sales of new energy lithium battery materials and is listed on the Shenzhen Stock Exchange. (Sources: official website of the company and commercial database) The company provided tolling services to us, which mainly included processing lithium concentrates into lithium compounds and derivatives. It also purchased lithium products from us according to the commercial arrangements with us. For the years ended December 31, 2019, 2020 and 2021, the costs incurred in relation to the company's tolling services accounted for 0.8%, 0.6% and 4.1% of our total costs of sales, respectively. For the years ended December 31, 2019, 2020 and 2021, the revenue generated from our sales to the company accounted for 1.3%, 0.8% and 2.0% of our total revenue for the respective periods.

(2) A branch of a company engaging in planning, construction and operation of natural gas pipelines and sales of natural gas located in Sichuan Province, China. (Source: commercial database)

Suppliers of Raw Materials, Utilities and Energy

Our well-established relationships with our suppliers of raw materials, utilities and energy enable us to better manage the quality, quantity and price of our products. We maintained stable relationships with our suppliers. During the Track Record Period and as of the Latest Practicable Date, we did not encounter any material disruption to our business as a result of shortage or delay in the supply of raw materials, utilities or energy. Most of the raw materials, utilities and energy that we procure are readily available from multiple suppliers and can be sourced at reasonable prices.

Raw Materials

The primary lithium raw material for our lithium compounds and derivatives production is lithium concentrates. We have achieved self-sufficiency in lithium concentrates for our lithium compounds and derivatives manufacturing operations through the Greenbushes Mine.

We rely on suppliers for various chemical materials used for our manufacturing operations, primarily including sulfuric acid, hydrochloric acid, sodium hydroxide, sodium carbonate, calcium hydroxide, calcium chloride and calcium carbonate, in manufacturing our lithium compounds and derivatives products. Our suppliers of lithium concentrates are mainly located in Australia, and our suppliers of chemical materials are mainly located in China. In recent years, trade tensions between China and Australia have escalated and China has imposed trading restrictions on imports of certain products from Australia. As of the Latest Practicable Date, there had been no restrictions in China and Australia that materially and adversely affect the import of our lithium raw materials from Australia to China, and thus our business operations had not been materially impacted.

The salient terms of standard procurement agreements are set out as below:

- *Price*. The total amount payable under the contract is typically calculated based on the unit price and the actual supply volume.
- *Payment*. We typically make the payment after we receive and decide to accept the delivery.
- *Quality control*. We are entitled to conduct verification and testing before we decide to accept the delivery. Defective products may be returned or exchanged. We also have the right to claim damages pursuant to the agreement.
- *Termination*. We are entitled to terminate the procurement agreement if the delivery is overdue for a certain period of time.

Our chemical materials are generally purchased on a short-term order basis from reputable domestic suppliers. Our quality control, procurement, production planning and warehousing departments periodically determine the amount and specification of chemicals to purchase based on our production needs. To maximize supply efficiency, we typically survey and evaluate chemicals suppliers who are in a radius of a few kilometers to ensure convenient logistics and timely transportation. After placing our purchase orders and upon receiving the chemicals, we conduct rigorous sampling, verification and testing to make sure the products are in line with our long-established acceptance standards before we decide to accept the delivery. We also require all our suppliers to ensure that the products comply with the relevant environmental, health, safety and intellectual property laws and regulations. Every supplier selected must go through a trial period before being officially engaged. We evaluate our existing suppliers of raw materials at least once a year and grade their performance.

During the Track Record Period, prices of our raw materials experienced fluctuations. We do not engage in hedging by using derivative instruments to hedge the risk exposures in connection with our raw materials. We take into account such fluctuation in raw material costs when pricing our products. Besides raw lithium materials, most of our raw materials are commodities that can be readily purchased on public markets at transparent market prices. We did not experience any shortage of or any quality issues with our raw materials during the Track Record Period that materially affected our operations.

We closely monitor the quality of all raw materials provided by our suppliers to ensure that they comply with our stringent requirements. Our quality control system covers the placing of purchase orders, pre-delivery inspections and laboratory tests. We further utilize our ERP system to manage the supply of raw materials effectively and efficiently. We evaluate our suppliers periodically based on a range of factors, including the quality of raw materials delivered and punctuality of delivery. In addition, we have undertaken other quality control measures for raw materials. See "Business—Quality Control" for more details. During the Track Record Period, we did not have any material dispute with our suppliers.

Utilities and Energy

At the Greenbushes Mine, water for mineral processing is from rainfall and stored in several process dams located on site, with majority of the water used being recovered and recycled. The Greenbushes Mine currently purchases its power from a local electricity supplier, and power is reticulated and metered within the site. The Greenbushes Mine currently sources diesel from a reputable supplier. For our manufacturing plants in China, we source electricity from local distributors under the State Grid. Our manufacturing plants also require natural gas and coal, which are sourced from reputable local suppliers. Our manufacturing plants in China require a very small amount of water supply. The relevant fees charged to us by our utilities and energy suppliers are generally in line with market rates. Below are certain major long-term contracts we entered into during the Track Record Period for our utilities and energy supply:

- Talison entered into a three-year supply agreement with a utilities supplier of diesel starting from May 2021, which is renewable for another two years by mutual consent. Under such agreement, the fuel price is determined according to a pricing schedule. Payment is generally made on a weekly basis for orders placed and accepted in the given week.
- Talison entered into an electricity supply agreement which will end on December 31, 2022 and will be replaced by a new electricity supply agreement for a seven-year supply of electricity starting from January 2023. The price is calculated under a pricing schedule stipulated therein and payment is made for the relevant supply period.
- Shehong Tianqi entered into a natural gas supply agreement with a natural gas supplier in China for a period of one year starting from September 2021, renewable by mutual consent. The supplier shall provide continuous supply of natural gas in compliance with national standards. The natural gas was charged at a fixed price and the payment was generally made on a monthly basis.
- Shehong Tianqi entered into a high-voltage electricity supply agreement with an electricity supplier for a period of three years starting from June 2021, which is renewable by mutual consent. The electricity supplier has received a prepayment and payment for our consumption will be deducted from such prepayment on a monthly basis.

Mining Contractors

We use mining contractors for our operations at the Greenbushes Mine, in line with industry practice. During the Track Record Period, we engaged one contractor for open-pit mining activities, and one contractor for drilling and blasting activities. In the years ended December 31, 2019, 2020 and 2021, our total purchases from these two contractors amounted to A$61.4 million, A$55.9 million and

A$68.1 million, respectively. As of December 31, 2021, our business relationships with these two contractors had lasted for 12 and 10 years, respectively.

These outsourcing arrangements help us lower our operational costs and reduce our capital expenditures for equipment and machinery. We believe that the services provided by our mining contractors are not unique in the market and it will not be difficult for us to find substitute contractors to provide similar services on similar terms. We adhere to our rigorous procedures to properly manage risks associated with mining contractors and ensure all necessary information is gathered before their engagement. We gather a broad range of information including health, safety, environment, community relations, training and previous contracting experience with us to assess contractors' competence and ensure they meet the relevant regulatory requirements to conduct their activities. We generally do not rely on contractors for our manufacturing plants in China.

Our contractual arrangements with these two mining contractors during the Track Record Period are summarized below:

- Talison entered into a contract with a contractor for the drilling and blast services at the Greenbushes Mine. The original term of three years starting June 2014 was extended to March 2023. Service fees are calculated based on the rates for different categories of services provided and are generally paid on a monthly basis. Relevant termination events primarily include liquidation of either party and substantial breach of contract.
- Talison entered into a contract with a contractor for the open-pit mining activities at the Greenbushes Mine, as well as the operations of related infrastructure and equipment. The original term of three years starting July 2014 was extended to March 2023. Service fees are calculated based on the rates for different categories of services and are generally paid on a monthly basis. Relevant termination events primarily include liquidation of either party and substantial breach of contract.

Our Directors have confirmed that our mining contractors at the Greenbushes Mine are Independent Third Parties. We had not experienced any material dispute with our mining contractors or any suspension or delay of operations as a result of improper conduct on the part of our mining contractors during the Track Record Period. We believe that the services that we outsourced to our mining contractors are generally common in the market, and it would not be difficult for us to find alternative contractors to provide similar services on terms similar with our existing contracting arrangements.

Construction Contractors

We also engage construction contractors to provide engineering, procurement and construction services for our expansion projects. In September 2021, Talison entered into a contract with one of our construction contractors for the provision of engineering, design, procurement, construction and management of a chemical-grade concentrates plant with expected completion by the second quarter of 2025.

MSP Engineering is one of our major construction contractors during the Track Record Period, which represents a significant portion of the total amount of purchases we made from our suppliers and contractors. TLK entered into a contract with MSP Engineering for the design, construction and commissioning of the first Kwinana Plant (LHPP1) in the fourth quarter of 2016 and the second

Kwinana Plant (LHPP2) in the fourth quarter of 2017. In March 2020, MSP Engineering commenced legal proceedings against TLK in the Supreme Court of Western Australia, seeking payment of approximately A$38.9 million in respect of both contracts. In October 2021, TLK, MSP Engineering and Tianqi Lithium Co. Limited entered into a settlement deed to resolve all claims between the parties arising out of the lithium hydroxide plant in Kwinana and related contracts. Pursuant to the settlement deed, the parties suspended all of the court proceedings and arbitral proceedings and agreed to discontinue them permanently, without any award or costs orders being made, subject to the terms of the deed. In February 2022, all the conditions contained in the settlement deed were fulfilled. As such, parties have discontinued all legal proceedings by consent, which has been formalised by applicable sealed orders. See "Business—Legal Proceedings" for details.

Tolling Arrangements

We continuously expand our production capacity. Before the new production capacity becomes available, we cooperate with and outsource some manufacturers of lithium compounds and derivatives to downstream lithium compounds processing plants through tolling arrangements to enhance our processing capabilities and meet the demand of our downstream customers. During the Track Record Period, we sourced tolling services from Chengxin Lithium Group Co., Ltd. (盛新鋰能集團股份有限公司), an Independent Third Party headquartered in China. Chengxin Lithium Group Co., Ltd. mainly engages in the production and sales of new energy lithium battery materials and is listed on the Shenzhen Stock Exchange. See also "Business—Suppliers and Contractors—Our Top Five Suppliers and Contractors".

For the years ended December 31, 2019 and 2020 and 2021, the costs incurred in relation to the tolling arrangements with downstream lithium compounds processing plants were RMB16.4 million, RMB10.6 million and RMB117.9 million, respectively, accounting for 0.8%, 0.6% and 4.1% of our total costs of sales for the respective periods. The unit processing fee remained relatively stable during the Track Record Period. The costs incurred in relation to the tolling arrangements with downstream lithium compounds processing plants decreased from RMB16.4 million in 2019 to RMB10.6 million in 2020, primarily due to the adjustments to processing volume in light of the decrease in market demand. From 2020 to 2021, our upstream lithium concentrates production volume increased significantly, primarily driven by the increase in market demand. In 2021, the utilization rate of TGP, CGP1 and CGP2 reached 95%, 101% and 87%, respectively. The tolling arrangements enable us to capture the market opportunities by increasing our downstream processing volume, which aligns with the increase in our upstream production volume. Accordingly, the costs incurred in relation to the tolling arrangements with downstream lithium compounds processing plants increased from RMB10.6 million in 2020 to RMB117.9 million in 2021.

Our tolling arrangements with downstream lithium compounds processing plants are in line with the industry norm, and the key terms of our tolling arrangements are as follows:

- *Our responsibilities*. We are typically responsible for providing processing plants with lithium concentrates which are the primary lithium raw material for lithium compounds and derivatives production.
- *Obligations of downstream lithium compounds processing plants*. Processing plants are responsible for manufacturing lithium compounds and derivatives in accordance with standards prescribed in the agreements.

- *Processing fees*. The unit price is generally determined with reference to, among others, the costs incurred by processing plants in relation to the processing of lithium concentrate into lithium compounds and derivatives.
- *Quality control*. Products failed to meet the required standards may be re-processed or exchanged. We also have the right to claim damages pursuant to agreements.
- *No assignment*. Processing plants are not allowed to assign or sub-contract their obligations under agreements to any other party without our written consent.

INVENTORY MANAGEMENT

Our inventories primarily consist of raw materials, work-in-progress, finished goods and low-value consumption goods. To minimize the risk of inventory build-up, we review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity. The value of our inventories accounted for 14.3%, 29.9% and 13.5% of our total current assets as of December 31, 2019, 2020 and 2021, respectively.

QUALITY CONTROL

As of the Latest Practicable Date, we had a quality control team of 87 employees. We are committed to implementing high-standard quality control over our business operations. During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure in our quality control systems which had a material impact on us. We implement an internal quality control system to perform various inspections over the course of the entire manufacturing and delivery processes. We are required to comply with specific guidelines based on international product safety and restricted and hazardous materials laws and regulations that are applicable in the jurisdictions into which our customers sell their products. During the Track Record Period, we had been in full compliance with our customers' stringent quality control requirements.

We take a holistic approach to quality control and implement stringent standards in all aspects of our operation, ranging from procurement, production, warehousing, inventory storage to delivery, to ensure our full compliance with the stringent benchmarks and specifications of our customers and ourselves. We have strong quality control programs in place at our manufacturing facilities. We are certified to the ISO9001:2015 Quality Management System. Our quality control team is responsible for establishing the quality control systems and inspection guidelines for our production, while the respective departments of our operating team are responsible for implementing the quality control standards and procedures. To ensure the effectiveness of our overall quality control system, our quality control team also carries out regular system audits on manufacturing procedures, conducts performance reviews and statistical analysis and provides training on inspection techniques and awareness of quality control.

Procurement

We typically procure raw materials from suppliers who have passed our quality and reliability assessment. We evaluate our suppliers periodically based on a range of factors, including quality of raw materials delivered and punctuality of delivery. We conduct random sample tests on incoming raw materials upon delivery to ensure a high-quality, low-cost and rapid supply chain. We test the raw materials in our internal laboratory and return raw materials that fail to pass our inspection.

Production

We strictly follow our customers' quality requirements and specifications and all relevant industry standards for our production, including national standards and our internal quality standards. At the designated checkpoints on our production lines, our quality control team conducts periodic tests and inspections of semi-finished products in accordance with our internal quality control processes. These tests are intended to ensure that our products meet both our quality standards and compliance requirements and those of our customers' at each stage of the production process. In terms of production safety, we have employed a three-tiered safety inspection policy, where our respective production manager inspects the production workshop at least once a day, our respective facility manager inspects at least once a week and our environmental, health and safety department inspects once a day to ensure high levels of production safety. Our quality control team prepares daily quality analysis reports that are submitted to our senior management and the relevant production team to monitor and improve our production processes.

We have received various certifications from government authorities or recognized organizations. For example, our production facilities are certified to ISO 9001-2015 quality management system, ISO 14001-2015 environmental management system and occupational health and safety management system, which is evidence that our quality control system is on par with international practices. We have also been granted the Safety Production Permit by Administration of Work Safety. We have also participated in setting certain national and industrial standards with regard to product specifications and product analysis standards, such as the industrial standard for battery-grade lithium orthophosphate monometallic (YS/T 967-2014) and the national standard for lithium (GB/T 4369-2015).

Warehousing

Our finished products are first packaged and stored at our warehouses before being transported and delivered. Finished products are stored in designated zones within our warehouses by type and production date. Additionally, we take safety measures to minimize fire hazards, water damage and other risks to our products.

Delivery

We conduct sampling inspections for every batch of finished products prior to its delivery. Our quality control team collaborates with the relevant production team to ensure that our packaging is well designed and adequate to safeguard our finished products during their transportation. Our packaging therefore tends to vary depending on the volume and sensitivity of each product.

RESEARCH AND DEVELOPMENT

Research and Development Team

As of the Latest Practicable Date, we had assembled a team of 38 employees in our research and development department in China and Australia dedicated to product development and technology advancement. Our core team comprises a group of experts with advanced degrees and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy and other scientific fields essential to the research and development of lithium products. We encourage open and constructive competition internally and pursue merit-based appointment of leaders for our research and development projects. Our research and development teams are located in Chengdu, Shehong, Zhangjiagang, Tongliang and Western Australia.

In the years ended December 31, 2019, 2020 and 2021, our research and development expenses amounted to RMB48.4 million, RMB24.3 million and RMB18.9 million, respectively. Our research and development costs decreased from RMB48.4 million in 2019 to RMB24.3 million in 2020, primarily attributable to (i) a decrease in the employee benefit expense, and (ii) a decrease in fees and expense paid in connection with our commissioned research and development projects. Our research and development costs further decreased to RMB18.9 million in 2021, primarily attributable to the decreased amortization of intangible assets due to the disposal of some patent rights in Chongqing Tianqi.

We place great importance on the creation, application, management and protection of our intellectual property rights. Through research and development, we have obtained various intellectual property rights that are material to our business. As of the Latest Practicable Date, we had a total of 166 authorized patents. See "Business—Intellectual Property" for details. We retain rights to self-developed patents and other intellectual properties.

Our Research and Development Efforts

To improve our product quality and cost efficiency, we have made many breakthroughs in the traditional production processes and techniques. We have developed a series of innovative production techniques and installed advanced equipment to optimize the manufacturing process. We have participated in setting a range of national and industrial standards with regards to lithium product specifications and product analysis standards. We are capable of customizing our compounds and derivatives products to cater to high-end customers' specific needs through our proprietary demagnetization and filtration techniques that enable us to manufacture lithium products with high lithium concentration and low impurities. For example, we have developed an innovative method for the manufacture of battery-grade lithium carbonate (硫酸鋰溶液生產低鎂電池級碳酸鋰的方法), which won a gold award in the Awards for Chinese Outstanding Patented Invention & Industrial Design jointly held by the State Intellectual Property Office and World Intellectual Property Organization. As an important breakthrough in lithium extraction, such technique significantly improved the efficiency and consistency in the preparation of lithium carbonate and provided high-quality materials for the production of more reliable and safer lithium batteries. In addition, we have employed industry-leading techniques in the manufacture of battery-grade lithium hydroxide, which greatly reduced the length and energy consumption of the preparation processes and improved the quality of the processed materials. Our manufacturing plants use highly specialized equipment and machinery for chemical separation and purification to help us in manufacturing industry-leading lithium products. We have also made sizable investments in technical innovation and automation of manufacturing machinery for our lithium production, which helped us meet the stringent demands of many high-end customers.

Our R&D efforts have produced a number of technical achievements and have a proven track record of generating a large amount of intellectual property and industry know-how we use in our production processes. For our technological breakthroughs and innovative products, we have been awarded with multiple accreditations and recognitions from various organizations and entities in our industry.

We commenced the construction of our Tianqi Global Research Center in Tianfu New District, Chengdu, China in February 2016, to facilitate our R&D capabilities. Our Tianqi Global Research Center has been recognized as a national-level intellectual property enterprise and a provincial technology center. Through our R&D center, we undertake post-doctoral scientific research approved by the Ministry of Human Resources and Social Security of the PRC and the National Administrative Committee of Post-Doctoral Researchers as well as research on the lithium and new energy industry. Approved by Sichuan Provincial Government, we established the Sichuan Provincial Key Laboratory for Lithium Resource and Lithium Material (鋰資源與鋰材料四川省重點實驗室) in 2017, through which we gathered a group of renowned experts globally to participate in and guide our research, development efforts.

In addition, we are committed to building R&D collaborations with research institutions, which we believe provides us with insights into industry trends and emerging new technologies and therefore enables us to focus our current and future research and development efforts more effectively. During the Track Record Period, we collaborated with three renowned universities and research institutes on three projects.

INFORMATION TECHNOLOGY SYSTEMS

Our information technology department is key to achieving our operational and strategical goals and strengthening our competitive position. Our advanced information technology systems are integrated into all aspects of our operations, including sales management, procurement and supply chain management, production planning and monitoring, financial and technical reporting and human resources management. Such systems therefore significantly improve our operational efficiency and support our strategic growth.

The ERP system is critical to our operations. We utilize the ERP system to retrieve and analyze our operational data to aid faster decision-making and boost productivity. The ERP system provides outstanding industrial solutions covering various aspects of our operations, including production and sales, financial accounting, enterprise performance management, production equipment management, quality management, procurement and inventory management and human capital management.

We have implemented certain initiatives to further improve our information technology systems and to continue to support our business growth. For example, we implemented and tested an office automation ("**OA**") system to comprehensively digitalize our business management, internal coordination and information sharing and storage in 2018, which has greatly improved our management efficiency and operational performance. We believe that such initiatives will strengthen our overall operational capabilities, increase efficiency and facilitate knowledge accumulation, sharing and utilization across the business innovations.

RISK MANAGEMENT

We have in place a comprehensive internal control and risk management system to address the strategic, operational, financial, legal, investment and market risks identified in relation to our operations. This system comprises various measures and policies, including budget management, procurement management, expenditure management, sales and collection management, inventory management, fixed assets management, research and development management, safety and environmental protection management, investment management, financial leverage management, connected party transaction controls, anti-fraud and whistle-blowing procedures, information disclosure controls, human resources management, IT management and financial and operational controls and monitoring procedures.

To monitor the implementation of our risk management policies and corporate governance measures after the Global Offering, we have adopted and will continue to adopt, amongst others, the following risk management measures:

- establish the strategy and investment committee to evaluate and make recommendations on (i) long-term development strategies and plans; (ii) major financing proposals where Board approval is required by our Articles of Association; (iii) major capital expenditures or investments where Board approval is required by our Articles of Association; and (iv) other key matters that may affect the development of our Company. The strategy and investment committee consists of five Directors, being Mr. Pan Ying, Ms. Tang Guo Qiong, Mr. Jiang Weiping, Ms. Jiang Anqi and Mr. Ha, Frank Chun Shing. For the qualification and experience of these members, see "Directors, Supervisors, Senior Management and Employees;"
- establish the audit and risk committee to review and supervise our financial reporting process and internal control system, set up the risk management and internal audit procedures, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board. The audit and risk committee currently consists of three Directors, being Ms. Tang Guo Qiong, Mr. Pan Ying and Mr. Xiang Chuan and will be adjusted before the Listing to ensure compliance with Listing Rules. For the qualification and experience of these members, see "Directors, Supervisors, Senior Management and Employees;"
- establish the Internal Audit Department that is independent from our management and reports directly to the Board of Directors to ensure the legality, compliance, truthfulness and integrity of our operations;
- establish anti-fraud policies to identify, prevent and punish unethical and illegal conducts, as well as whistle-blowing procedures to encourage our employees to bring those conducts to the attention of our senior management and Board of Directors and ensure the protection of whistle-blowers;
- adopt various policies to ensure our compliance with the Listing Rules, including but not limited to policies in respect of risk management, connected transactions and information disclosure;
- engage accounting firms to provide professional advice and consultations with respect to our risk management; and
- arrange for our Directors and senior management to attend training seminars on the Listing Rules' requirements and the responsibilities of a director of a Hong Kong listed company.

Our Board is responsible for overseeing our overall risk management. After due consideration, our Directors are of the view that our current internal control measures are adequate and effective. For more information on our risk management measures, see "Directors, Supervisors, Senior Management and Employees—Committees under The Board of Directors—Audit and Risk Committee."

COMPETITION

We compete with a number of domestic and international companies focused on the mining of lithium resources and production and sale of lithium compounds and derivatives, particularly those with extensive marketing and sales networks and large reserves of lithium. The supply of mined lithium is dominated by five producers, with an aggregate market share of approximately 85% in terms of output in 2021, according to the Wood Mackenzie Report. Through our subsidiary Talison, we hold lithium mining rights at the Greenbushes Mine, which was the largest lithium mining operation in the world as measured by spodumene concentrate output in 2021 and accounted for approximately 38% of the global lithium mining output in 2021, according to the Wood Mackenzie Report. The supply of lithium products is undertaken by a number of companies, among which Albemarle, SQM, Ganfeng and our Company are the key players, according to the Wood Mackenzie Report. These four companies accounted for approximately 50% of the global supply of the refined lithium products, which include lithium compounds and lithium metal, in 2021, according to the Wood Mackenzie Report. According to the Wood Mackenzie Report, these four companies were also the top four lithium compound producers and we were the world's fourth largest and Asia's second largest lithium compound producer in 2021. For battery-grade lithium carbonate, the major producers include Albemarle, our Company, SQM, Nanshi Group and Ganfeng, with an aggregate market share of around 57% as measured by output in 2021, according to the Wood Mackenzie Report. And for battery-grade lithium hydroxide products, the market is becoming increasingly competitive due to the increase in demand since 2015, and we are one of the world's top ten suppliers of battery-grade lithium hydroxide in terms of production output in 2021, according to the same source. The majority of large-scale lithium producers are integrated, either through partial or full ownership of operations from the extraction of raw materials through to production of lithium compounds. For more information, see "Industry Overview."

A number of entry barriers to the global lithium industry need to be considered. According to the Wood Mackenzie Report, key barriers to entry for companies in the lithium mining industry include high capital requirements, long development process, technological know-how, scarcity of quality resources, increasingly stringent environmental, social and corporate governance standards and political and environmental factors.

We believe the most important competitive factors are access to stable and high quality lithium resources, quality of products, research and development capabilities, delivery schedule and customer service. We expect to face competition from both existing and new competitors as we grow our business into new business lines, geographic markets and product categories. We believe that we are well positioned to compete against our industry peers with our high-quality lithium resources, strong research and development capabilities, global sales and distribution network and vertically integrated business model. For more information, see "—Competitive Strengths."

PROPERTIES

The Company's registered office is located in Northern Taihe County in Shehong, PRC and its contact office is located at No. 10 East Gaopeng Road, Hi-Tech Zone, Chengdu, PRC. We occupy certain properties in China and Australia in connection with our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. They mainly include premises for our manufacturing facilities, warehouses, offices and dormitories.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempted from compliance with the requirements of section 342(l)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all our interests in land or buildings, for the reason that, as of December 31, 2021, none of our properties had a carrying amount of 15% or more of our consolidated total assets.

Owned Land and Buildings

As of the Latest Practicable Date, we owned buildings in 85 locations in China with an aggregate gross floor area ("**GFA**") of 114,658.1 sq.m, used as mining and manufacturing facilities, offices and dormitories to support our business operations. The following table sets forth a summary of certain information regarding our owned buildings in China.

Use of Property	Approximate GFA (sq.m.)
Manufacturing, Warehousing, Operation and Office	88,576.9
Others	26,081.2
Total	114,658.1

As of the Latest Practicable Date, we had not obtained the required ownership related certificate from the local government authorities for ten owned properties in China, with an aggregate GFA of 9,889.2 sq.m., which accounted for 8.6% of the GFA of our total owned buildings in China. These properties are located on land that we own and mainly used as our manufacturing facilities. We are in the process of applying for the relevant ownership certificates. Currently there has been no dispute with respect to their ownership. Please see "Risk Factors—Risks Relating to Our Business—We are in the process of applying for ownership certificates for some of our properties." Our PRC Legal Advisor has advised us that the absence of such ownership certificate is unlikely to materially and adversely affect our operations.

As of the Latest Practicable Date, in addition to the properties aforementioned, we owned the land use rights of two parcels of land with a total site area of 55,923.9 sq.m, in Chengdu and Zhangjiagang, China primarily for manufacturing, warehousing, operation, office and others. We have freehold interest in 38 parcels of land in Australia with a total site area of 6,189,998 sq.m, in Greenbushes, Australia primarily for our mining and lithium concentrates production operations.

As of the Latest Practicable Date, save as disclosed above, our PRC Advisor and Australian Legal Advisor had confirmed that we had obtained all relevant property titles certificates and other relevant land use rights certificates for our material manufacturing facilities in China and Australia, respectively.

Leased Land and Buildings

As of the Latest Practicable Date, our leased properties in China mainly included three leased buildings, which have an aggregate GFA of approximately 2,569.9 sq.m, and are used as offices to support our business operations. These buildings are located in Chengdu, China.

Our leased properties in Australia primarily include four parcels of land and are used for our manufacturing plant and port access to support our business operations. We also have a leased property in Perth, Australia with an approximate floor area of 451 sq.m., which is used as a corporate office.

Our PRC Legal Advisor and Australian Legal Advisor confirmed, respectively, that as of the Latest Practicable Date, the relevant lease agreements were legal and valid and the lessors have obtained relevant ownership certificates for such properties and have the right to lease the properties to us. As of the Latest Practicable Date, the leasing agreements for our leased properties in China had not completed lease registration. Our PRC Legal Advisor confirmed that the non-registration of lease agreements will not affect the validity of the lease agreements and is unlikely to materially and adversely affect our operations.

INTELLECTUAL PROPERTY

We rely on a combination of trademark, trade secret and other intellectual property laws as well as confidentiality agreements with our employees, suppliers, customers and others to protect our intellectual property. As of the Latest Practicable Date, we had 166 authorized patents, including 84 invention patents in the PRC and 4 invention patents overseas, 11 design patents and 67 utility model patents, and we were in the process of applying for 32 patents in China. We operate our business under "Tianqi Lithium" and certain other brand names and logos. As of December 31, 2021, we had 29 and 33 registered trademarks in China and overseas, respectively, which are material to our business. We have also obtained the certification of National Standard for Enterprise Intellectual Property Management (GB/T 29490-2013). For details of our intellectual property portfolio, see "Appendix VIII—Statutory and General Information—4. Further Information about Our Business—B. Our intellectual property rights."

In addition, as of the Latest Practicable Date, all of our research and development personnel had entered into confidentiality and non-competition agreements with us. These agreements help our intellectual property protection and require our employees to assign to us all of the inventions, designs and technologies they develop during their employment with us.

As of the Latest Practicable Date, our Directors confirmed that they were not aware of any material violation or infringement of any intellectual property rights owned by us or by any third parties, or any threatened material proceedings or claims relating to intellectual property rights against us. However, despite our best efforts, we cannot be certain that third parties will not infringe or misappropriate our intellectual property rights or that we will not be sued for intellectual property infringement. See "Risk Factors—Risks Relating to Our Business—The failure to maintain or protect our intellectual property rights, trade secrets, and proprietary technology and processes could have an adverse effect on our business, financial condition and results of operations."

INSURANCE

We maintain insurance coverage in amounts that we believe are consistent with our risks of loss and our industry's customary practices. In China, pursuant to the relevant PRC laws and regulations, we maintain property insurance, employer liability insurance, environmental liability insurance, public liability insurance, safety production liability insurance and machinery breakdown insurance for our business operation, as well as endowment insurance, medical insurance, unemployment insurance, directors' and officers' liability insurance, work injury insurance and maternity insurance for our employees and personal injury insurance for all our employees. During the Track Record Period, we had not been subject to any administrative penalties in connection with the PRC labor laws and regulations including regulations in relation to social insurance and housing fund contributions for our employees. The PRC legal advisor is of the view that we were in compliance with PRC labor laws and regulations in material aspects during the Track Record Period. In Australia, pursuant to the relevant Australia laws and regulations, we maintain property insurance, mobile plant and motor vehicle insurance, workers' compensation insurance, public and products liability insurance, marine transit insurance, crime insurance, construction liability insurance and charterers insurance for our operations, as well as corporate travel insurance, workers compensation insurance, personal accident journey insurance and directors' and officers' liability insurance for our employees.

As of the Latest Practicable Date, we had not received any material insurance claims against us. Consistent with what we believe to be customary practice in our industry, we generally do not maintain any business interruption insurance. Our insurance policies are typically reviewed on an annual basis. We believe that the existing insurance coverage of our business is adequate and is standard for our industry. However, the insurance policies maintained by us may not be sufficient to cover claims in respect of personal injury or property or environmental damage arising from accidents on our properties or relating to our operations, or to cover business interruption risks. Such coverage is not mandatory according to the laws and regulations of the PRC. See "Risk Factors—Risks Relating to Our Business—We may not be adequately insured against losses and liabilities arising from various operational risks and hazards that we are subject to" for further information.

EMPLOYEES

We place great importance on attracting and retaining qualified employees. We are committed to investing in our employees' training and development. As of the Latest Practicable Date, we had 1,473 full-time employees, 1,279 of which were working with our operations in China and 194 with our overseas operations. A breakdown of our employees by function as of the Latest Practicable Date is set forth below.

Function	Number of Employees	Percentage of Total (%)
Management	110	7.5
Research & Development	38	2.6
Sales and Marketing	22	1.5
Procurement and Supply Chain	21	1.4
Production	919	62.4
Quality Control	87	5.9
Others[(1)]	276	18.7
Total	**1,473**	**100.0**

Note:
(1) Includes finance, IT, human resources, administrative and other personnel.

We emphasize the training of our employees in order to enhance their technical and product knowledge and their personal development, job satisfaction, recognition, work environment, work safety and career advancement. As of the Latest Practicable Date, our Directors, Supervisors and senior management held approximately 13.62% of the restricted shares granted under our share incentive plans. We believe our share incentive plans will help align our Directors, Supervisors and senior management's interests with the Group's goals.

There are labor unions for our employees in a number of jurisdictions where we operate including the PRC. During the Track Record Period and up to the Latest Practicable Date, we had no material dispute with any labor union.

We focus on improving our employees' welfare and maintaining a constant dialog with our employees. We had not experienced any major dispute with our employees during the Track Record period, and we believe that we maintain a good working relationship with our employees.

ENVIRONMENTAL, OCCUPATIONAL, HEALTH AND SAFETY

We attach great importance to the development and implementation of the industry's highest level of environmental protection and occupational safety standards, which are considered to be the key factors for the sustainable and continuous success of lithium concentrate, compound and derivative production companies.

Environmental Protection

We are fully committed to sustainable development with high environmental protection standards. We are subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by relevant governmental authorities in the jurisdictions in which we operate. For more information, see "Regulatory Environment." We require all of our members to comply with applicable environmental regulations, and implement stringent environmental standards in our mining and manufacturing operations. Our environmental expenditure amounted to RMB40.4 million, RMB18.1 million and RMB25.7 million for the years ended December 31, 2019, 2020 and 2021, respectively. During the Track Record Period, we had achieved significant progress in environmental protection and are certified to ISO14001: 2015 Environmental Management Systems. In 2021, our exhaust gas emission and greenhouse gas emission decreased by 6.6% and 21.8%, respectively, as compared to 2020. In 2021, our reused water volume accounted 91% of our overall used water volume.

During the Track Record Period and up to the Latest Practicable Date, we had complied with applicable environmental laws and regulations in all material respects. As of the Latest Practicable Date, we were not aware of any environmental proceedings or investigations to which we were or might become a party that could have a material adverse effect on our business, financial condition and results of operations. Our mining and manufacturing processes had not resulted in the release of toxic or hazardous substances during the Track Record Period.

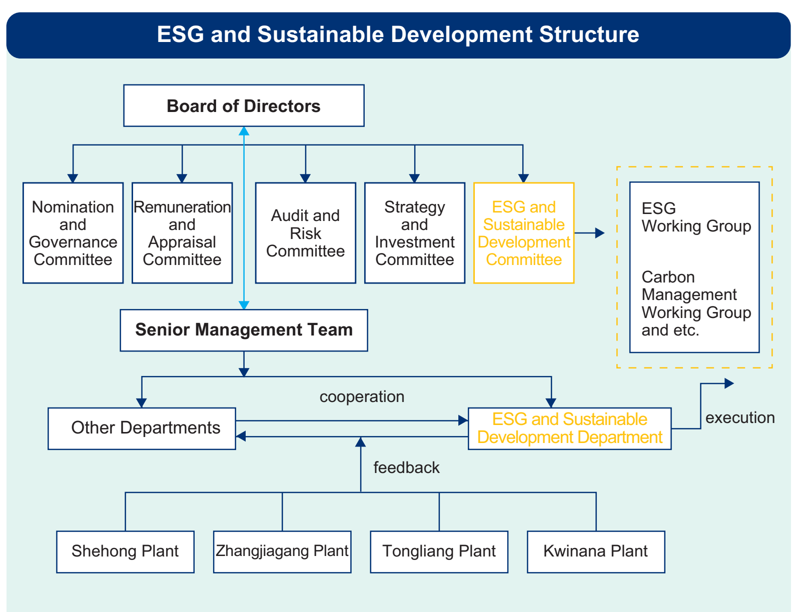
Our environmental policy and management

We face various environmental risks in connection with our operations, including greenhouse gas and exhaust gas emission, water-intensive production process, wastewater disposal, solid waste and hazardous waste disposal. We recognize the importance of environmental protection and sustainability, and we aim to operate and develop in an environmentally friendly and sustainable way.

We have established our environmental, social and governance policies (the "ESG Policies"), which outlined, among others, ESG governing structure, ESG strategy formation procedures and ESG risk management and monitoring. In particular, we have implemented certain environmental policies and procedures, including the Measures for the Management of Waste Gas Emissions, the Measures for the Management of Wastewater Discharge, the Measures for the Management of Solid Waste Disposal, the Measures for the Management of Hazardous Waste Disposal and the Environmental Management Procedure. We closely monitor the latest ESG-related laws and regulations, and update our own ESG measures to make sure that we comply with the latest regulatory updates.

We set up metrics and targets to assess and manage ESG related risks. For example, in our Zhangjiagang Plant, we set a target for water consumption in 2021, which was 21.8 tons of water per ton of products, and were able to achieve our target as the actual amount of water consumed was 21.2 tons of water per ton of products. We prepare an ESG report every year to review our key ESG performance.

We have established a three-level ESG governance structure with the Board taking the overall responsibility of overseeing and supervising ESG Policies, strategies and goals. The ESG and Sustainable Development Committee under the Board is mainly responsible for implementing our ESG strategies, identifying ESG-related risks and opportunities, evaluating and managing material ESG issues (including climate-related issues) and coordinating different teams in relation to ESG-related issues. Members of the ESG committee include Ms. Jiang Anqi, Mr. Ha, Frank Chun Shing, Mr. Xiang Chuan. The Board's Office and the ESG and Sustainability Department are in charge of daily execution and implementation of the ESG Policies, assessing and analyzing relevant ESG risks and opportunities and preparing the ESG reports and other reports to be presented to the ESG and Sustainable Development Committee. Our senior management pro-actively participate in the discussion with the Board's Office and the ESG and Sustainability Department if they identify any ESG-related risks or opportunities. We incorporate key environmental, health and safety indicators into our evaluation scheme and conduct performance evaluation for our managements on this basis. We have developed a comprehensive environmental protection management and control structure.



Our Mining Operations

Our mining operations at the Greenbushes Mine cover certain state forest and privately owned land and we are required to rehabilitate the relevant area. We made provisions for estimated rehabilitation and mine closure costs, which represent the discounted value of the present obligation to restore, dismantle and rehabilitate mine properties and development. As of December 31, 2021, our provision for rehabilitation amounted to RMB335.3 million. In addition, pursuant to the Mining Rehabilitation Fund Act 2012, Talison is required to contribute an annual levy of approximately A$281,400 to the mining rehabilitation fund (the "**MRF**") relating to the mining operations at the

Greenbushes Mine, according to the BDA Report. The MRF is a pooled fund that is to be used to rehabilitate abandoned mine sites in the State of Western Australia.

Operations at the Greenbushes Mine are managed by a comprehensive environmental management system with stringent environmental operating conditions certified under ISO 14001:2015 environmental management standards. We are also proactively managing water quality including by constructing a water treatment plant. We also maintain a close and cooperative relationship with the local community. This includes the provision of financial and other support to community groups and participation in local community activities which includes community programs and projects, tourism, environmental activities, schools and educational programs. These proactive community relations programs help provide additional economic and social benefits for the communities and regions surrounding our lithium operations at the Greenbushes Mine.

Our Manufacturing Operations

We have implemented stringent waste treatment procedures at our manufacturing facilities. Waste produced by us is treated in compliance with applicable environmental standards. We treat exhaust gas through advanced technology and use online monitoring system to control exhaust gas emission. Waste water treatment facilities and reclaimed water reuse systems have been introduced, through which we were able to reuse 91% of the total volume of water we consumed in 2021. We also attach importance to the recycling and reuse of solid waste. Furthermore, we have special procedures and designated staff in place to treat and dispose of any hazardous waste. Hazardous waste will be stored separately from non-hazardous waste. We also engage qualified third parties to collect and dispose hazardous waste.

We have launched several waste management projects in our manufacturing plants. Through our "coal to gas" conversion project in Shehong plant, our carbon dioxide emission decreased by 52.8%, sulfur dioxide emission decreased by 96.7% and nitrogen oxide emission decreased by 55.6% in 2021 as compared to 2018. In Zhangjiagang Plant, two online monitoring facilities have been put in place to further enhance our wastewater treatment capacity. In the Kwinana Plant, we have adopted a waste management program, through which we make monthly environmental and safety incentive plan to enhance the environmental protection awareness of our employees, and have also established an effective waste management and recycling system.

Our Investments

As of the Latest Practicable Date, we held an approximately 22.78% equity interest in and are the second largest shareholder of SQM. According to SQM's sustainability report for the year 2020 (the "**SQM Sustainability Report**"), SQM has set a goal to transition toward "green lithium" production, aiming to minimize the impact of its operating activities and optimize the use of resources. According to the SQM Sustainability Report, around 95.8% of the energy used by SQM was solar energy, and more than 90% of the water used in its lithium hydroxide production was recycled water from the city of Antofagasta in 2020. Its lithium production and sales processes are certified to ISO 9001:2015 Quality Management System, and it is in the process of preparing for the Initiative for Responsible Mining Assurance certification, according to the same source. SQM closely monitors and publishes daily consumption data for each of the ponds in Salar de Atacama on its website. It has also adopted a sustainable development plan, which contains carbon neutrality measures for lithium production in the next ten years and aims to reduce brine use by 50% in 2030, according to the SQM Sustainability Report.

Occupational Health and Safety

Occupational health and safety is one of our most important corporate and social responsibility. Our business operations involve risks and hazards that could result in personal injury, damage or destruction of property, business interruption and possible legal liabilities. Health and safety of all our employees, contractors and the public is our top priority.

We offer regular trainings on health, safety and accident prevention to our employees and contractors. We have established and implemented comprehensive safety regulations and periodically evaluate the sufficiency of our regulations. We have safety guidelines in place to ensure that our employees use and maintain equipment properly. We also conduct evaluation regularly on potential health and safety issues for our new products and production procedures. We have established safety committees at each of our production sites, which monitor the weekly, monthly and ad hoc safety inspections. We have dedicated a team of personnel led by our environmental, health and safety officers to handle environmental, occupational, health and safety compliance-related matters. We also implemented a comprehensive emergency plan to safeguard our employees, the environment and our business operation in response to the occurrence of environmental, occupational, health and safety incidents.

We are dedicated to continually promoting our workplace safety and wellness. We deploy noise protection device to reduce noise hazards, install separation facilities to protect employees from potential workplace risks such as pipeline leakage, and contract with qualified companies to conduct occupational hazard detection and assessment. We distribute personal protection equipment and emergency medicines to employees regularly to ensure their safety at work. We also set up health stations and equip employees with blood pressure monitors, blood glucose meters and other devices. Furthermore, we provide health education to our staff, such as chronic disease prevention and health promotion.

We require our staff members who engage in the mining, construction and dangerous chemicals production and processing operations in the PRC to obtain and maintain work safety permits issued by the relevant PRC local government authorities. In the PRC, the work safety permit review is performed by the relevant government authorities once every three years. We have not experienced any termination or suspension of our work safety permits by the relevant PRC government departments. With regard to our overseas operations, we are committed to strict compliance with the applicable local laws on occupational health and safety. As of the Latest Practicable Date, we had complied with the applicable laws and regulations on occupational health and work safety in all material respects. We have in place a system for recording and handling accidents to be carried out by the relevant production team and administrative personnel in accordance with our relevant internal policies. We are certified to GB/T 28001-2011 Occupation Health and Safety Management System to be in line with international practices. All of our domestic production plants had passed OHSAS18001 or ISO45001 Occupational Health and Safety Management System Certification as of the Latest Practicable Date. The lost time injury frequency rate (the "**LTIFR**") of Shehong, Zhangjiagang and Tongliang plants was 0.72, 1.82 and 2.23 in 2020, respectively, and was lower than the average LTIFR of US industrial companies (which was 8.0 in the same year). During the Track Record Period, we did not record any material accidents. As of the Latest Practicable Date, no material claim had been brought against us as a result of an accident. For more information on our environmental, health and safety compliance, see "—Legal and Regulatory Compliance—Non-compliance".

To ensure the safety of our employees and prevent further recurrence of such incidents, we are committed to further strengthening our operational procedures and safety standards for our production process, including fire safety, warehouse safety, work-related injuries prevention, electricity safety, and emergency and evacuation procedures. We provide our employees with occupational safety education and training to enhance their awareness of safety issues. We also carry out equipment maintenance on a regular basis to ensure their smooth and safe operation. We also require our contractors to strictly comply with our internal management system for environmental, occupational, health and safety related matters, including but not limited to environmental, health and safety personnel staffing, protection equipment for workers, safety procedure, standard equipment operation procedure, transportation arrangement and emergency plan.

Our Directors confirm that we comply with the applicable health and safety laws and regulations in all material respects, and that, during the Track Record Period and up to the Latest Practicable Date, we were not in breach of such laws and regulations. We have not encountered any safety-related accidents that had any material impact on our operations during the Track Record Period and up to the Latest Practicable Date.

Potential Impact of ESG-Related Risks

Our business operations are subject to environmental protection laws and regulations promulgated by the relevant authorities and governments where we operate. Over the years of operation, we have identified physical risks and transition risks which could have a material impact on our business, operations and financial conditions and performance. For example, the effects of extreme weather events such as typhoons, floods, droughts, extreme hot or cold weather may cause transportation delays, supply chain disruptions, workforce reduction, damage to our facilities, or suspension of water, natural gas or power supply, therefore affecting our operations or decreasing the production capacity of our plants.

Furthermore, potential transition risks may result from the transitioning to lower-carbon operations which entails change in climate-related regulations and policies. Tightened environmental regulations may require significant investment to be made in transforming our business and operations and may expose us to regulatory and policy risks, technology risk, market risk and reputation risk. For instance, failure to comply with tightened reporting obligations relating to pollutant emissions may result in fines and penalties, loss of businesses, closure of operations and negative impact on our brands and reputation. Consumers' preference towards green and low-carbon products may increase our procurement costs and affect our planning of business and technology development.

Notwithstanding the above, due to our effective strategies and mitigating measures as outlined in details below, our business, results of operation and financial condition had not been materially adversely impacted by any ESG or climate-related incident during the Track Record Period and up to the Latest Practicable Date.

Our Strategies in Addressing ESG-Related Risks and Opportunities

We have established a process of materiality analysis to determine material ESG-related issues. The steps include preliminary identification of material issues through peer benchmarking, media and policy trends analysis, stakeholder interviews and other analysis methods based on the development of such issues.

Climate-related issues are among our key agenda. Supervised by our Board, we actively identify and monitor climate-related risks and opportunities over the short, medium and long term and we seek to take such risks and opportunities into considerations when we are developing our businesses and financial strategies.

We refer to the Task Force on Climate-related Financial Disclosure framework for the purpose of identifying and analyzing climate-related risks and opportunities arising from our business, operations and supply chain. The main opportunities we have identified include the following:

- industry development: with the consensus of the world's major economies moving towards low carbon and a green economy, the vigorous development of China's lithium battery industry has brought unprecedented development opportunities to the lithium battery cathode material market; and
- product and services: with the intensification of global climate change, customers prefer to select environmental-friendly products and services and the development of low carbon products will enhance our competitiveness and brand recognition.

Risk Management and Mitigating Measures

We have adopted a series of comprehensive and effective measures to identify, assess, manage and reduce ESG-related risks. For example, Tianqi Shehong conducts environmental evaluation for all its new construction, expansion and renovation projects, and therefore is able to respond to ESG related risks more quickly and efficiently. It has also implemented an emergency plan for natural gas outage caused by thunderstorms, which better prepares our Shehong Plant for thunderstorm related emergencies. We strive to contribute to the transformation from traditional energy to clean energy. Our Shehong Plant has achieved 100% utilization of green electricity sourced from hydroelectric power for production in 2021.

We will also continuously monitor climate-related matters and governmental developments around actions to combat climate change and act to minimize the impact on our operations.

Metrics and Targets

We strictly adhere to the standards, metric and targets set or issued by the relevant ESG-related laws and regulations in assessing and managing our impacts on the environment as a result of our business activities, such as the discharge of pollutants or harmful substances in our production. In the meantime, we are in the process of establishing more detailed ESG-related metrics and targets after consulting with relevant stakeholders.

AWARDS AND RECOGNITION

We have received numerous awards and recognitions in respect of our business operation, products, as well as our research and development capabilities, including but not limited to:

Award-winning Project	Award Type	Awarding Institution/ Authority	Award Date
Overall Competitiveness	Sichuan Province Private Enterprises Top 100	Sichuan Federation of Industry and Commerce	2021
Innovation Capability	China Non-Ferrous Metals Industry Association Science and Technology Progress First Prize	China Non-Ferrous Metals Industry Association	2020

Award-winning Project	Award Type	Awarding Institution/ Authority	Award Date
Innovation Capability	Sichuan Province Science and Technology Progress Second Prize	Science and Technology Department of Sichuan Province	2019
Overall Competitiveness	Sichuan Province Outstanding Private Enterprises	People's Government of Sichuan Province	2018
Method for Producing Low Magnesium Battery-Grade Lithium Carbonate with Lithium Sulfate Solution (硫酸鋰溶液生產低鎂電池級碳酸鋰的方法)	Chinese Patent Invention Golden Award	State Intellectual Property Office of the PRC and World Intellectual Property Organization	2013

CERTIFICATES, LICENSES, PERMITS AND APPROVALS

We are required to obtain various certificates, licenses, permits and approvals for our operations including, among other things, those required for mining and exploration, waste discharge, safety production, sale of hazardous chemicals and production of chemical products. For details about our mining permits, see "—Our Mining Permits."

Pursuant to Australian laws and regulations, before commencing mining operations, we are required to pass a number of inspections and obtain permits and licenses with respect to acknowledgment and protection of aboriginal people's property and heritage interest and rights, among other things.

As of the Latest Practicable Date, there were no registered or unregistered native title claims affecting Australian operations. A series of native title determinations in the Federal Court of Australia made on December 1, 2021 resolved a number of historic native title claims that had been made in relation to land including the Greenbushes Mine operations. It was determined that native title did not exist within the determination area, which includes the Greenbushes operations site.

Based on our legal advisor's advice, we believe that these determinations have resolved all past and any future native title claims over land subject to the mining titles and related ancillary licenses.

As of the Latest Practicable Date, there was one registered Aboriginal heritage site affecting three properties owned by Talison and six areas of land covered by our mining titles and related ancillary licenses for the Greenbushes Mine. There may also be unregistered Aboriginal sites within the area covered by our mining titles and related ancillary licenses for the Greenbushes Mine. The presence of Aboriginal heritage sites may limit or preclude additional mining, exploration or construction activity within the area of those sites and may cause delays and expenses in obtaining relevant clearances and approvals. Compliance with the Aboriginal Heritage Act is a standard condition imposed generally on mining tenements in Western Australia. It is an offense under the Aboriginal Heritage Act for a person to damage or in any way alter an Aboriginal site or any object on or under an Aboriginal site (which, amongst other things, includes any sacred, ritual or ceremonial site of importance and special significance to people of Aboriginal descent). However, based on our legal advisor's advice, we believe that the existing registered Aboriginal heritage site would not materially affect our current operations. If additional Aboriginal heritage sites were identified in the future, then our ability to conduct future operations could be materially impacted.

Notwithstanding the presence of the registered Aboriginal heritage site, based on our legal advisor's advice, there is nothing to suggest that we are non-compliant with any law, rule or regulation relating to native title or Aboriginal heritage.

During the Track Record Period and up to the Latest Practicable Date, we had complied with all relevant applicable laws and regulations in all material respects and had obtained all requisite licenses, approvals and permits from relevant regulatory authorities for our material businesses in the jurisdictions in which we operate, save as disclosed in "—Legal and Regulatory Compliance—Non-compliance" below. All of these licenses, approvals and permits remained in full effect, and no circumstances existed that would render the revocation or cancelation of our licenses, approvals and permits or would render legal impediments to our business operations. Our PRC Legal Advisor and Australian Legal Advisor have advised us that, to the best of their knowledge, there is no legal impediment to renewing any material licenses, approvals or permits for our business and operations in the PRC and Australia, so long as we comply with the relevant legal requirements and provided that we take necessary steps and submit the relevant applications in accordance with the requirements prescribed by the applicable laws and regulations.

LEGAL AND REGULATORY COMPLIANCE

As of the Latest Practicable Date, there was no litigation, arbitration or administrative proceedings pending or threatened against our Company or any of our Directors which could have a material and adverse effect on our financial condition or results of operations. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

Legal Proceedings

Legal Proceedings Relating to MSP Engineering

In March 2020, MSP Engineering commenced legal proceedings against our subsidiary TLK in the Supreme Court of Western Australia, seeking payment of approximately A$38.9 million of the remaining construction fees relating to the lithium hydroxide plant in Kwinana, Western Australia. TLK defended on the grounds that MSP Engineering's construction was delayed and had cost overruns.

In April 2020, TLK commenced arbitral proceedings in Perth against MSP Engineering, claiming damages for project delay and cost overruns, totalling approximately A$225 million. In January 2021, MSP Engineering commenced separate arbitration proceedings against TLK for construction fees claimed as owing, totalling approximately A$50.5 million.

In March 2021, the Supreme Court of Western Australia ordered TLK to pay MSP Engineering A$38.9 million in construction fees. TLK appealed the judgment. The Court of Appeal of Western Australia then ordered TLK to pay A$38.9 million into a Court of Appeal trust account pending determination of the appeal.

In October 2021, TLK, MSP Engineering and Tianqi Lithium Co. Limited entered into a settlement deed to resolve all claims between the parties arising out of the lithium hydroxide plant in Kwinana and related contracts. Pursuant to the settlement deed, the parties suspended all of the court proceedings and arbitral proceedings and agreed to discontinue them permanently, without any award or costs orders being made, subject to the terms of the deed. As part of the settlement, the A$38.9 million being held on trust by the Court of Appeal of Western Australia was transferred into an escrow account managed by FTI Consulting. Subject to certain conditions under the deed of settlement being satisfied, MSP Engineering is to be paid a net sum of approximately A$17.3 million and TLK a net sum of approximately A$23.1 million. Once the arbitral proceedings commenced by TLK are discontinued, A$1.2 million provided by TLK as security for costs in the proceedings will also be returned to TLK.

In February 2022, all the conditions contained in the settlement deed were fulfilled. As such, parties have discontinued all legal proceedings by consent, which has been formalised by applicable sealed orders. The A$38.9 million previously paid to the Court of Appeal of Western Australia and then transferred into the escrow account is being distributed in accordance with the settlement deed, and we have received A$21.4 million from the escrow account as of February 2022. In March 2022, the A$1.2 million provided as security for costs was also returned to TLK. Our Australian Legal Advisor is of the view that, since all the conditions under the settlement deed were fulfilled and parties have discontinued all legal proceedings, this case is unlikely to materially and adversely affect our operations.

Legal Proceeding Relating to CLSA Australia

In November 2017, we entered into an agreement with CLSA Australia in relation to its consulting services in the SQM Transaction. In January 2021, CLSA Australia filed a lawsuit against us in the Intermediate People's Court of Chengdu City of Sichuan Province, PRC, alleging failure of payment by us of the service fee of approximately RMB27.8 million, together with damages arising from overdue payment in the amount of approximately RMB3.3 million. In March and April 2021, the judge granted the interlocutory injunction to freeze three bank accounts of our Company and Tianqi Xinlong and to deposit 5% of the shares we hold in Chengdu Tianqi. We defended on the grounds that (i) CLSA Australia did not provide the consulting services in accordance with the agreements; and (ii) our Company and Tianqi Xinlong are independent legal entities. A trial was held in September 2021, and the case was still pending as of the Latest Practicable Date.

Based on the complaint made by CLSA Australia, its maximum claim against us was in the amount of approximately RMB30 million as of the Latest Practicable Date. Our PRC Legal Advisor is of the view that, since the amount in dispute is relatively small and approximately RMB27.7 million has been recorded in trade and other payables in our financial statements, the case will not have a material adverse impact on our business operations and financial results.

Legal Proceeding Relating to Chongqing Yutai

In August 2021, Chongqing Yutai Guarantee Co., Ltd. ("**Chongqing Yutai**") filed a lawsuit against our subsidiary, Chengdu Tianqi, Chongqing Kunyu Lithium Co., Ltd. ("**Chongqing Kunyu**"), Chongqing Kunhui New Materials Technology Co., Ltd. and several natural persons, in Chongqing First Intermediate People's Court, requesting mainly for (i) compensation for losses arising out of the breach of contract in the amount of RMB30 million from Chongqing Kunyu, Chongqing Kunhui New Materials Technology Co., Ltd. and several natural persons who are Independent Third Parties and agreed to provide guarantee for Chongqing Kunyu or its affiliates, and (ii) the cancellation of the investment agreement entered into by and between Chengdu Tianqi and Chongqing Kunyu on January 26, 2017. Chongqing Kunyu was our lithium metals processing partner through tolling arrangement from 2011 to 2017 and we entered into the investment agreement with Chongqing Kunyu to set up Chongqi Tianqi for the purpose of increasing our downstream processing capacity. According to the investment agreement, Chengdu Tianqi and Chongqing Kunyu are obligated to contribute RMB154.3 million and RMB24.3 million, respectively, for the purpose of setting up a new company, Chongqing Tianqi. As of the Latest Practicable Date, Chengdu Tianqi had fully contributed RMB154.3 million to Chongqing Tianqi in cash, which had been verified by the bank transfer receipt. Chongqing Kunyu had contributed the assets with a value of RMB2.6 million to Chongqing Tianqi, which had been verified by an asset appraisal report issued by a licensed third party appraisal firm and a transfer confirmation letter in accordance with the investment agreement and confirmed by both Chengdu Tianqi and Chongqing Kunyu on an arm's length basis. Chongqing Yutai, as Chongqing Kunyu's creditor, alleged that such capital contribution represented a clearly unreasonably low price transfer of Chongqing Kunyu's assets to the newly established company, and in turn seriously affected the exercise of its creditor's right against Chongqing Kunyu. Therefore, Chongqing Yutai requested that the investment agreement be voided.

In April 2022, Chongqing First Intermediate People's Court dismissed all the claims made by Chongqing Yutai. Chongqing Yutai filed an appeal with the higher People's Court of Chongqing in May 2022, and the legal proceeding is still pending. The PRC Legal Advisor is of the view that this case will not have a material adverse impact on our operations, taking into account various factors, including but not limited to the following (i) even if the higher People's Court of Chongqing ordered the cancellation of the investment agreement, the cancellation of the investment agreement itself would not impact the assets and operations of both Chengdu Tianqi and Chongqing Tianqi; (ii) the contribution made by Chongqing Kunyu accounts for a small percentage of the net assets of Chongqing Tianqi; and (iii) the equity interest held by Chongqing Kunyu represents a small percentage of the equity interests of Chongqing Tianqi.

Non-compliance

As of the Latest Practicable Date, we and our Directors are not aware of any material non-compliance, which would have a material adverse effect on our business, financial condition and results of operations.

OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

As of the Latest Practicable Date, our Company was owned as to 28.18% by Tianqi Group Company, which in turn was owned as to 90% by Mr. Jiang Weiping and as to 10% by Ms. Jiang Anqi. Ms. Zhang Jing, the spouse of Mr. Jiang Weiping, held 4.65% of the total issued share capital of our Company. As such, Tianqi Group Company, Mr. Jiang Weiping, Ms. Zhang Jing and Ms. Jiang Anqi will be deemed to have control over 32.83% of the total issued share capital of our Company as of the Latest Practicable Date.

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), our Company will be owned as to 25.37% by Tianqi Group Company, which in turn is owned as to 90% by Mr. Jiang Weiping and as to 10% by Ms. Jiang Anqi. Ms. Zhang Jing, the spouse of Mr. Jiang Weiping, will also directly hold 4.18% of the total issued share capital of our Company. As such, Tianqi Group Company, Mr. Jiang Weiping, Ms. Zhang Jing and Ms. Jiang Anqi will continue to hold approximately 29.55% of the total issued share capital of our Company immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised). Therefore, they will remain as our Single Largest Group of Shareholders upon Listing.

NON-COMPETITION UNDERTAKINGS

Undertakings in connection with the A Shares listing by Mr. Jiang Weiping, Ms. Zhang Jing and Tianqi Group Company

In connection with the listing of A Shares of our Company on the Shenzhen Stock Exchange, on August 31, 2010, each of Mr. Jiang Weiping and Ms. Zhang Jing undertook to our Company, among others, during the period that he/she remains as an actual controller of our Company, not to engage in, whether directly or indirectly (including but not limited to by way of investment, acquisition, joint venture, merger or agency, whether in the PRC or outside the PRC), any business identical or similar to our Group's business.

On the same day, Tianqi Group Company undertook to our Company, among others:

(a) not to directly or indirectly, whether in the PRC or outside PRC, participate in any business or activity that will or may compete with our Group's business, and not to produce any product which is identical or similar to, or may substitute, any of our Group's products;

(b) if our Company considers any business of Tianqi Group Company or its subsidiaries competes with Group's business, Tianqi Group Company shall sell the relevant asset or business to our Group at a fair and reasonable price; and

(c) if any business opportunity that will directly or indirectly compete with our Group's business becomes available to Tianqi Group Company, Tianqi Group Company shall immediately notify our Company and use its best endeavors to procure such business opportunity to become available to our Company with fair and reasonable terms, and our Company shall have priority over Tianqi Group Company to take up such business opportunity.

Undertakings in connection with the non-public offering of A Shares in 2013 by Tianqi Group Company

In connection with the non-public offering of A Shares in 2013, on June 7, 2013, Tianqi Group Company undertook to our Company, among others:

(a) not to establish, whether by way of wholly-owned business, joint venture, equity investment in another company or corporation or any other interest, any operating entity that has business scope identical or similar to that of our Company;

(b) not to, directly or indirectly, engage in business that will or may directly or indirectly compete with our Group's business; and

(c) not to, and procure its subsidiaries (other than our Group) not to, engage in any business that is identical or similar to the business of Talison or our Company, and not to supply to or purchase from Talison or our Company the relevant products or services.

Undertakings in connection with the placement of A Shares in 2017 by Tianqi Group Company

In connection with the placement of A Shares in 2017, on April 21, 2017, Tianqi Group Company undertook to our Company, among others that upon the mine owned by Runfeng Minerals having commercial mining value, Tianqi Group Company shall notify our Company in writing in a timely manner, and our Group may then request Tianqi Group Company to sell the equity interest in Runfeng Minerals it holds to our Group at a fair and reasonable price, or to otherwise eliminate the competition between Tianqi Group Company and our Group in accordance with the relevant regulations.

In the event that we intend to purchase the equity interest in Runfeng Minerals from Tianqi Group Company, we will conduct the transactions in accordance with the applicable laws and regulations, including the Listing Rules and applicable rules of the Shenzhen Stock Exchange, and will consider to engage an independent third party valuer to advise on the fair and reasonable purchase price as our Directors deem appropriate.

Undertakings in connection with the placement of A Shares in 2019 by Tianqi Group Company

In connection with the placement of A Shares in 2019, on June 25, 2019, Tianqi Group Company undertook to our Company, among others:

(a) upon the mine owned by Runfeng Minerals having commercial mining value, Tianqi Group Company shall notify our Company in writing in a timely manner, and our Group may then request Tianqi Group Company to sell the equity interest in Runfeng Minerals or the related assets of Runfeng Minerals it holds to our Group at a fair and reasonable price; and

(b) provided that our Group has pre-emptive rights under the same conditions, Tianqi Group Company shall sell all the equity interest in Runfeng Minerals or mining rights and related assets of Runfeng Minerals at a fair and reasonable price to our Group or an unrelated third party, through sale of assets, transfer of shareholding, disposal or other viable solutions, within five years from the date of this undertaking.

Runfeng Minerals, as a subsidiary of Tianqi Group Company, shall not undergo lithium mining activities in the mine it owns for the duration of this undertaking.

Enhanced Corporate Governance Measures

With respect to the non-competition undertakings disclosed in this section, we will adopt enhanced corporate governance measures to ensure the effectiveness of these non-competition undertakings. Please see the section headed "—Corporate Governance Measures" below for details.

OTHER BUSINESS OPERATED BY OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Runfeng Minerals

Runfeng Minerals was incorporated in China in 2003 and is owned as to 53. 15% by Tianqi Group Company. The remaining equity interests in Runfeng Minerals are held as to 24.79% by Jiang Weimin, the brother of Mr. Jiang Weiping, 6.20% by TQMMM, 1.52% by Ms. Jiang Anqi, 1.52% by Ms. Chen Zemin, one of our Supervisors, and the remaining 12.82% by Independent Third Parties. Runfeng Minerals used to own the vein quartz and lithium spodumene mining rights in a mine located in Sichuan, China, until December 2018 and it is currently in the process of renewing its vein quartz and lithium spodumene mining rights permit. Runfeng Mining has not conducted, and currently has no plan to conduct any mining activities, Runfeng Minerals has been excluded from our Group to minimize the risk exposure of our Group since there is still a high level of risk and uncertainty associated with the commercial value and development of the mine owned by Runfeng Minerals. Further, in connection with the placement of our A Shares in 2017 and 2019, Tianqi Group Company undertook to grant us a pre-emptive right to acquire the equity interest in Runfeng Minerals upon the mine owned by Runfeng Minerals having commercial mining value, and undertook that it will dispose of its interest in Runfeng Minerals within 5 years from 2019 and Runfeng Minerals would not conduct any lithium mining activities before such disposal. Tianqi Group Company has not disposed of its interest in Runfeng Minerals as of the Latest Practicable Date. Please refer to the sections above headed "Non-Competition Undertakings—Undertakings in connection with the placement of A Shares in 2017 by Tianqi Group Company" and "Non-Competition Undertakings—Undertakings in connection with the placement of A Shares in 2019 by Tianqi Group Company" for further details.

INDEPENDENCE FROM OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Having considered the following factors, our Directors believe that we are able to conduct our business independently from our Single Largest Group of Shareholders after the Global Offering.

Management Independence

Our business is managed and conducted by our Board and senior management. After the Global Offering, our Board will consist of eight Directors, comprising four executive Directors and four independent non-executive Directors, and we will also have eight senior management members (of which two are executive Directors). For more information, please refer to "Directors, Supervisors, Senior Management and Employees."

Our Directors consider that the Board and senior management of our Company are capable of functioning independently from our Single Largest Group of Shareholders for the following reasons:

(1) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his personal interests;

(2) although Mr. Jiang Weiping, one of our Single Largest Group of Shareholders, acts as the chairman and an executive Director of our Company, and Ms. Jiang Anqi, the daughter of Mr. Jiang Weiping and general manager of Tianqi Group Company, acts as an executive Director of our Company, the decision-making power of our Company for major events is not vested solely on them. All other six Directors of the Board and other members of the senior management are entitled to exercise the decision-making power of our Company according to laws, regulations and the Articles of Association, and are responsible for the daily operations in various aspects of our Company. The operating mechanism of the Board and the senior management has ensured the balance of rights and powers. Most members of the Board and the management of our Company have worked in our Group for many years and have substantial working experience in the industry in which our Group is engaged. They are familiar with our Group's business and will therefore be able to make business decisions that are in the best interests of our Group;

(3) there will be four independent non-executive Directors in the eight-member Board who are able to independently monitor the formulation and implementation of major decisions of our Company based on their education background and related working experience;

(4) according to relevant PRC laws and regulations and the Articles of Association, in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director is required to abstain from voting on related transactions; and

(5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Group of Shareholders which would support our independent management. Please see "—Corporate Governance Measures" below for further information.

Operational Independence

Our Directors believe that we can continue operating independently from our Single Largest Group of Shareholders after the Listing for the following reasons:

(1) we have the necessary qualifications for carrying out our business;

(2) we have independent R&D and production capabilities, and do not rely on the R&D or production capacities of our Single Largest Group of Shareholders;

(3) we have independent channels to contact customers and suppliers, and have our own management team to carry out business; and

(4) we will not rely on the sales and supplies channels of our Single Largest Group of Shareholders or their close associates (other than our Group).

During the Track Record Period, we conducted certain transactions with our Single Largest Group of Shareholders, and such transactions are expected to continue upon the Listing and will constitute connected transactions of our Company. Please see the section headed "Connected Transactions" in this Prospectus for further details. However, these transactions do not involve significant amounts and are not related to our Group's principal business. Based on the reasons above, our Directors believe that the abovementioned connected transactions do not affect our operational independence.

Based on the above, our Directors are satisfied that we have been operating independently from our Single Largest Group of Shareholders and their respective close associates during the Track Record Period and will continue to be able to operate independently.

Financial Independence

We have an independent accounting and internal control system. We also have an independent financial department responsible for performing accounting and financial functions, and we make financial decisions based on our own business needs.

On January 22, 2020, March 6, 2020, October 30, 2020 and December 16, 2020, Tianqi Group Company agreed to extend to the Company certain loans with an aggregate amount of RMB0.66 billion. The term of the aforementioned loans have been extended to 2023 respectively, with the outstanding principal being RMB0.66 billion (the "**First Shareholder Loan**") as of December 31, 2021. On December 16, 2020, Tianqi Group Company agreed to provide a loan of US$117 million (approximately RMB751 million) for a term not exceeding 5 years, with the outstanding principal being RMB452 million (the "**Second Shareholder Loan**") (together with the First Shareholder Loan, the "**Shareholder Loans**") as of December 31, 2021. The Shareholders Loans were used to repay interest and principal of bank borrowings and loans of, and debt securities issued by our Company and to replenish our working capital. As of the Latest Practicable Date, the drawn portion of the Shareholders Loans (which is equivalent to the total amount of Shareholder Loans outstanding principal) amounts to RMB1.11 billion, had been fully utilized for the said purposes. The First Shareholder Loan is repayable by 2023 while the Second Shareholder Loan is repayable by 2026. Upon full repayment of the SQM Indebtedness using the IPO proceeds, the Company expects to be able to fully repay the Shareholder Loans as soon as practicable after the Proposed Listing using its working capital and existing cash reserve. Our unutilized banking facilities have not been applied to settle the Shareholder Loans prior to Listing as the Shareholder Loans are subordinated to the SQM Indebtedness. Under the terms of the relevant facility agreements, we may repay the Shareholder Loans upon Listing and partial repayment of the SQM Indebtedness, subject to certain conditions. For details of the SQM Indebtedness and our proposed use of proceeds, please refer to the sections headed "Financial Information—Indebtedness—Indebtedness relating to the SQM Transaction" and "Future Plans and Use of Proceeds" of this Prospectus.

As of June 10, 2022, the outstanding principal amount of SQM Indebtedness totaled US$1.13 billion, which is expected to be fully repaid using the IPO proceeds. The SQM Indebtedness is secured by (a) share pledges provided by certain subsidiaries of the Company and all the SQM Series A shares acquired by the Company; (b) guarantees by the Company and Tianqi Xinlong, a wholly-owned subsidiary of the Company; (c) the personal guarantee by Mr. Jiang; and (d) a deed of undertaking by the Single Largest Group of Shareholders pursuant to which the Single Largest Group of Shareholders must pledge A Shares and the Company's core assets to the lenders under certain circumstances ((c) and (d) collectively, the "**Shareholder Guarantee**"). The core assets being pledged in relation to the facility agreements arranged by China CITIC Bank Corporation Limited, Chengdu Branch, and China CITIC Bank International Limited include our Company's shares in certain subsidiaries and associate including Tianqi Australia Investments 1, TLEA, TLH, Chongqing Tianqi, Shigatse Zabuye, Shehong Tianqi, Tianqi Lithium (Jiangsu), ITS and SQM (with respect to Series A Shares), Tianqi Australia Investments 2 and Tianqi Xinlong as well as certain properties. We plan to fully repay the SQM Indebtedness using approximately HK$8,865 million of the net proceeds from the Global Offering.

For details of the SQM Transaction, the SQM Indebtedness and our proposed use of proceeds, please refer to the sections headed "Business—Our Investments in the Global Lithium Value Chain—Investment in SQM", "Financial Information—Factors Affecting Our Financial Condition and Results of Operations—SQM Investment", "Financial Information—Indebtedness—Indebtedness relating to the SQM Transaction" and "Future Plans and Use of Proceeds" of this Prospectus. Upon full repayment of the SQM Indebtedness upon Listing, we will be able to discharge the Shareholder Guarantee.

Our Directors are of the view that our Company is financially independent from the Single Largest Group of Shareholders, and the Shareholder Loan (which will be fully repaid as soon as practicable after the Listing) and the Shareholder Guarantee (which will be discharged upon the Listing) will not affect our financial independence based on the following reasons:

Ability to Secure Financing Independently

- *Historical fundraising activities and independent ability to obtain financing*—we were able to conduct various fundraising activities during the Track Record Period without financial assistance from the Single Largest Group of Shareholders. We obtained the Shareholder Loans because we considered it was in the best interests of our Group and our Shareholders as a whole as the commercial terms of the Shareholder Loans were more favorable than the loans available from Independent Third Parties. Save for the SQM Indebtedness and that of the RMB300 million loan of Chengdu Tianqi, provided by Shehong Province State Asset Management Limited (射洪縣國有資產經營管理集團有限公司), an Independent Third Party, and guaranteed by our Single Largest Group of Shareholders, which has been fully repaid in 2021, we have been able to secure financing based on our stand-alone credit. We have also been able to borrow money from the international financial markets without financial assistance from the Single Largest Group of Shareholders. As of December 31, 2021, we had managed to obtain and utilized various debt facilities of RMB8.4 billion in total, without any financial assistance or guarantee from the Single Largest Group of Shareholders, including amongst others: (i) working capital loans of RMB2.4 billion from seven domestic banks in the PRC; (ii) US dollar-denominated bonds of RMB1.9 billion listed on the Stock Exchange; and (iii) a syndicated loan of RMB3.1 billion obtained by Windfield. Further, as of December 31, 2021, we also had an aggregate of unutilized banking facilities not guaranteed by the Single Largest Group of Shareholders of approximately RMB914.9 million which serve as readily available sources of funding in case any financial needs arise, of which RMB851.4 million can be used for general corporate purposes, and the remaining portion of the unutilized banking facilities has been earmarked for the construction of the Tianqi Global Research Center. Such banking facilities are subject to customary covenants and restrictions such as restrictions against disposal, sale, transfer or pledge of all or substantially all or material assets, material reorganization, material adverse change in business operations, and breach of anti-bribery or anti-money laundering laws, as set out in the relevant facilities agreements. In addition to the unutilized banking facilities aforementioned, we also received a commitment letter from certain financial institutions in April 2022, pursuant to which they conditionally commit to provide and execute a term loan facility agreement with an aggregate principal amount of US$800 million for a term of three years which is earmarked for (i) the repayment of the SQM Indebtedness; (ii) the payment of the relevant fees, expenses and the day one interest reserve of the US$800 million facility; (iii) the repayment of the five-year USD bond issued in 2017; and (iv) future capital expenditure and working capital needs if the SQM Indebtedness and the relevant fees, expenses and interest reserve of the US$800 million facility have been fully repaid and there is sufficient liquidity to fully repay the five-year USD bond issued in 2017. We also entered into a facility agreement in May 2022 for an approved line of credit of RMB600 million (the "**RMB600 Million Facility**") for a term of 36 months from the drawdown date earmarked for the repayment of the SQM Indebtedness which are both obtained independently from our Single Largest Group of Shareholders. On June 8, 2022, we completed the drawdown of all of the RMB600 million principal amount under the RMB600 Million Facility, which was fully used for the repayment of SQM Indebtedness on June 10, 2022. Moreover, our wholly-owned subsidiary Chengdu Tianqi is in the process of signing the facility agreement for an approved line of credit of RMB1 billion from certain financial institutions, which is obtained independently from our Single Largest Group of Shareholders.

- *Future fundraising activities*—depending on our financial needs after the Listing, we have preliminary plans to conduct further fundraising activities, including but not limited to share placement and issuance of debt or convertible securities on both onshore and offshore markets. Also, we believe key financial institutions in China and Australia, where our operations are mainly carried out, recognize the standalone credit of our Group and are willing to grant credit lines without financial assistance from the Single Largest Group of Shareholders or their close associates. We have been able to finance our daily operations based on our stand-alone credit without any support from the Single Largest Group of Shareholders. Our fundraising activities conducted during the Track Record Period set out in the preceding paragraph has proven our independent fundraising ability and we believe we will continue to be able to raise funds as and when such need arises.

Insignificance of the Shareholder Loan and Shareholder Guarantee

- The Shareholder Loan is insignificant as compared to the total bank loans and borrowings of the Company. As of December 31, 2021, the Company had RMB21.56 billion bank loans and borrowings and RMB26.01 billion of total liabilities and the Shareholder Loan only amounted to 5.4% and 4.5% respectively. It is also noted that loan from controlling shareholder or the single largest group of shareholders is not uncommon in the Chinese capital financing market and banks will routinely ask for guarantee from controlling shareholders or the single largest group of shareholders in connection with a corporate loan. The Company has sufficient net operating cash flow to meet its financial needs and the Company expects that its risk exposure and reliance on the Shareholder Loan and the Shareholder Guarantee will be substantially reduced after the Proposed Listing. As of December 31, 2021, we had RMB1,766 million in cash and cash equivalents which were not earmarked for specific purposes, primarily consisting of cash and bank balance. We believe that we would be able to replace the Shareholder Loans by loans from Independent Third Parties and/or by cash and cash equivalents held by us if needed, but given the more favorable commercial terms of the Shareholder Loans, we consider it is in the best interests of our Group and our Shareholders as a whole to obtain the Shareholder Loans.

Independent Financial Operation

- We have an independent accounting and internal control system. We also have an independent financial department responsible for performing accounting and financial functions, and we make financial decisions based on our own business needs.

The Shareholder Guarantee is solely for the SQM Indebtedness. As of December 31, 2021, except for the SQM Indebtedness and Shareholder Loans, there were no other loans, which are or may be secured by guarantees provided to us by the Single Largest Group of Shareholders or loans provided by the Single Largest Group of Shareholders and their respective associates.

We intend to apply approximately HK$8,865 million of the net proceeds from the Global Offering to fully repay the SQM Indebtedness. Accordingly, we expect that the Shareholder Guarantee will be released upon the Listing.

Based on the reasons above, notwithstanding the Shareholder Loans and the Shareholder Guarantee provided by the Single Largest Group of Shareholders, our Directors believe that we are capable of remaining financially independent from our Single Largest Group of Shareholders.

CORPORATE GOVERNANCE MEASURES

We have adopted the following measures to manage any potential conflict of interests arising between our Group and the Single Largest Group of Shareholders and to safeguard the interests of our Shareholders:

(1) According to the Articles of Association, unless otherwise specified, where a matter resolved at a Board meeting involves a contract or arrangement or any other proposal in which certain Director or his/her close associate has a material interest, such Director shall abstain from voting. In deciding whether a quorum of Directors has attended the meeting, such Director shall not be counted.

(2) According to the Articles of Association, where a Director, Supervisor or senior management of our Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with our Company (other than the employment contract of the Director, Supervisor or senior management with our Company), he/she shall declare the nature and extent of his/her interests to the Board as soon as possible, whether or not the matter is otherwise subject to the approval of the Board under normal condition. Unless the interested Director, Supervisor or senior management discloses his/her interests in accordance with the aforesaid requirement and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, Supervisor or senior management is not counted as part of the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, Supervisor or senior management is materially interested is voidable at the instance of our Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested Director, Supervisor or senior management.

(3) Our Company has formulated administrative measures governing related-party/ connected transactions. Upon Listing, if our Group and our Single Largest Group of Shareholders or any of their associates intend to engage in a connected transaction, our Company will comply with the relevant requirements relating to connected transactions under the Listing Rules.

(4) We are committed to keeping a balanced composition of executive and independent non-executive Directors on the Board. We have appointed four independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and are free from any business or other relationship which could interfere in any material manner with the exercise of their independent judgment. We also believe that our independent non-executive Directors are able to provide impartial opinions to safeguard the interests of our public Shareholders. Details of our independent non-executive Directors are set out in "Directors, Supervisors, Senior Management and Employees—Board of Directors—Independent Non-executive Directors."

(5) We have also established the audit and risk committee, the strategy and investment committee, the remuneration and appraisal committee, the nomination and governance committee and the ESG and sustainable development committee under the Board with written terms of reference as required by the Listing Rules.

(6) The independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Single Largest Group of Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders. The Single Largest Group of Shareholders will undertake to provide all information necessary, including all relevant financial, and any other necessary information as required by the independent non-executive Directors for the Annual Review. We will disclose decisions on matters reviewed by the independent non-executive Directors either in our annual reports or by way of announcements as required. Where our independent non-executive Directors reasonably request the advice of independent professionals, such as financial advisers, to help them make the judgment, the appointment of such independent professionals will be made at the expense of our Company.

(7) We have appointed Somerley Capital Limited as our compliance advisor, to provide advice and guidance to us in respect of compliance with the applicable laws and regulations and the Listing Rules, including various requirements relating to corporate governance.

In addition to the above measures, we will also adopt the following procedures to ensure that the non-competition undertakings disclosed in the section headed "—Non-Competition Undertakings" above are observed:

(1) *Review by independent non-executive Directors*—our independent non-executive Directors will be responsible for reviewing the options to purchase the relevant competing businesses from our Single Largest Group of Shareholders when such options become exercisable. In deciding whether to exercise the options to purchase the relevant competing businesses, our independent non-executive Directors will consider various factors including the due diligence to be conducted towards the target businesses, the purchase prices, the benefits that it will bring to our Group as well as whether we have adequate management and resources to manage and operate the business operations of such businesses.

(2) *Increased transparency*—our Single Largest Group of Shareholders will provide all information necessary for the enforcement of the options to purchase the relevant competing businesses. We will promptly provide our independent non-executive Directors with the relevant information on the competing businesses referred to us by our Single Largest Group of Shareholders.

(3) *Annual review and reporting*—our Single Largest Group of Shareholders will respectively provide to us with an annual statement as to their compliance with the non-competition undertakings, and our independent non-executive Directors will report in our annual report their findings on the compliance by our Single Largest Group of Shareholders of the non-competition undertakings.

Our Directors are of the view that our independent non-executive Directors have sufficient experience in assessing whether or not to exercise our options to purchase the relevant competing businesses. In any event, our independent non-executive Directors may appoint a financial adviser or professional expert to provide advice, at the cost of our Company, in connection with the exercise or non-exercise of the options to purchase the relevant competing businesses under the non-competition undertakings.

After the Listing, the transactions between our Group and the Group's connected persons (as defined in the Listing Rules) will constitute connected transactions of our Group under Chapter 14A of the Listing Rules. Our Group expects these transactions will continue following the Listing, thereby constituting continuing connected transactions under the Listing Rules.

CONNECTED PERSONS

Upon the Listing:

- Tianqi Group Company will hold more than 10% of our issued share capital and hence remain as our substantial shareholder; and
- RT Lithium will hold more than 10% of the issued share capital of Windfield, a subsidiary of our Company, and hence remain as a substantial shareholder of Windfield.

Accordingly, the following transactions with Tianqi Group Company, RT Lithium or their respective associates, which will continue after the Listing, will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules.

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

(1) Trademark License Agreement

Principal terms

On August 1, 2021, our Company, Tianqi Group Company and TQMMM entered into a trademark license agreement (the "**Trademark License Agreement**"), pursuant to which, Tianqi Group Company and TQMMM agreed to grant a license to our Group to use in the PRC the trademarks registered under their names as set out in the section headed "4. Further Information About our Business–B. Our intellectual property rights—Trademarks" in Appendix VIII to this Prospectus for nil consideration. The term of the Trademark License Agreement is from August 1, 2021 to July 31, 2026. Upon expiry of the Trademark License Agreement, if necessary, we will enter into a new trademark license agreement with Tianqi Group Company and TQMMM in compliance with the Listing Rules. Our Directors believe that entering into the Trademark License Agreement with a term of more than 3 years will promote the stability of operations of our Company and is beneficial to our Company and our Shareholders as a whole. The Joint Sponsors are of the view that it is normal business practice for agreements of this type to be of such duration.

Historical transaction amounts

For the years ended December 31, 2019, 2020 and 2021, no consideration was paid by our Group to Tianqi Group Company or TQMMM for any use of trademark owned by Tianqi Group Company or TQMMM.

Listing Rules Implications

Tianqi Group Company is a substantial shareholder of our Company. Accordingly, Tianqi Group Company is our connected person pursuant to Rule 14A.07(1) of the Listing Rules. TQMMM is a subsidiary of Tianqi Group Company and thus also our connected person pursuant to Rule 14A.07(4) of the Listing Rules. Therefore, the transactions under the Trademark License Agreement will constitute continuing connected transaction of our Group upon the Listing.

Since the trademark license is granted for nil consideration, in ordinary course of business and on normal commercial term or better under the Trademark License Agreement and we are not required to pay any fee to Tianqi Group Company or TQMMM in connection with the Trademark License Agreement, the applicable percentage ratios (other than the profits ratio) as defined under the Listing Rules) for the transactions contemplated under the Trademark License Agreement are expected to be less than 0.1% on an annual basis, the transactions contemplated under the Trademark License Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

(2) Leasing Framework Agreement

Principal terms

Tianqi Group Company and its subsidiaries have leased certain properties and provided certain related ancillary services to us during the Track Record Period. On December 9, 2021, our Company and Tianqi Group Company entered into a property leasing and ancillary services framework agreement (the "**Leasing Framework Agreement**"), pursuant to which, Tianqi Group Company agreed to lease certain properties and provide certain related ancillary services (including but not limited to property management and catering services) to our Group.

The term of the Leasing Framework Agreement commenced on January 1, 2022 and will end on December 31, 2023. Our Company and Tianqi Group Company (or their respective subsidiaries) will enter into individual leases and/or services agreements with respect to individual properties where required. We may negotiate the actual rental area according to our actual business needs with Tianqi Group Company from time to time provided that the rental area should not exceed 110% of the rental area during the preceding year. The rental fees and pricing of ancillary services under the Leasing Framework Agreement are based on the prevailing market price.

Historical transaction amounts

For the years ended December 31, 2019, 2020 and 2021, the aggregate amount of the total rental and services fee accrued by our Group for the use of the office premises owned by Tianqi Group Company (or its subsidiaries) and for the provision of ancillary services by Tianqi Group Company (or its subsidiaries) was RMB3.55 million, RMB3.40 million and RMB3.42 million, respectively.

Annual caps and basis of caps

We intend to continue the transaction contemplated under the Leasing Framework Agreement after the Listing. The annual cap of the transaction volume under the Leasing Framework Agreement for each of the two years ending December 31, 2022 and 2023 are RMB5.45 million and RMB6.55 million, respectively.

The above annual cap is determined with reference to (i) the existing rental and usage of ancillary services, (ii) the expected increase of prevailing market price, (iii) the expected rental area and usage of ancillary services, and (iv) the planned expansion of the Group and thus the increase of number of employees.

Listing Rules Implications

Tianqi Group Company is a substantial shareholder of our Company. Accordingly, Tianqi Group Company is our connected person pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions under the Leasing Framework Agreement will constitute continuing connected transactions of our Group upon the Listing.

As all of the applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) for the transactions contemplated under the Leasing Framework Agreement are expected to be less than 0.1% on an annual basis, the transactions contemplated under the Leasing Framework Agreement are exempt from the reporting, annual review, announcement and the independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

NON-EXEMPTED CONTINUING CONNECTED TRANSACTIONS SUBJECT TO REPORTING AND ANNOUNCEMENT REQUIREMENTS

(1) Talison Off-take Agreements and Distribution Agreements

Background

In February 2013, Tianqi Group Company, through Tianqi Group HK, partnered with Leader Investment Corporation ("**Leader Investment**"), to acquire 100% of the equity interest of Talison through Windfield, a subsidiary of Tianqi Group HK, in which Tianqi Group HK and Leader Investment held 65% and 35% of its issued shares, respectively. In November 2013, Rockwood Holdings, Inc. ("**Rockwood"**) through its subsidiary, RT Lithium, entered into an acquisition agreement with Tianqi Group HK and Leader Investment, pursuant to which RT Lithium agreed to purchase in total 49% of the issued shares of Windfield (14% and 35% of which would be purchased from Tianqi Group HK and Leader Investment, respectively), such that Tianqi Group Company and Rockwood would indirectly own 51% and 49% equity interests in Windfield, respectively (the "**Talison Transaction**"). The Talison Transaction was completed in May 2014.

On the same day when the Talison Transaction was completed in May 2014, we, through Tianqi UK (currently known as Tianqi Lithium Energy Australia Pty Ltd "**TLEA**"), acquired the 51% shares in Windfield from Tianqi Group HK and partnered with RT Lithium, an Independent Third Party other than its shareholdings in Windfield, to co-invest in Windfield, in which TLEA and RT Lithium hold 51% and 49% of its issued shares, respectively. Windfield's primary asset is the Greenbushes Mine operated by certain subsidiaries of Windfield, including Talison Lithium Australia. Co-investment structures are a very common model for mine development in the lithium industry and natural resources industry as a whole, and we believed coinvesting with RT Lithium in the Greenbushes Mine would allow us to benefit from sharing costs and risks in the development of the Greenbushes Mine, and enhance the international presence of our Group.

As part of the co-investment arrangements, under which the shareholders of Windfield agreed that each shareholder would be entitled to take up to an initial 50% of the annual production of the Greenbushes Mine, on May 28, 2014, Talison Lithium Australia entered into an off-take agreement and a distribution agreement with each of (i) Rockwood Lithium GmbH (now called Albemarle Germany GmbH) ("**Albemarle Germany**"), the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation, and (ii) Tianqi Group HK, a subsidiary of Tianqi Group Company and a connected person of the Company, to set out the terms and conditions under which concentrates to be produced from the

Greenbushes Mine would be distributed to the shareholders of Windfield. The off-take agreement and the distribution agreement between Talison Lithium Australia and Albemarle Germany (the "**Albemarle Off-take Agreement**" and "**Albemarle Distribution Agreement**" respectively, and collectively, the "**Albemarle Agreements**") and between Talison Lithium Australia and Tianqi Group HK (the "**Tianqi Lithium Off-take Agreement**" and "**Tianqi Lithium Distribution Agreement**" respectively, and collectively, the "**Tianqi Lithium Agreements**") are on materially identical terms. Tianqi Group HK assigned its rights, benefits and obligations under the Tianqi Lithium Agreements to our Company in October 2014.

On June 28, 2021, our Company, Tianqi Group HK, TLEA and Talison Lithium Australia entered into a novation deed (the "**Talison Novation Deed**"), pursuant to which TLEA was entitled to the rights and benefits of our Company and Tianqi Group HK under the Tianqi Lithium Off-take Agreement and assumed the obligations and liabilities of Tianqi Group HK and our Company under the Tianqi Lithium Off-take Agreement. IGO does not have any rights in the Tianqi Lithium Off-Take Agreement. The term of the Talison Novation Deed became effective on the date on which the transaction between the Company and IGO in relation to TLEA completed, being July 2, 2021.

The Tianqi Lithium Distribution Agreement was not novated to TLEA along with the Tianqi Lithium Off-take Agreement. The Tianqi Lithium Off-take Agreement governs the distribution of chemical grade products while the Tianqi Lithium Distribution Agreement governs the distribution of technical grade products (for further details, please refer to the section headed "Products and off take allocation" below). Since Albemarle Germany takes up the sales of technical grade products outside of the China region, while our Company takes up the sales of technical grade products within the China region, it is not commercially useful for the Tianqi Lithium Distribution Agreement to be novated to TLEA as TLEA does not have presence in the China region. Therefore, the Tianqi Lithium Distribution Agreement has not been novated to TLEA after the transaction between the Company and IGO in relation to TLEA.

On July 30, 2021, the terms of the Albemarle Off-take Agreement and Tianqi Lithium Off-take Agreement were amended. The key purpose of the amendments was to facilitate domestic deliveries of concentrate to Albemarle Germany's lithium hydroxide plant in Kemerton, Western Australia (for the purposes of the Albemarle Off-take Agreement) and the Company's Kwinana Plant in Western Australia (for the purposes of the Tianqi Lithium Off-take Agreement). The changes to each of the Albemarle Off-take Agreement and Tianqi Lithium Off-take Agreement were materially identical.

During the Track Record Period, Talison Lithium Australia has sold concentrates to Albemarle and our Company on materially identical terms including price.

Term of the Albemarle Agreements

Consistent with common co-investment practice, the Albemarle Agreements will end on the later of (i) 20 years after May 28, 2014, and (ii) the end of the term of the shareholders agreement in respect of Windfield entered into by, among others, our Company, TLEA, RT Lithium and Windfield. It is expected that the term of the Albemarle Agreements will cover the mine life of the Greenbushes Mine, which is expected to be approximately 21 years from 2022 based on the current production plan.

Products and offtake allocation

The Albemarle Off-take Agreement governs the distribution of concentrate used to convert to lithium carbonate, lithium hydroxide, other lithium chemicals (chemical grade products), while the Albemarle Distribution Agreement governs the distribution of other products (technical grade products) produced from the mining operations at Greenbushes Mine. So long as Albemarle Germany or its related body corporate holds shares in Windfield, Albemarle Germany is entitled to take up to an initial 50% of the annual production from the mining operations at Greenbushes Mine.

The annual production volume of the Greenbushes Mine is determined with reference to the expected demand of our Company (through TLEA) and Albemarle Germany (through RT Lithium) respectively, taking into account factors such as market demand and the production plans for further product processing. Windfield will devise a production plan based on such expected demand as well as its inventory level and production capacity. Despite the foregoing, given that we are the controlling shareholder of Windfield, we have ultimate control over the production plan of the Greenbushes Mine by exercising our rights through the applicable governance procedures of Windfield.

Historical transaction amounts

The historical transaction amounts under the Albemarle Agreements for the years ended December 31, 2019, 2020 and 2021, were RMB1,321.69 million, RMB1,041.12 million and RMB1,350.50 million, respectively.

Historical transaction volume

The historical transaction volume under the Albemarle Agreements for the years ended December 31, 2019, 2020 and 2021 were 263,400 tons, 277,155 tons and 392,789 tons, respectively.

Pricing policy

The Albemarle Off-take Agreement

According to the terms of the Albemarle Off-take Agreement (and the Tianqi Off-take Agreement), Talison Lithium Australia, our Company, TLEA (pursuant to the Talison Novation Deed) and Albemarle Germany shall negotiate in good faith annually to agree the export price of concentrate payable under the Albemarle Off-take Agreement and the Tianqi Lithium Off-take Agreement, which shall be (i) if there are sales to any person other than Albemarle Germany and our Company (or their respective related body corporate) during that relevant year, the prevailing market price payable by such third party buyer(s); or (ii) if there are no sales to third party(ies) during that relevant year, the last third party price as adjusted to reflect the changes in the global lithium carbonate price from time to time. Separately, the difference in delivery costs will be taken into account in determining the price for domestic deliveries of concentrate (at the specified delivery place in Western Australia). Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and TLEA will bear the subsequent delivery cost from the loading port to the place of delivery.

Since January 1, 2016 and up to the Latest Practicable Date, there have not been any sales of lithium concentrate to third parties by Talison Lithium Australia, as both Albemarle Germany and us have taken up the whole of the primary entitled volume of the output of lithium concentrate from the Greenbushes Mine. During the Track Record Period, we have taken into consideration mainly the global lithium carbonate and lithium concentrate prices to determine the prices payable under the Albemarle Off-take Agreement and the Tianqi Lithium Off-take Agreement with reference to the last third party price which took place in 2015. Since September 2019, the directors of Windfield resolved at a board meeting that, for the next three years, the selling price shall be updated every six months by reference to the FOB USD per ton price of the preceding quarter published by the Fastmarket, Benchmark Mineral Intelligence and Asian Metal (collectively, the Price Reporting Agencies). Our Company expects to review and renew the approach to the implementation of the pricing policy based on market price and conditions upon the expiry of the three-year term.

As mentioned above, during the Track Record Period, Talison Lithium Australia sells its products to us and to Albemarle Germany on materially identical terms, including price.

The Albemarle Distribution Agreement

According to the terms of the Albemarle Distribution Agreement (and the Tianqi Distribution Agreement), the price of products payable under both agreements is updated annually and is calculated based on the prevailing market price for that product, which will be determined with reference to the import prices of the various lithium products, and also taking into consideration factors including the estimated costs to be incurred in connection with the production of the type of product in the relevant contract year as set out in the approved annual budget (which include, amongst others, packaging costs), the average price received by Talison Lithium Australia from third parties for the type of product, the expected sales volumes, and the grade and specifications of the relevant product. During the Track Record Period, pursuant to the recommendations of the Australian Taxation Office, the price of each technical grade product under both agreements is calculated as follow: our Company and Albemarle Corporation shall provide their forecast weighted average technical grade product price for the first financial quarter (taking into account a reasonable distributor's margin), then the weighted average of the two prices will be taken into account and calculated along with the relative pricing (based on 2018 pricing) of each technical grade product. As mentioned above, Talison Lithium Australia sells its products to us and to Albemarle Germany on materially identical terms, including price. In terms of delivery costs, Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and TLEA will bear the subsequent delivery cost from the loading port to the place of delivery. Our Directors anticipate that a similar approach will continue to be taken and similar factors will continue to be considered in the future to determine the prices under the Albemarle Distribution Agreement and the Tianqi Lithium Distribution Agreement.

Internal control measures

We have adopted the following measures to review the pricing under the Albemarle Agreements, and to confirm that the price are fair and reasonable and on normal commercial terms or better from our Company's perspective:

(i) *Periodic market updates*—as part of our ordinary operation, our marketing department constantly monitors the outlook of the global lithium market, and the movement and trend of the prices of lithium products around the world from reliable sources. The relevant findings will be reported to the senior management and the Board. In particular, we have subscribed to authoritative market reports issued by well-known industry expert to keep abreast of the latest development and price trend of the global lithium market. The market knowledge enables our Directors to assess whether the prices are on normal commercial terms or better.

(ii) *Independent advisor*—in the event that our Directors consider the existing information is not sufficient for a thorough assessment of the fairness and reasonableness of the pricing and wish to obtain additional expert advice, our Directors may, at our Company's cost, consult external independent industry advisor on the latest market environment and the fairness and reasonableness of the prices.

Annual caps and basis of caps

We intend to continue the transaction contemplated under the Albemarle Agreements after the Listing and for the duration of the Albemarle Agreements. The annual cap of the transaction volume under the Albemarle Agreements for each of the three years ending December 31, 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively.

The above annual cap is determined with reference to (i) the expected annual production volume of the Greenbushes Mine for each of 2022, 2023 and 2024, which is set with reference to forecast production for the corresponding year included in the Competent Person's Report as set out in Appendix IV to this Prospectus; (ii) the higher expected demand for lithium products due to increased demand for downstream products; and with reference to the proposed investment plans in lithium processing factories of Albemarle Germany in Australia and China and (iii) the assumption that Albemarle Germany will elect to take up the whole of its primary entitlement of up to 50% of the annual production volume of the Greenbushes Mines.

Implication under the Listing Rules

Albemarle Germany is the controlling shareholder of RT Lithium and an associate of RT Lithium. As RT Lithium is a substantial shareholder of Windfield and a connected person of our Company at subsidiary level, Albemarle Germany is a connected person of our Company at the subsidiary level. As such, the transactions contemplated under the Albemarle Agreements will constitute continuing connected transaction of our Group upon the Listing.

Pursuant to Rule 14A.101 of the Listing Rules, as the transactions are on normal commercial terms or better and (i) have been approved by the Board and (ii) confirmed by the independent non-executive Directors that the terms of the Albemarle Agreements were fair and reasonable, the transaction was entered into on normal commercial terms or better and in the ordinary and usual course of our Group's business, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole, the transactions contemplated under the Albemarle Agreements therefore are subject to the reporting, announcement and annual reviews requirements, but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Application for waivers

As the Albemarle Agreements were entered into prior to the Listing and are disclosed in this Prospectus, and as our potential investors will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement requirement in respect thereof immediately after the Listing would be impractical and unduly burdensome, and would add unnecessary administrative cost to us. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement in respect of the Albemarle Agreements.

In addition, under Rule 14A.53(1) of the Listing Rules, an annual cap expressed in monetary terms must be set for continuing connected transactions. We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to us from strict compliance with Rule 14A.53(1) in respect of the annual caps of the transactions under the Albemarle Agreements to be expressed as the volume of concentrates to be sold under the Albemarle Agreements on the condition that our Company undertakes to separately disclose the actual transaction volume under the Albemarle Agreements in our future interim and annual financial statements.

Our Directors are of the view that an annual cap with a fixed monetary amount for the transactions under each of the Albemarle Agreements would impose an arbitrary ceiling on the sales of concentrates to Albemarle Germany. The terms of the co-investment with RT Lithium, an independent third party other than its shareholdings in Windfield, were entered into after arm's length negotiations, and central to this arrangement is the agreement to share the production concentrates produced from the Greenbushes Mine evenly. The annual production volume of the Greenbushes Mine is relatively stable and predictable, compared to the annual monetary transactional amount. Given the fluctuations in the global lithium market price, which forms the basis of determining the sales price of concentrates under the Albemarle Agreements, are beyond the control of our Company and Albemarle Germany, setting a fixed monetary cap which would require an arbitrary assumption of concentrate prices and exchange rates for the upcoming three years neither represents an accurate forecast of the actual transaction amounts and/or price of concentrate for the relevant financial years, nor provides any meaningful information to the investors for making any informed decisions or forming any reasonable expectation with regard to the performance and management of our Company for the relevant financial years. Unless unrealistically large amounts are set as the annual caps, a fixed monetary annual cap would unnecessarily restrain our Group from smoothly conducting or expanding our businesses in the ordinary course and as part of our normal businesses, weaken the flexibility of future development and adjustments, and lessen the competitive edge of businesses operated by our Group. The annual caps will also be easily exceeded as a result of increasing concentrate prices and fluctuating foreign exchange rates. Such volatile movement in the price of concentrates is not within the control of, or predictable by, our Company. If we are unable to effect any required upward adjustment of monetary cap on a timely basis, or at all, it may also result in our inability to timely discharge and hence breach our contractual obligations to Albemarle Germany, exposing us to potential claims. Any increased lithium market price may result in increased monetary transaction amount, which in turn could lead to the annual cap being exceeded, thus setting such an annual cap in monetary terms would be inappropriate as it would not be within our Group's control as to whether the annual cap is exceeded. Our Directors are also of the view that setting an annual cap with a fixed monetary amount would cause unnecessary disruption to our Group's operations, and would not be in the best interest of our Group and would not be commercially practicable if we are required to seek our Board's approval regularly to increase the monetary annual cap to align the cap with fluctuations in the lithium market price, considering that the convening of Board meetings shall require compliance with, among others, our internal corporate governance policy, our Articles of Association and the compliance requirements arising from our status as a listed company on both the Shenzhen Stock Exchange and the Stock Exchange. Our Directors consider an alternative non-monetary cap based on the transaction volume to be appropriate in the circumstances because it will be difficult for our Company to reasonably estimate the monetary annual cap for the transactions under the Albemarle Agreements. Our Directors are, therefore, of the view that that it is not in the interest of our Company and our Shareholders to impose an annual cap in monetary terms for the Albemarle Agreements as prescribed by Rule 14A.53(1) of the Listing Rules.

Confirmation from our Directors

Our Directors, including our independent non-executive Directors are of the view that the Trademark Licensing Agreement, the Albemarle Agreements and the Leasing Framework Agreement have been entered into on normal commercial terms or better, in the ordinary and usual course of our Group's business, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the Albemarle Agreements are fair and reasonable and in the interests of our Shareholders as a whole.

Our Directors, including our independent non-executive Directors, are also of the view that each of the Albemarle Agreements requires a period corresponding to the cooperation term of both our Group and RT Lithium and exceeding three years as stipulated in Rule 14A.52 of the Listing Rules, due to the following reasons:

(i) the Albemarle Agreements were agreed in connection with, and as a condition of Albemarle's acquisition of the interest in Windfield in 2014, reflecting the basis upon which the respective shareholder's investments into Windfield were made, and it will be difficult for us to renegotiate and amend the terms of the Albemarle Agreements;

(ii) the ability to sell and distribute lithium concentrates produced from the Greenbushes Mine is core to our Group's business. Considering the nature of our Group's business and our co-investment relationship with RT Lithium, any disruption to this relationship or the need to renegotiate terms every three years would have a detrimental effect on the business continuity and successful operation of our Group; and

(iii) it is a common practice in the mining industry that such offtake and distribution arrangements agreements in co-investment arrangements are fixed with a long term more than three years, and in this case expected to cover the mine life of the Greenbushes Mine.

Hence, our Directors, including our independent non-executive Directors, are of the view that it is normal business practice for agreements such as the Albemarle Agreements to be of relatively long duration corresponding to the mine life of the Greenbushes Mine.

Confirmation from the Joint Sponsors

Based on the documents, information and historical figures provided by the Company and the Joint Sponsors' due diligence conducted and discussions with the Company, the Joint Sponsors are of the view that the Albemarle Agreements have been entered into on normal commercial terms or better, in the ordinary and usual course of our Group's business, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and that the proposed annual caps for the Albemarle Agreements are fair and reasonable and in the interests of our Shareholders as a whole.

The Joint Sponsors are also of the view that each of the Albemarle Agreements requires a period corresponding to the cooperation term of both our Group and RT Lithium and exceeding three years as stipulated in Rule 14A.52 of the Listing Rules, due to the following reasons:

(i) the Albemarle Agreements were agreed in connection with, and as a condition of Albemarle's acquisition of the interest in Windfield in 2014, reflecting the basis upon which the respective shareholder's investments into Windfield were made, and it will be difficult for the Company to renegotiate and amend the terms of the Albemarle Agreements;

(ii) the ability to sell and distribute lithium concentrates produced from the Greenbushes Mine is core to the Group's business. Considering the nature of the Group's business and its co-investment relationship with RT Lithium, any disruption to this relationship or the need to renegotiate terms every three years would have a detrimental effect on the business continuity and successful operation of the Group; and

(iii) it is a common practice in the mining industry that such offtake and distribution arrangements agreements in co-investment arrangements are fixed with a long term more than three years, and in this case expected to cover the mine life of the Greenbushes Mine. The Joint Sponsors are, therefore, of the view that it is normal business practice for agreements such as the Albemarle Agreements to be of relatively long duration corresponding to the mine life of the Greenbushes Mine.

BOARD OF DIRECTORS

The Board consists of eight Directors, including four executive Directors and four independent non-executive Directors. The Directors are elected for a term of three years and are subject to re-election, provided that the cumulative term of an independent non-executive Director shall not exceed six years pursuant to the relevant PRC laws and regulations. The following table sets forth certain information regarding the Directors.

Name	Age	Time of joining the Group	Date of appointment as a Director	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. JIANG Weiping (蔣衛平)	67	December 20, 2007	December 20, 2007	Chairman of the Board and Executive Director	Responsible for the overall strategic planning and business development of the Company, and making major strategy decisions	Father of Ms. JIANG Anqi
Mr. ZOU Jun (鄒軍)	49	December 20, 2007	December 20, 2007	Executive Director, executive vice president, chief financial officer	Responsible for the financial, accounting, financing and taxation affairs of the Company	None
Ms. JIANG Anqi (蔣安琪)	34	February 10, 2017	February 10, 2017	Vice Chairwoman of the Board and Executive Director	Responsible for assisting the Company in formulating the strategic and investment plans of the Company, and assisting the chairman in making major strategy decisions	Daughter of Mr. JIANG Weiping
Mr. HA, Frank Chun Shing (夏浚誠)	50	January 15, 2021	February 1, 2021	Executive Director, chief executive officer	Responsible for the overall and day-to-day management of the Company	None
Mr. PAN Ying (潘鷹)	49	February 10, 2017	February 10, 2017	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of the Company	None

Name	Age	Time of joining the Group	Date of appointment as a Director	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. XIANG Chuan (向川)	63	February 28, 2020	February 28, 2020	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of the Company	None
Ms. TANG Guo Qiong (唐國瓊)	59	November 4, 2020	November 4, 2020	Independent non-executive Director	Responsible for supervising and providing independent advice on the operation and management of the Company	None
Dr. HUANG Wei (黃瑋)	53	December 29, 2021 (effective before Listing)	December 29, 2021 (effective before Listing)	Independent non-executive Director	Responsible for offering independent advice to our Board on the operations and management of the Company	None

BOARD OF SUPERVISORS

The PRC Company Law requires a joint stock company to establish a board of supervisors that is primarily responsible for supervising the performance of the board and senior management and the financial operations, internal control and risk management. The Board of Supervisors consists of three Supervisors including one employee representative Supervisor. The Supervisors are elected for a term of three years and may be subject to re-election. The following table sets forth certain information about the Supervisors.

Name	Age	Time of joining the Group	Date of appointment as a Supervisor	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. YAN Jin (嚴錦)	47	February 10, 2017	February 10, 2017	Chairman of the Board of Supervisors	Responsible for overall work of the Board of Supervisors and supervising the performance of duties by the Directors and the senior management	None

Name	Age	Time of joining the Group	Date of appointment as a Supervisor	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Ms. CHEN Zemin (陳澤敏)	48	September 29, 2021	September 29, 2021	Supervisor	Responsible for supervising the performance of duties by the Directors and the senior management	None
Mr. HU Yi (胡軼)	41	March 22, 2021	September 13, 2021	Employee representative Supervisor; head of audit department	Responsible for supervising the performance of duties by the Directors and the senior management on behalf of the employees; in charge of the internal audit department	None

SENIOR MANAGEMENT

The following table sets out certain information regarding the senior management of the Company.

Name	Age	Time of joining the Group	Date of appointment as a senior management	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. HA, Frank Chun Shing (夏浚誠)	50	January 2021	February 2021	Executive Director, chief executive officer	Responsible for the overall and day-to-day management of the Company	None
Mr. ZOU Jun (鄒軍)	49	December 2007	December 2007	Executive Director, Executive vice president, chief financial officer	Responsible for the financial, accounting, financing and taxation affairs of the Company	None
Mr. GUO Wei (郭維)	51	September 2004	May 2009	Executive vice president	Responsible for the operation and management of the Company's operations, projects, procurement, supply chain, process technology, and production and resource bases	None

Name	Age	Time of joining the Group	Date of appointment as a senior management	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. YAN Dong (閻冬)	48	June 2013	December 2015	Senior vice president	Responsible for planning and coordinating the sales and marketing activities of the Company	None
Ms. XIONG Wanyu (熊萬渝)	46	August 2014	February 2021	Vice president	Responsible for the management of government affairs, corporate administration, information technology, ESG and sustainable development and group work affairs of the Company	None
Ms. LIU Ying (劉瑩)	47	November 2017	February 2021	Executive vice president	Responsible for the human resources management, global sales and marketing management, and corporate innovation management of the Company	None
Mr. ZHOU Fu (周複)	42	May 2018	February 2021	Vice president	Responsible for the research and development center, and the preparation, scientific research and industrial technology control of enterprise universities of the Company	None

Name	Age	Time of joining the Group	Date of appointment as a senior management	Existing position in the Company	Responsibilities	Relationship with other Directors, Supervisors and senior management
Mr. ZHANG Wenyu (張文宇)	43	December 2021	December 2021	Secretary to the Board of Directors, vice president	Responsible for supervision of the daily affairs of the Board, corporate governance and equity financing etc.	None
Mr. LI Guo (李果)	38	June 2015	April 2022	Vice president	Responsible for the corporate development, and the investment and M&A business of the Company	None

Except as disclosed below in this section, none of the Directors, Supervisors and members of senior management is related to other Directors, Supervisors and members of senior management.

BOARD OF DIRECTORS

Executive Directors

Mr. JIANG Weiping (蔣衛平), aged 67, was appointed as the executive Director and the chairman of the Board of the Company since December 2007. He is primarily responsible for the overall strategic planning and business development of our Company and making major strategic decisions. Mr. Jiang is a member of the Single Largest Group of Shareholders of our Company.

Mr. Jiang has nearly 20 years of experience in the lithium industry. He set up Tianqi Group Company in December 2003, and has acted as the chairman of Tianqi Group Company since its incorporation. Mr. Jiang acquired Shehong Lithium, the predecessor of our Company, through Tianqi Group Company in October 2004, and has been a Director and the chairman of the Board since then. He also served as the general manager of our Company from August 2011 to December 2012. Further, Mr. Jiang has been the vice president of the lithium branch of China Non-Ferrous Metals Industry Association since September 2011; an economic development consultant of Suining Municipal People's Government since March 2017; a representative at the 13th National People's Congress since March 2018; and a council member and the vice president of the Association of Listed Companies of Sichuan Province since August 2018.

Mr. Jiang graduated from Chengdu College of Agricultural Machinery (成都農機學院工學學士) in China with a bachelor's degree in engineering in June 1982. Mr. Jiang was also accredited as an engineer by the Ministry of Machinery and Electronics Industry of the PRC in September 2011.

Mr. ZOU Jun (鄒軍), aged 49, was appointed as an executive Director and the chief financial officer of the Company in December 2007, primarily responsible for the finance, accounting, financing and taxation affairs of the Company.

Mr. Zou has nearly 20 years of experience in finance and accounting. Prior to joining the Group, Mr. Zou served as auditing assistant, project manager, department manager and senior manager of Chongqing Tianjian Auditing Firm (重慶天健會計師事務所) from September 1998 to July 2007. He then joined the Company as a director and the chief accountant in December 2007. Mr. Zou also held positions in various companies within our Group, serving as (i) a director of Tianqi HK from January 2013 to August 2020; (ii) a supervisor of Shenghe Lithium from January 2014 to November 2019; (iii) a supervisor of Chengdu Tianqi from August 2014 to November 2019; (iv) a director of Tianqi Lithium International from April 2015 to February 2019; (v) a director of Tianqi Lithium (Jiangsu) from April 2015 to September 2020; (vi) a supervisor of Chongqing Tianqi from February 2017 to September 2017; (vii) a supervisor of Tianqi Xinlong from May 2017 to November 2019; and (viii) a director of Tianqi UK Limited, Tianqi Australia Investments 2 and Tianqi Australia Investments 1 respectively from September 2020 to June 2021. Mr. Zou is currently (i) a director of Tianqi Lithium HK since March 2015; (ii) a director of Shigatse Zhabuye since July 2016; (iii) a director of Tianqi Finco since June 2017; and (iv) a director of Tianqi Bond since June 2019.

Mr. Zou obtained a master's degree in accounting from East China Jiaotong University (華東交通大學), China in June 1998. Mr. Zou was also accredited as a PRC-registered public accountant by The Chinese Institute of Certified Public Accountants in November 2000.

Ms. JIANG Anqi (蔣安琪), aged 34, was appointed as an executive Director of the Company in February 2017 and as the vice Chairwoman of the Board in April 2022. She is primarily responsible for assisting our Company in formulating the strategic and investment plans, and assisting the chairman in making major strategic decisions. Ms. Jiang is a member of the Single Largest Group of Shareholders of our Company.

Ms. Jiang has over 6 years of experience in the lithium industry. She holds various positions in Tianqi Group Company and its subsidiaries, serving as (i) an executive director of Chengdu Youcai Science & Technology Co., Limited (成都優材科技有限公司) since April 2015; (ii) a director of Tianqi Group HK since May 2015; (iii) a director of TQC Equipment Inc. Canada in July 2015; (iv) a director of Jiangsu ProteLight Pharmaceutical & Biotechnology Co., Ltd. （江蘇普萊醫藥生物技術有限公司) since December 2015; (v) vice general manager and a director of Tianqi Group Company since February 2016 and July 2018 respectively, and was promoted from vice general manager to general manager since August 2021; (vi) a director of Runfeng Minerals since March 2016; (vii) a director of TQC Canada Company since May 2016; (viii) an executive Director of the Company since February 2017; (ix) the chairman of Chengdu Dengte Dental Technologies Development Co., Limited (成都登特牙科技術開發有限公司) since October 2017; (x) a director of Shanghai Rongheying Material Technology Co., Ltd (上海蓉合盈材料技術有限公司) since April 2019; and (xi) a director of Chengdu Tianqi Addictives Manufacturing Company Ltd. (成都天齊增材智造有限責任公司) since May 2019. Further, Ms. Jiang is currently the director of (i) TLEA; (ii) TLH; (iii) TLA; (iv) TLK; (v) Tianqi Australia Investments 1; and (vi) Tianqi Australia Investments 2 since July 2021.

Ms. Jiang graduated from Concordia University in Canada with a bachelor's degree in arts in May 2012. Ms. Jiang obtained a master of business administration from Southwestern University of Finance and Economics (西南財經大學) in China in June 2022.

Mr. HA, Frank Chun Shing (夏浚誠), aged 50, was appointed as a chief executive officer of the Company on January 15, 2021 and an executive Director of the Company on February 1, 2021. He is primarily responsible for the overall and day-to-day management of our Company.

Prior to joining the Group, Mr. Ha worked at Olip Italia S.p.A. from August 1997 to May 2002 and Swarovski (Austria). He also worked at Steyr Motors GmbH from May 2018 to December 2020, in which he acted as the chief operating officer of Steyr Motors GmbH from May 2018 to November 2018, the chief executive officer of Steyr Motors GmbH from November 2018 to August 2019, and the managing director of Steyr Motors Hong Kong Co. Ltd from August 2019 to December 2020. Mr. Ha was also appointed as the general manager of Tianqi Lithium HK in February 2021. Further, Mr. Ha is currently the director of (i) TLEA; (ii) TLH; (iii) TLA; (iv) TLK; (v) Tianqi Australia Investments 1; and (vi) Tianqi Australia Investments 2 since July 2021. Mr. Ha also acted as the executive director, general manager and legal representative of Chengdu Tianqi since July 2021, and acted as the executive director of Tianqichuang Lithium since September 2021.

Mr. Ha obtained (i) a graduate diploma in core business management from the MCI Management Center Innsbruck, Austria in November 2007; (ii) an MBA/EMBA from the Chinese University of Hong Kong Business School in July 2016; and (iii) a master's degree in engineering management from the University of Technology Sydney, Australia in July 2018. Mr. Ha is currently a PhD candidate in enterprise management at the Shanghai University of Finance and Economics (上海財經大學) in China since October 2021.

Independent Non-executive Directors

Mr. PAN Ying (潘鷹), aged 49, was appointed as an independent non-executive Director of the Company in February 2017. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Mr. Pan has worked at Southwestern University of Finance and Economics (西南財經大學) since March 2005 and has been an associate professor of Southwestern University of Finance and Economics (西南財經大學) since 2014. He has also been acting as an executive director and a general manager of Chengdu Shouwei Enterprise Management & Consultation Co., Ltd. (成都守威企業管理諮詢有限責任公司) since December 2014 and a consultant at Chengdu Minsheng Real Estate Co., Ltd (成都民生置業有限公司) since May 2015. Further, he has been an attorney at Tahota Law Firm (泰和泰律師事務所) since January 2008. Previously, Mr. Pan also worked at the Sichuan Provincial People's Procuratorate (四川省人民檢察院) and served as staff member at the Chengdu Intermediate People's Court (成都市中級人民法院). Mr. Pan has been an independent director at Leshan Electric Power Co., Ltd. (樂山電力股份有限公司) (600644.SH) since May 23, 2022.

Mr. Pan graduated from Southwest Minzu University (西南民族大學) in China with a bachelor's degree in law in June 1995. He then obtained a master's degree in law from Hitotsubashi University in Japan in April 2000. He obtained a Juris Doctor degree from Southwestern University of Finance and Economics (西南財經大學) in China.

Mr. Pan was admitted as a lawyer by the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in March 2004.

Mr. XIANG Chuan (向川), aged 63, was appointed as an independent non-executive Director of the Company in February 2020. He is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Prior to joining the Group, Mr. Xiang served as a deputy factory director and a factory director at Daxian Lixin Iron Factory (達縣立新鐵廠) from July 1976 to July 1986, the staff member, the principal staff member and the chief deputy of the Daxian People's Government Office (達縣人民政府辦公室) from August 1986 to October 1991, the chairman of the Daxian Economic Association (達縣經協委) from October 1991 to September 1997, and later joined Tongwei Co. Ltd (通威股份有限公司) (600438.SH) in November 1997 where he served as a director and secretary to the board until October 2004. He has also acted as a vice president and secretary to the board of directors at New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) (000876.SZ) from October 2004 to October 2018. Mr. Xiang has been an independent non-executive director at Xi'an Triangle Defense Co., Ltd. (西安三角防務股份有限公司) (300775.SZ) since March 2017, a general manager and chairman at Chengdu Shucai Business Consulting Center (成都蜀采商務諮詢中心) since November 2018, an independent non-executive director at Lonten Semiconductor Co., Ltd. (龍騰半導體股份有限公司) since October 2019, an independent director at Sichuan Qiangshan Agriculture and Animal Husbandry Technology Co., Ltd. (四川省羌山農牧科技股份有限公司) since April 2020 and an independent director at Shanghai Meinong Biotechnology Co., Ltd. (上海美農生物科技股份有限公司) since October 2020.

Mr. Xiang graduated from the College of Economics of the Chinese Communist Party Chongqing Municipal Committee Party School (中國共產黨重慶市委員會黨校經濟專業大專) in July 1988. He then obtained a master of business economics at Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院), China in July 1998.

Ms. TANG Guo Qiong (唐國瓊), aged 59, was appointed as an independent non-executive Director of the Company in November 2020. She is primarily responsible for supervising and providing independent advice on the operation and management of our Company.

Prior to joining the Group, Ms. Tang acted as an independent non-executive Director at various companies, including Troy Information Technology Co., Ltd. (創意信息技術股份有限公司) (300366.SZ) from November 2008 to November 2014, Chengdu Leejun Industrial Co., Ltd. (成都利君實業股份有限公司) (002651.SZ) from January 2011 to December 2016, Maoye Commercial Co., Ltd. (茂業商業股份有限公司) (600828.SH) from March 2012 to June 2018, Sichuan Xunyou Network Technology Co., Ltd. (四川迅遊網絡科技股份有限公司) (300467.SZ) from March 2012 to December 2018, Sichuan Western Resources Holding Co., Ltd (四川西部資源控股股份有限公司) (600139.SH) from February 2014 to August 2019, Leshan Electric Power Co., Ltd. (樂山電力股份有限公司) (600644.SH) from April 2015 to April 2021, Tibet New Boom Business Management Chain Co., Ltd (西藏新博美商業管理連鎖股份有限公司) and Chengdu Dongjun Laser Co., Ltd (成都東駿激光股份有限公司) from July 2016 to June 2020. Further, Ms. Tang has served as a Director at Beijing Decentest Technology Corporation Limited (北京世紀德辰通信技術有限公司) (currently known as Beijing Decentest Technology Corporation Limited (北京德辰科技股份有限公司)) since July 2018, Cheng Du Sheng Nuo Biotec Co., Ltd. (成都聖諾生物科技股份有限公司) (688117.SH) since January 2019, SI-TECH Information Technology Co., Ltd. (北京思特奇信息技術股份有限公司) (300608.SZ) since June 2019 and Sichuan Mingxing Electric Power Co., Ltd. (四川明星電力股份有限公司) (600101.SH) since May 2021. Ms. Tang also currently holds positions as the chairperson and member of the audit committee of both SI-TECH Information Technology Co., Ltd. (北京思特奇信息技術股份有限公司) (300608.SZ) and Sichuan Mingxing Electric Power Co., Ltd. (四川明星電力股份有限公司) (600101.SH).

Further, Ms. Tang has been the professor of accounting and director of accounting at the School of Accounting of the Southwestern University of Finance and Economics (西南財經大學) in China since December 2009 and is currently a financial review expert of science and technology project plans at the Science & Technology department of Sichuan province (四川省科技廳).

Ms. Tang obtained a PhD in accounting from Southwestern University of Finance and Economics (西南財經大學), China in June 2009.

Dr. HUANG Wei (黃瑋), aged 53, was appointed as an independent non-executive Director of the Company in December 29, 2021 (effective before Listing). She is primarily responsible for offering independent suggestion to our Board on the operations and management of the Company.

Prior to joining the Group, Dr. Huang worked at the Foreign Economics Affairs office of the Guangzhou Municipal Government from July 1995 to July 1996, Centaline (China) Property Consultants Limited from October 2002 to April 2004 and Grant Sherman Advisory Limited (中證評估有限公司). She has also been working at Hong Kong Appraisal Advisory Limited (中聯資產評估集團香港分所) since May 2015. Further, Dr. Huang is currently acting as the president of the Hong Kong Young Expert Society Limited, the vice president of the Hong Kong Association of Overseas-Returned Scholars, the vice president and chairperson of the business evaluation committee of the Hong Kong Independent Non-Executive Director Association, the senior advisor of the HK Bio-Med Innotech Association since September 2018, and the panelist (October 2021) and mentor (November 2021 to October 2022) of HK Tech 300 Programme at the City University of Hong Kong.

Dr. Huang obtained a master degree in Mathematics from the School of Science at Sun Yat-sen University (中山大學), China in June 1995 and a PhD in real estate economics from the Real Estate and Construction Department, the Faculty of Architecture at University of Hong Kong in December 2002.

Dr. Huang is an Accredited Senior Appraiser of American Society of Appraisers (ASA) and a Chartered Member of the Royal Institution of Chartered Surveyors (MRICS).

BOARD OF SUPERVISORS

Ms. YAN Jin (嚴錦), aged 47, is the chairman of the Board of Supervisors appointed in February 2017. She is responsible for overall work of the Board of Supervisors and supervising the performance of duties by the Directors and the senior management.

Ms. Yan has been a partner at Sichuan Xingrong Law Firm (四川興蓉律師事務所) since October 2016, having joined as an attorney at the firm in November 2014. Ms. Yan also served as an attorney at Zhongchuan Dazhong Law Firm Chongqing Branch (中川大眾律師事務所重慶分所) from July 1997 to April 2000 and as an attorney at Chongqing Qingyuan Law Firm (重慶青原律師事務所) from April 2000 to October 2014. Further, she worked at Chengdu Tanyutou Investment Co., Ltd. (成都譚魚頭投資股份有限公司) from October 2000 to December 2013, where she served as a director and the secretary to the board of directors from September 2008 to December 2013.

Ms. Yan graduated from Southwest Minzu University (西南民族大學) in China with a bachelor's degree in law in July 1995. Ms. Yan was admitted as a lawyer by Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in August 1996.

Ms. CHEN Zemin (陳澤敏), aged 48, is a Supervisor of our Company appointed in September 2021. She is primarily responsible for supervising the performance of duties by the Directors and the senior management.

During December 2001 to December 2012, Ms. Chen held various positions at TQMMM, including as a financial director from December 2001 to April 2005 and a financial manager since May

2005. Ms. Chen subsequently joined Tianqi Group Company and served roles as a manager of the funding department from January 2013 to March 2013 and a manager of the financial department from April 2013 to January 2017. Further, Ms. Chen has been a financial director of Tianqi Group Company from February 2017 to December 2021.

Ms. Chen graduated from the Southern Western of Finance and Economics (西南財經大學) with a degree in accounting in December 1994. She also obtained a bachelor's degree in accounting jointly from The Open University of China (中央廣播電視大學) and Beijing Technology and Business University (北京工商大學), China in July 2005 through online distant learning. She was also accredited as accountant by Ministry of Finance (財政部) in 1997.

Mr. HU Yi (胡軼), aged 41, is an employee representative Supervisor appointed in September 2021. He is responsible for supervising the performance of duties by the Directors and the senior management, managing the audit team to conduct audit mission based on annual audit plan and to ensure compliance with external regulation and internal policies and procedures and reporting regularly and directly to the Audit and Risk Committee. Mr. Hu has also been appointed as the director of the audit department since May 2021.

During July 2002 to July 2006, Mr. Hu served as an audit project manager, a senior audit manager and an audit assistant general manager at Chongqing Pan-China Certified Public Accountants LLP (重慶天健會計師事務所). He worked at Ernst & Young from January 2007 to December 2009, Fullerton Credit (富登信貸公司) from January 2010 to September 2015, Mashang Consumer Finance Co., Ltd (馬上消費金融股份有限公司) as an audit director in October 2015, followed by a French sole proprietorship named Microcred (美興小額貸款公司) as the audit representative of the PRC region from September 2016 to April 2019. He then served as the audit director of Suning Finance Group (蘇寧金融集團) in 2019.

Mr. Hu graduated from Central South University (中南大學), China with a degree in computerized accounting in July 2002. Further, he obtained an MBA/EMBA from Sichuan University (四川大學), China in September 2015.

SENIOR MANAGEMENT

For biographical details of **Mr. HA, Frank Chun Shing (夏浚誠)** and **Mr. ZOU Jun (鄒軍)**, please see "—Board of Directors—Executive Directors" in this section.

Mr. GUO Wei (郭維), aged 51, is an executive vice president of our Company appointed in April 2022, primarily responsible for the operation and management of the Company's operations, projects, procurement, supply chain, process technology, and production and resource bases.

Mr. Guo has over 17 years of experience in the lithium industry. Mr. Guo held various positions at Chengdu Machinery, Hardware and Mineral Import and Export Co., Ltd (成都市機械五金礦產進出口公司), TQMMM and Tianqi Group Company respectively. Mr. Guo joined our Company in September 2004 where he served as the head of supply department of our Company from September 2004 to November 2006, the assistant to general manager of our Company from November 2006 to May 2009 and the vice president (deputy general manager) from May 2009 to February 2021. Mr. Guo is currently a member of the Chinese People's Political Consultative Conference Standing Committee of Shehong District since July 2016 and a representative at the People's Congress of Suining City since September 2021 as well.

Mr. Guo graduated from Sichuan University (四川大學), China in July 1996. Mr. Guo was also accredited as an engineer by Suining Title Reform Work Leading Group Office in August 2006.

Mr. YAN Dong (閻冬), aged 48, is a senior vice president of our Company appointed in February 2021, primarily responsible for planning and coordinating the sales and marketing activities of the Company.

Mr. Yan served as the head of the sales branch of the Company from June 2013 to December 2014, the general sales manager of Chengdu Tianqi from December 2014 to December 2015 and the deputy general manager of Chengdu Tianqi from August 2014 to July 2020. Mr. Yan also served as the vice president (deputy general manager) of the Company from December 2015 to February 2021, and has been the senior vice president of the Company since February 2021.

Mr. Yan graduated from Suzhou Institute of Silk Textile Technology (蘇州絲綢工學院), China in July 1995 with a bachelor's degree in textile machinery and Southwestern University of Finance and Economics (西南財經大學), China with a master's degree in business administration in December 2003.

Ms. XIONG Wanyu (熊萬渝), aged 46, is a vice president of our Company, primarily responsible for the management of government affairs, corporate administration, ESG and sustainable development and group business work of our Company.

Ms. Xiong worked at Chengdu Tianqi Import and Export Co., Ltd (成都天齊進出口公司) and TQMMM (成都天齊機械五礦進出口有限責任公司) during April 2008 to August 2014. Subsequently, she joined our Company in August 2014 and acted as head of administration department till February 2021. Ms. Xiong has also been a member of the Chinese People's Political Consultative Conference of Shuangliu District, Chengdu City, Sichuan Province since December 2012.

Ms. Xiong graduated from the Southwestern University of Finance and Economics (西南財經大學), China with a bachelor's degree in accounting in 1996. She is currently pursuing a postgraduate degree at Southwestern University of Finance and Economics (西南財經大學) in China.

Ms. LIU Ying (劉瑩), aged 47, is an executive vice president of our Company appointed in April 2022, primarily responsible for the human resources management, global sales and marketing management, and corporate innovation management of our Company.

During December 2004 to April 2012, Ms. Liu served various roles at Walmart Inc. including human resources manager, regional personnel manager, senior regional personnel manager and human resources director of the Western China region. She then acted as a human resources director at the Coca Cola Company (Sichuan) between May 2012 to October 2017 (可口可樂(四川)飲料有限公司). Subsequently, Ms. Liu joined our Company as a human resources director in November 2017.

Ms. Liu graduated from Southwest University of Political Science & Law (西南政法大學) in China with a bachelor's degree in law in 1996 and obtained a master's degree in human resource management from the University of Hertfordshire, United Kingdom in 2004. She also received professional certification from The Chartered Institute of Personnel and Development in 2004.

Mr. ZHOU Fu (周複), aged 42, is a vice president of our Company since February 2021, primarily responsible for the research and development center, information technology management, and preparation, scientific research and industrial technology control of enterprise universities of our Company.

Prior to joining our Company, Mr. Zhou taught at the China University of Petroleum (中國石油大學) between July 2006 to June 2007 and worked as a postdoctoral research scientist at Dalhousie University under Professor Jeff Dahn's group. He then worked as an R&D Group Leader at The Dow Chemical Company and an R&D Senior Manager at A123 Systems. Subsequently, Mr. Zhou joined our Company in May 2018 and worked as a director of research and development.

Mr. Zhou received a bachelor's degree in chemistry and a PhD degree in material chemistry from the University of Science and Technology of China (中國科學技術大學) in 2001 and 2006 respectively.

Mr. Zhou submitted his resignation application to our Company in June 2022, and his last day of employment with our Company will be determined in accordance with the terms of his employment contract, our Company's internal policies, and the applicable laws and regulations.

Mr. ZHANG Wenyu (張文宇), aged 43, is the secretary to the Board and a vice president of our Company since December 2021, primarily responsible for supervision of the daily affairs of the Board, corporate governance and equity financing etc. Mr. Zhang has also been appointed as a director and an authorized representative of ITS since January 2022. Further, he is currently the chairman of Windfield since April 2022.

Mr. Zhang has around 20 years of experience in areas of legal, investment, accounting and taxation. Prior to joining the Group, Mr. Zhang worked as a senior tax associate at PricewaterhouseCoopers China (普華永道) from August 2004 to February 2005, a legal and tax manager at the Internet Technology Group from March 2005 to December 2007, a business and tax manager at PricewaterhouseCoopers Hong Kong (羅兵咸永道) from April 2008 to March 2010, a partner at MWE China Law Offices (元達律師事務所) from April 2010 to May 2015 and the director and managing director of Dajia Overseas Holdings Co. Limited from June 2015 to May 2019 and from May 2019 to November 2021, respectively.

Mr. Zhang graduated from the South China University of Technology (華南理工大學), China with a double bachelor's degree in laws and arts in July 2002. He then obtained a part-time MBA master degree from the Sun Yat-sen University (中山大學), China in June 2009, a Master of Laws degree from the Northwestern University, United States in May 2015 and a part-time Master of Laws degree from the New York University, United States in September 2019. He is currently a Ph.D. candidate at Faculty of Law, the University of Hong Kong.

Further, Mr. Zhang obtained the qualification of PRC Legal Professional (non-practicing) in 2002. He has been accredited with the qualification of Certified International Investment Analyst (CIIA) since November 2010, the qualification of Certified Public Accountant (CPA, non-practicing) since April 2012 and the qualification of the Chartered Financial Analyst (CFA) since September 2018. He has been admitted as an attorney in the State of New York since June 2016. He has also been accredited as a Fellow of the Chartered Governance Institute UK with the designations of Chartered Secretary and Chartered Governance Professional since March 2020 and a Fellow of the Hong Kong Institute of Chartered Secretaries with the designation of Chartered Secretary since March 2020.

Mr. LI Guo (李果), aged 38, is a vice president of the Company since April 2022, primarily responsible for the corporate development, and the investment and M&A business of the Company.

Mr. Li has 7 years of experience in the lithium industry. He joined our Company as an investment and development manager in June 2015. Subsequently, Mr. Li served as a manager of the strategic development department from October 2016, and has been the director of strategic development since January 2021. Further, Mr. Li is currently a director of Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司) ("**Shanghai Aerospace**") since January 2016. His role as a director of Shanghai Aerospace is of a non-executive nature and is therefore not a full-time role.

Mr. Li graduated from Chongqing Technology and Business University (重慶工商大學) with a bachelor's degree in finance in July 2006 and obtained a master's degree in business administration from Waseda University (早稻田大學) in March 2015.

Except as disclosed in the section headed "Directors, Supervisors, Senior Management and Employees" in this Prospectus, each of the Directors, Supervisors and members of the senior management of our Company (i) did not hold other positions in the Group as of the Latest Practicable Date; (ii) did not hold any other directorship in other public companies, the securities of which are listed on any securities markets in Hong Kong or overseas, in the three years prior to the Latest Practicable Date. For the Directors' and Supervisors' interests in the Shares within the meaning of Part XV of the SFO, please see "Appendix VIII—Statutory and General Information".

None of the Directors are interested in any business, apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business under Rule 8.10(2) of the Listing Rules.

Mr. HA, Frank Chun Shing served as a director of Steyr Motors GmbH from November 2018 to February 2019. Steyr Motors GmbH went into liquidation pursuant to an order of the court of Austria in February 20, 2019, and was subsequently sold to Thales Group (France) in 2019. Mr. Ha took over the role of chief executive officer of Steyr Motors GmbH from November 2018 until August 2019 as the company was experiencing financial difficulties and the former chief executive officer stepped down, during which Mr. Ha negotiated the refinancing and liquidation arrangements with relevant stakeholders and arranged a smooth transition for the subsequent sale to Thales Group (France).

Further, on September 4, 2020, Mr. JIANG Weiping and Mr. ZOU Jun received a decision of public criticism by the Shenzhen Stock Exchange. Please refer to "History and Corporate Structure—Our A Share Listing and Reasons for the Listing" in this Prospectus for further details.

On August 12, 2020, Ms. WU Wei (our then executive Director and president) resigned due to personal reasons. There has been no disagreement, unresolved dispute or ongoing litigation between Ms. WU Wei and our Company or the Board.

Except as disclosed in this Prospectus, to the best of the knowledge, information and belief of the Directors and Supervisors, having made all reasonable inquiries, there were no additional matters with respect to the appointment of the Directors or Supervisors that need to be brought to the attention of the Shareholders and there were no additional information relating to the Directors or Supervisors that are required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

JOINT COMPANY SECRETARIES

Mr. ZHANG Wenyu (張文宇) is a joint company secretary of the Company. For biographical details of Mr. Zhang, please see "—Senior Management" in this section.

Ms. WONG Hoi Ting (黃凱婷), aged 34, is a joint company secretary of the Company, appointed in December 2021.

Ms. Wong has over 8 years of work experience in the corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Wong graduated with a degree in social sciences from Lingnan University in 2009 and a masters of science in professional accounting and corporate governance from City University of Hong Kong in 2014. Ms. Wong has been accredited as a member of The Chartered Governance Institute since 2016 and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since 2016.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board.

The nomination and governance committee reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors, taking into account a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The nomination and governance committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy. The nomination and governance committee will review the Board Diversity Policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The Board has a balanced mix of experiences and industry background. The Directors have a diverse education background including engineering, economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. We have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has two female independent non-executive Directors, and has a wide age range comprising members from their 30s to 60s. Taking into account our Company's business model and the backgrounds and abilities of our Directors, the composition of the Board satisfies the Board Diversity Policy.

The nomination and governance committee of the Company is responsible for ensuring the diversity of the Board and will use its best efforts to identify and recommend suitable candidates for the Board's consideration, subject to the Directors being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on the relevant criteria, and fulfilling their fiduciary duties to act in the best interests of the Company and the Shareholders as a whole when making the relevant appointments.

For details of the composition of the nomination committee of the Board, please refer to the paragraph headed "– Board committees – Nomination and Governance committee" in this section.

COMMITTEES UNDER THE BOARD OF DIRECTORS

The Company currently has five special committees under the Board, which are the strategy and investment committee, the audit and risk committee, the nomination and governance committee, the remuneration and appraisal committee and the ESG and sustainable development committee. These committees operate in accordance with their respective terms of reference established by the Board.

Strategy and Investment Committee

Our Company has established a strategy and investment committee with written terms of reference. The strategy and investment committee consists of five Directors, being Mr. PAN Ying, Ms. TANG Guo Qiong, Mr. JIANG Weiping, Ms. JIANG Anqi and Mr. HA, Frank Chun Shing. The chairperson of the strategy and investment committee is Mr. PAN Ying. The primary duties of the strategy and investment committee are to evaluate and make recommendations on (i) long-term development strategies and plans; (ii) major financing proposals where Board approval is required by our Articles of Association; (iii) major capital expenditures or investments where Board approval is required by our Articles of Association; and (iv) other key matters that may affect the development of our Company.

Audit and Risk Committee

The Company has established an audit and risk committee with written terms of reference in compliance with the requirements with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The audit and risk committee consists of three Directors, being Mr. PAN Ying, Ms. TANG Guo Qiong and Mr. XIANG Chuan. The chairperson of the audit and risk committee is Ms. TANG Guo Qiong. The primary duties of the audit and risk committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

Nomination and Governance Committee

The Company has established a nomination and governance committee with written terms of reference in compliance with the requirements under the Listing Rules. The nomination and governance committee consists of three Directors, being Mr. PAN Ying, Mr. XIANG Chuan and Mr. JIANG Weiping. The chairperson of the nomination and governance committee is Mr. PAN Ying. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board; identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

Remuneration and Appraisal Committee

The Company has established a remuneration and appraisal committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The remuneration and appraisal committee consists of three Directors, being Mr. XIANG Chuan, Mr. PAN

Ying and Ms. JIANG Anqi. The chairperson of the remuneration and appraisal committee is Mr. XIANG Chuan. The primary duties of the remuneration and appraisal committee are to establish, review and provide advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time-to-time.

ESG and Sustainable Development Committee

The Company has established an ESG and sustainable development committee with written terms of reference in compliance with the requirements under the Listing Rules. The ESG and sustainable development committee consists of Ms. JIANG Anqi, Mr. HA, Frank Chun Shing and Mr. XIANG Chuan. The chairperson of the sustainable development committee is Ms. JIANG Anqi. The primary duties of the ESG and sustainable development committee are to assess the Company's environmental, social and governance responsibilities and risks and opportunities, and to formulate the Company's environmental, social and governance vision, objectives and strategies.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The compensation and remuneration of the Directors, Supervisors and members of the senior management of the Company are determined by the Shareholders' general meetings and the Board, in the form of salaries and bonuses. The Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to the Company or discharging their duties in relation to the operations of the Company. When reviewing and determining the specific remuneration packages for the Directors, Supervisors and members of the senior management of the Company, the Shareholders' meetings and the Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in the Group and performance. As required by the relevant PRC laws and regulations, the Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of the Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

The Company offers executive Directors, employee representative Supervisors and senior management members, who are also employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. The independent non-executive Directors and external Supervisors receive compensation based on their responsibilities.

The aggregate amounts of remuneration before tax granted to the Directors, the Supervisors and the senior management in 2019, 2020 and 2021 were RMB12.97 million, RMB9.49 million and RMB16.72 million respectively.

The aggregate amounts of remuneration before tax granted to the five highest paid individuals in 2019, 2020 and 2021 were RMB10.74 million, RMB11.41 million and RMB9.21 million, respectively.

It is estimated that remuneration equivalent to approximately RMB8.92 million, RMB1.18 million and RMB9.76 million will be paid to the Directors, Supervisors and senior management (excluding those who are also Directors or Supervisors), respectively, by the Company for the year ended December 31, 2022 based on the arrangements in force as of the date of this Prospectus.

No remuneration was paid by the Company to the Directors, Supervisors or the five highest paid individuals as inducement to join or upon joining the Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of the Directors or Supervisors had waived or agreed to waive any remuneration during the same periods.

Save as disclosed hereinabove, no other payments have been made or are payable in respect of the Track Record Period by any member of the Group to any of our Directors or Supervisors.

INCENTIVE PLAN FOR SENIOR MANAGEMENT AND KEY EMPLOYEES

The Company adopted a restricted share incentive plan on August 28, 2015 (the "**2015 Plan**"), for the purpose of promoting the success and enhance the value of the Company, by linking the personal interests of the members of the Board, senior management and key employees to those of the shareholders of the Company and, by providing an incentive for outstanding performance, to generate superior returns for the shareholders of the Company. Under the 2015 Plan, 3,010,000 restricted ordinary shares (including 2,709,000 issued and 301,000 reserved) were issued and granted to 72 employees. Each of Mr. ZOU Jun, Mr. GUO Wei and Mr. YAN Dong from our senior management was granted 360,000 Shares, 120,000 Shares, 120,000 Shares respectively, under the 2015 Plan.

For details of the 2015 Plan, please refer to "Appendix VIII—Statutory and General Information—1. Further Information about our Company—D. Incentive plan for senior management and key employees."

COMPLIANCE ADVISOR

The Company has appointed Somerley Capital Limited as the compliance advisor pursuant to Rule 3A.19 and 19A.05 of the Listing Rules. Our compliance advisor will provide us with guidance and advice as to compliance with the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise the Company in the following circumstances.

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where the Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this Prospectus or where the Company's business activities, developments or results deviate from any forecasts, estimates or other information in this Prospectus; and
- where the Stock Exchange makes an inquiry of the Company regarding unusual movements in the price or trading volume of the H Shares, the possible development of a false market in the H Shares or any other matters under Rule 13.10 of the Listing Rules.

Meanwhile, pursuant to Rule 19A.06(3) of the Listing Rules, the compliance advisor shall inform us on a timely basis of any amendment or supplement to the Hong Kong Listing Rules issued by the Hong Kong Stock Exchange from time to time and any new or amended law, regulation or code in Hong Kong applicable to our Company. The compliance advisor shall also provide advice to us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The terms of the appointment of the compliance advisor will commence on the Listing Date and end on the date of distribution of the annual report of the financial results of our Group for the first full financial year commencing after the Listing Date or on the date of the termination of the service contract, whichever is earlier.

This section presents certain information regarding our share capital prior to and following the completion of the Global Offering.

As of the Latest Practicable Date, our registered and issued share capital was RMB1,477,099,383 comprising 1,477,099,383 A Shares at the nominal value of RMB1.00 each, all of which are listed on the Shenzhen Stock Exchange.

	Number of Shares	Approximate percentage of issued share capital
		(%)
A Shares in issue	1,477,099,383	100

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our registered and issued share capital will be as follows:

	Number of Shares	Approximate percentage of issued share capital
		(%)
A Shares in issue	1,477,099,383	90
H Shares in issue	164,122,200	10
Total	1,641,221,583	**100**

Immediately following the completion of the Global Offering, assuming that the Over-allotment Option is exercised in full, our registered and issued share capital will be as follows:

	Number of Shares	Approximate percentage of issued share capital
		(%)
A Shares in issue	1,477,099,383	88.7
H Shares in issue	188,740,400	11.3
Total	1,665,839,783	**100**

OUR SHARES

The H Shares and A Shares in issue upon completion of the Global Offering will be ordinary Shares in our share capital. Shenzhen-Hong Kong Stock Connect, initiated on December 5, 2016, has established a stock connect mechanism between the PRC and Hong Kong. A Shares can be subscribed for and traded by PRC investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As the A Shares of our Company are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shenzhen-Hong Kong Stock Connect. H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If the H Shares of our Company are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by PRC investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of the A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of H Shares will receive share dividends in the form of H Shares, and holders of A Shares will receive share dividends in the form of A Shares.

In addition, A Shares and H Shares are regarded as different classes of Shares under our Articles of Association. The differences between the two classes of Shares, provisions on class rights, dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different branches of the register of Shareholders, the method of Share transfer and appointment of dividend receiving agents are set out in the section headed "Appendix VII—Summary of Articles of Association" in this Prospectus. Further, any change or abrogation of the rights of class Shareholders should be approved by way of a special resolution of the general meeting of Shareholders and by a separate meeting of Shareholders convened by the affected class of Shareholders. See the section headed "Appendix VII—Summary of Articles of Association" in this Prospectus for the circumstances under which a general meeting of Shareholders and class meeting are required. However, the procedures for approval by separate class Shareholders shall not apply:

(i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of our existing issued A Shares and H Shares;

(ii) where our plan to issue A Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the securities regulatory under the State Council; or

(iii) where the transfer of A Shares held by the A Shareholders of the Company to foreign investors for listing and trading on the Stock Exchange as H Shares has been approved by the authorized securities approval authorities of the State Council, including the CSRC.

A Shares and H Shares will however *rank pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of Listing.

TRANSFER OF OUR A SHARES FOR LISTING AND TRADING ON THE STOCK EXCHANGE AS H SHARES

A Shares and H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and H Shares may be different after the Global Offering.

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to and approval from the CSRC. The Full Circulation Guidelines are only applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange. Up to the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A shares holders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

We have obtained approval from our holders of A Shares to issue H Shares and seek the listing of H Shares on the Stock Exchange. Such approval was obtained at the general meetings of our Company held on September 29, 2021 upon, among other things, the following major terms:

(1) Size of the offer

The proposed number of H Shares to be offered initially shall not exceed 20% of the total issued number of shares as enlarged by the H Shares to be issued pursuant to the Global Offering. The number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially pursuant to the Global Offering.

(2) Method of offering

The method of offering shall be by way of public offer for subscription in Hong Kong and an international offering to institutional and professional investors.

(3) Target investors

The H Shares shall be issued to professional organizations, institutions individual investors and the public.

(4) Price determination basis

The issue price of the H Shares will be determined, among others, after due consideration of the interests of existing Shareholders of our Company, the acceptance of investors and issuance risks and in accordance with international practices through the demands for orders and book building process, subject to the domestic and overseas capital market conditions and by reference to the valuation level of comparable companies in domestic and overseas markets.

(5) Validity period

The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date when the Shareholders' meeting was held on September 29, 2021.

There is no other approved offering plans for our Shares except the Global Offering.

Substantial Shareholders as at the Latest Practicable Date

As of the Latest Practicable Date, our registered and issued share capital was RMB1,477,099,383, divided into 1,477,099,383 A Shares with a nominal value of RMB1.00 each. The following persons directly or indirectly control, or are entitled to exercise or control the exercise of, 5% or more of our share capital:

Shareholder	Nature of interest	Class of Shares	Number of Shares directly or indirectly held	Approximate% of shareholding
Mr. Jiang Weiping [(1)(2)]	Interest of controlled corporations	A Shares	416,316,432	28.18%
	Interest of spouse	A Shares	68,679,877	4.65%
Tianqi Group Company [(1)]	Beneficial owner	A Shares	416,316,432	28.18%
Ms. Zhang Jing [(2)]	Beneficial owner	A Shares	68,679,877	4.65%
	Interest of spouse	A Shares	416,316,432	28.18%

Notes:

(1) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As of November 4, 2021, Tianqi Group Company had pledged 108,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

(2) Mr. Jiang Weiping and his spouse, Ms. Zhang Jing, are deemed to be interested in the Shares held by each other under the SFO.

Substantial Shareholders Upon Listing

Immediately following completion of the Global Offering:

- assuming the Over-allotment Option is not exercised, our share capital will comprise 1,477,099,383 A Shares and 164,122,200 H Shares, representing 90.0% and 10.0% of the total share capital of our Company, respectively; and
- assuming the Over-allotment Option is fully exercised, our share capital will comprise 1,477,099,383 A Shares and 188,740,400 H Shares, representing 88.7% and 11.3% of the total share capital of our Company, respectively.

So far as our Directors are aware, immediately following the completion of the Global Offering, each of the following persons will have an interest or short position (as applicable) in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group:

Interests in our Company

Immediately following the completion of the Global Offering:

			Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)			Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)		
Shareholder	**Number of shares held after the Global Offering**	**Nature of interest**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Company[(2)]**	**Approximate % of the relevant class of Shares in our Company[(1)]**	**Number of Shares directly or indirectly held**	**Approximate % of interest in our Company[(3)]**	**Approximate % of the relevant class of Shares in our Company[(1)]**
Mr. Jiang Weiping[(4)(5)] . . .	Interest of controlled corporations	A Shares	416,316,432 (Long position)	25.37%	28.18%	416,316,432 (Long position)	24.99%	28.18%
	Interest of spouse	A Shares	68,679,877 (Long position)	4.18%	4.65%	68,679,877 (Long position)	4.12%	4.65%
Tianqi Group Company[(4)] . . .	Beneficial owner	A Shares	416,316,432 (Long position)	25.37%	28.18%	416,316,432 (Long position)	24.99%	28.18%
Ms. Zhang Jing[(5)]	Beneficial owner	A Shares	68,679,877 (Long position)	4.18%	4.65%	68,679,877 (Long position)	4.12%	4.65%
	Interest of spouse	A Shares	416,316,432 (Long position)	25.37%	28.18%	416,316,432 (Long position)	24.99%	28.18%

Notes:

(1) The calculation is based on the percentage of shareholding in A Shares (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 1,641,221,583 Shares in issue after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) The calculation is based on the total number of 1,665,839,783 Shares in issue after the Global Offering (assuming the Over-allotment Option is fully exercised).

(4) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As of November 4, 2021, Tianqi Group Company had pledged 108,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

(5) Mr. Jiang Weiping and his spouse, Ms. Zhang Jing, are deemed to be interested in the Shares held by each other under the SFO.

Interests in shares of other member of our Group (other than our Company)

Name of member of our Group	**Person holding 10% or more interest**	**Approximate% of interest in the member of our Group**
Chongqing Tianqi	Chongqing Kunyu Lithium Co., Ltd. (重慶昆瑜鋰業有限公司)	13.62%
Windfield	RT Lithium	49%
TLEA	IGO Limited	49%

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in the Shares or underlying Shares of our Company which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set forth below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), who have agreed to, subject to certain conditions, subscribe or cause their designated entities to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) which may be purchased at the Offer Price with an aggregate amount of approximately HK$4,903 million (exclusive of the brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the FRC transaction levy) (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$69.00 (being the low-end of the indicative Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 71,050,400 Offer Shares, representing approximately 43.3% of the Offer Shares (assuming the Over-allotment Option is not exercised), approximately 37.6% of the Offer Shares (assuming the Over-allotment Option is fully exercised), approximately 4.3% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 4.3% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is fully exercised).

Assuming an Offer Price of HK$75.50 (being the mid-point of the indicative Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 64,933,400 Offer Shares, representing approximately 39.6% of the Offer Shares (assuming the Over-allotment Option is not exercised), approximately 34.4% of the Offer Shares (assuming the Over-allotment Option is fully exercised), approximately 4.0% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 3.9% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is fully exercised).

Assuming an Offer Price of HK$82.00 (being the high-end of the indicative Offer Price range set out in this prospectus), the total number of Offer Shares to be subscribed for by the Cornerstone Investors would be 59,786,200 Offer Shares, representing approximately 36.4% of the Offer Shares (assuming the Over-allotment Option is not exercised), approximately 31.7% of the Offer Shares (assuming the Over-allotment Option is fully exercised), approximately 3.6% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and approximately 3.6% of our total issued share capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is fully exercised).

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Offering. Our Company is of the view that, leveraging on the Cornerstone Investors' investment experience, the Cornerstone Placing will help raise the profile of our Company and to signify that such investors have confidence in the growth and development of the lithium industry in the PRC and in particular the future growth and business prospects of our Group.

If there is over-allocation in the International Offering, there may be deferred delivery of the Offer Shares to be subscribed by the Cornerstone Investors under the Cornerstone Placing. Some Cornerstone Investors have agreed that the Joint Representatives may, in their sole discretion, defer the delivery of all or part of the Offer Shares that such Cornerstone Investors have subscribed for to a date later than the Listing Date. All of the Cornerstone Investors, including the aforesaid Cornerstone Investors who have agreed to a potential delayed delivery arrangement, have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Offer Shares commence on the Stock Exchange. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules.

There are no side agreements/arrangement between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, and the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price. None of the Cornerstone Investors will have any representation on the Board nor become a substantial shareholder of our Company immediately upon completion of the Global Offering, and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements.

We became acquainted with each of the Cornerstone Investors mainly through introduction by the relevant Underwriters. As confirmed by each of the Cornerstone Investors, their respective interest in our Company as a Cornerstone Investor is based on their confidence in our Company's business and prospects. As confirmed by each Cornerstone Investor, their subscription under the Cornerstone Placing would be financed by their own internal financial resources and/or financial resources of their ultimate beneficial owners.

To the best knowledge of our Company,

(i) save for Pacific Asset Management Co., Limited and CPIC Investment Management (H.K.) Company Limited, each of the Cornerstone Investors (and, for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, such QDIIs) is an Independent Third Party and is not our connected person, is not an existing Shareholder of our Company or a close associate of such existing Shareholder, and, save for the relationship between Pacific Asset Management Co., Limited and CPIC Investment Management (H.K.) Company Limited as disclosed in this section, is independent of other Cornerstone Investors. Pacific Asset Management Co., Limited and CPIC Investment Management (H.K.) Company Limited have been permitted to participate in the Cornerstone Placing pursuant to paragraph 5(2) of Appendix 6 to the Listing Rules and the waiver from strict compliance with Rule 10.04 of the Listing Rules as further described in the section headed "Waivers from Strict Compliance with the Listing Rules";

(ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, the chief executive of our Company, the Single Largest Group of Shareholders, the substantial Shareholders or the existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in their name or otherwise held by them;

(iii) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by the Company, the Directors, the chief executive of the Company, the Single

Largest Group of Shareholders, the substantial Shareholders or the existing Shareholders or any of its subsidiaries or their respective close associates; and

(iv) save for CPIC Investment Management (H.K.) Company Limited, LG Chem, Ltd., Pacific Asset Management Co., Limited, Shenzhen Dynanonic Company Limited and Gold Mountains (H.K.) International Mining Company Limited, each of the Cornerstone Investors or their holding companies are not listed on any stock exchange.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback". Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around July 12, 2022.

To the extent that any Cornerstone Investor has engaged a PRC QDII to subscribe for the relevant Offer Shares on its behalf, such Cornerstone Investor will procure the PRC QDII to comply with the terms of its Cornerstone Investment Agreement in order to ensure the compliance of such Cornerstone Investor with its obligations under its Cornerstone Investment Agreement.

OUR CORNERSTONE INVESTORS

The Company has entered into Cornerstone Investment Agreements with CALB Co., Ltd., CPIC Investment Management (H.K.) Company Limited, LG Chem, Ltd., Pacific Asset Management Co., Limited, Shenzhen Dynanonic Company Limited, Sichuan Energy Investment (Hong Kong) Holdings Limited and Gold Mountains (H.K.) International Mining Company Limited, in respect of the Cornerstone Placing.

The following tables set out certain details of the Cornerstone Placing:

Cornerstone Investor	Investment Amount[(1)] (in million)	Number of Offer Shares[(2)]	Based on the Offer Price of HK$69.00 (being the low-end of the indicative Offer Price range) Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is exercise in full	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is exercise in full
CALB Co., Ltd.	389	5,631,800	3.4%	3.0%	3.8%	3.3%	0.3%	0.3%
CPIC Investment Management (H.K.) Company Limited	188	2,730,400	1.7%	1.4%	1.8%	1.6%	0.2%	0.2%
LG Chem, Ltd.	1,178	17,065,800	10.4%	9.0%	11.6%	9.9%	1.0%	1.0%
Pacific Asset Management Co., Limited	832	12,059,800	7.3%	6.4%	8.2%	7.0%	0.7%	0.7%
Shenzhen Dynanonic Company Limited	1,178	17,065,800	10.4%	9.0%	11.6%	9.9%	1.0%	1.0%
Sichuan Energy Investment (Hong Kong) Holdings Limited	353	5,119,600	3.1%	2.7%	3.5%	3.0%	0.3%	0.3%
Gold Mountains (H.K.) International Mining Company Limited	785	11,377,200	6.9%	6.0%	7.7%	6.6%	0.7%	0.7%
Total	**4,903**	**71,050,400**	**43.3%**	**37.6%**	**48.1%**	**41.2%**	**4.3%**	**4.3%**

Notes:

(1) Calculated based on the exchange rates as described in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion". The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

(2) Subject to rounding down to the nearest whole board lot of 200 H Shares.

Based on the Offer Price of HK$75.50 (being the mid-point of the indicative Offer Price range)

Cornerstone Investor	Investment Amount(1) *(in million)*	Number of Offer Shares(2)	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is exercise in full	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is exercise in full
CALB Co., Ltd.	389	5,146,800	3.1%	2.7%	3.5%	3.0%	0.3%	0.3%
CPIC Investment Management (H.K.) Company Limited	188	2,495,400	1.5%	1.3%	1.7%	1.4%	0.2%	0.1%
LG Chem, Ltd.	1,178	15,596,600	9.5%	8.3%	10.6%	9.1%	1.0%	0.9%
Pacific Asset Management Co., Limited	832	11,021,600	6.7%	5.8%	7.5%	6.4%	0.7%	0.7%
Shenzhen Dynanonic Company Limited	1,178	15,596,600	9.5%	8.3%	10.6%	9.1%	1.0%	0.9%
Sichuan Energy Investment (Hong Kong) Holdings Limited	353	4,678,800	2.9%	2.5%	3.2%	2.7%	0.3%	0.3%
Gold Mountains (H.K.) International Mining Company Limited	785	10,397,600	6.3%	5.5%	7.0%	6.0%	0.6%	0.6%
Total	4,903	64,933,400	39.6%	34.4%	44.0%	37.7%	4.0%	3.9%

Notes:

(1) Calculated based on an exchange rate as described in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion". The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

(2) Subject to rounding down to the nearest whole board lot of 200 H Shares.

Based on the Offer Price of HK$82.00 (being the high-end of the indicative Offer Price range)

Cornerstone Investor	Investment Amount(1) (in million)	Number of Offer Shares(2)	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of the International Offer Shares: Assuming the Over-allotment Option is exercise in full	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering: Assuming the Over-allotment Option is exercise in full
CALB Co., Ltd.	389	4,739,000	2.9%	2.5%	3.2%	2.7%	0.3%	0.3%
CPIC Investment Management (H.K.) Company Limited	188	2,297,600	1.4%	1.2%	1.6%	1.3%	0.1%	0.1%
LG Chem, Ltd.	1,178	14,360,200	8.7%	7.6%	9.7%	8.3%	0.9%	0.9%
Pacific Asset Management Co., Limited	832	10,147,800	6.2%	5.4%	6.9%	5.9%	0.6%	0.6%
Shenzhen Dynanonic Company Limited	1,178	14,360,200	8.7%	7.6%	9.7%	8.3%	0.9%	0.9%
Sichuan Energy Investment (Hong Kong) Holdings Limited	353	4,308,000	2.6%	2.3%	2.9%	2.5%	0.3%	0.3%
Gold Mountains (H.K.) International Mining Company Limited	785	9,573,400	5.8%	5.1%	6.5%	5.6%	0.6%	0.6%
Total	4,903	59,786,200	36.4%	31.7%	40.5%	34.7%	3.6%	3.6%

Notes:

(1) Calculated based on an exchange rate as described in the section headed "Information about this Prospectus and the Global Offering — Exchange Rate Conversion". The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate prescribed in the relevant Cornerstone Investment Agreement.

(2) Subject to rounding down to the nearest whole board lot of 200 H Shares.

The following information on the Cornerstone Investors was provided to the Company by the Cornerstone Investors.

CALB Co., Ltd.

CALB Co., Ltd. ("**CALB**"), was established in the PRC on December 8, 2015. Jiangsu Jintan Investment Holdings Ltd. (a state-owned company which is directly wholly-owned by the Jiangsu Province Changzhou City Jintan District government of the PRC) controls approximately 30.04% (including both direct and indirect interest) of the equity interest of CALB. CALB is a global leading new energy technology company mainly engaged in the R&D, production and sales of electric vehicle (EV) batteries and energy storage system (ESS) products. CALB is committed to becoming an energy value creator, providing the most valuable power and energy storage battery product solutions and high-quality new energy full life cycle services for the new energy vehicle manufacturers, energy storage and special application markets.

CALB is one of our customers and we are principally supplying battery grade lithium carbonate to CALB. In May 2022, our Company entered into a sales contract with CALB for a term commencing from June 2022 to December 2022. The sales contract was entered into on an arm's length basis and on normal commercial terms and in the ordinary course of business of our Company. Save as disclosed above, our Company did not enter into any other transaction, agreement or arrangements with CALB concerning the acquisition of our H Shares.

China Pacific Insurance (Group) Co., Ltd.

Pacific Asset Management Co., Limited ("**Pacific Asset Management**") was incorporated in the PRC in June 2006 with the approval of the China Banking and Insurance Regulatory Commission. CPIC Investment Management (H.K.) Company Limited ("**CPIC (HK)**") was established in Hong Kong in 2010.

Pacific Asset Management is the major external investment entity of China Pacific Insurance (Group) Co., Ltd. ("**CPIC**"), and its principal businesses include the management and deployment of internal funds and insurance funds, entrusted funds management business, relevant consulting services related to funds management and other asset management businesses as permitted under PRC laws and regulations. CPIC (HK) is principally engaged in asset management and provision of investment advisory services, including the management of the investment accounts of qualified domestic institutional investors of China Pacific Property Insurance Co., Ltd. ("**China Pacific Property**"), which is engaged in the business of property insurance.

Pacific Asset Management, CPIC (HK) and China Pacific Property are part of the group of CPIC, a company founded in 1991 and listed on Shanghai Stock Exchange (stock code: 601601.SH), the Hong Kong Stock Exchange (stock code: 2601.HK) and its GDR listed under the code CPIC. CPIC, being a leading composite insurance company in the PRC based in Shanghai holds approximately (including both direct and indirect interest) 99.7% of equity interest in Pacific Asset Management, 100% of equity interest in CPIC (HK) and 98.5% of equity interest in China Pacific Property.

CPIC does not require approval from the relevant stock exchanges or its shareholders to invest in our Company.

LG Chem, Ltd.

LG Chem, Ltd. ("**LG Chem**"), founded in 1947, is Korea's largest diversified chemical company listed on Korea Stock Exchange (stock code: 051910), which operates three main business units: Petrochemicals, Advanced Materials and Life Sciences. The petrochemical business manufactures a wide range of products such as NCC, Polyolefin, PVC/Plasticizer, ABS, Acrylate/SAP, HPM Lubber, Catalyst, and CNT business items. It also extends its chemical expertise into high-tech areas such as Cathode material, Battery separator, Engineering material, IT material, RO filter, and drugs and vaccines.

LG Chem is one of our customers and we are principally supplying lithium hydroxide, one of the core materials used to make batteries, to LG Chem. In June 2022, we entered into a sales contract with LG Chem for a term commencing from January 2023 to December 2026. Pursuant to the sales contract, our Company agreed to supply an aggregate of approximately 42,000 tons of lithium hydroxide to LG Chem during the term of the sales contract. There is no predetermined purchase price under the sales contract. However, the parties agreed that the purchase price shall be determined based on a pre-agreed pricing formula. The sales contract was entered into on an arm's length basis and on normal commercial terms and in the ordinary course of business of our Company. Save as disclosed above, our Company did not enter into any other transaction, agreement or arrangement with LG Chem concerning the acquisition of our H Shares.

LG Chem does not require approval from the Korea Stock Exchange or its shareholders to invest in our Company.

Shenzhen Dynanonic Company Limited

Shenzhen Dynanonic Company Limited ("**Shenzhen Dynanonic**") is a company listed on the Shenzhen Stock Exchange (SHE. 300769). Shenzhen Dynanonic's core businesses include the R&D, production and sales of nano-lithium iron phosphate, lithium iron manganese phosphate and lithium supplements etc. Shenzhen Dynanonic's products are widely used in the field of new energy electric vehicles, energy storage and consumer electronics. Shenzhen Dynanonic's largest shareholder is Mr. Ji Xuewen (吉學文), an Independent Third Party, holding approximately 14.23% interest in the company.

Shenzhen Dynanonic is one of our customers and we are principally supplying lithium carbonate, one of the core materials used to make batteries, to Shenzhen Dynanonic. In June 2022, our Company entered into a long-term sales contract with Shenzhen Dynanonic for a term commencing from July 2022 to December 2024. Pursuant to the sales contract, our Company agreed to supply an aggregate of approximately 31,700 tons of lithium carbonate to Shenzhen Dynanonic throughout the term of the sales contract. There is no predetermined purchase price under the sales contract. However, the parties agreed that the purchase price shall be determined based on a pre-agreed pricing formula. The sales contract was entered into on an arm's length basis and on normal commercial terms and in the ordinary course of business of our Company. Save as disclosed above, our Company did not enter into any other transaction, agreement or arrangement with Shenzhen Dynanonic concerning the acquisition of our H Shares.

Shenzhen Dynanonic does not require approval from the Shenzhen Stock Exchange or its shareholders to invest in our Company.

Sichuan Energy Investment (Hong Kong) Holdings Limited

Sichuan Energy Investment (Hong Kong) Holdings Limited ("**Sichuan Energy**") was established in Hong Kong in August 2016. Sichuan Energy mainly engaged in the international trade and supply chain management related businesses by carrying out bulk commodity trades of non-ferrous metals, especially electrolytic copper, electrolytic nickel and other products such as iron, ore, oil and coal, which are in line with the investment philosophy and development plan of Sichuan Nengtou Material Industry Group Co., Ltd. ("**Sichuan Nengtou Material Group**"), its parent company. Sichuan Energy is wholly-owned by Sichuan Nengtou Material Group, which is ultimately owned by the government of the Sichuan province in the PRC.

Zijin Mining Group Co., Ltd.

Gold Mountains (H.K.) International Mining Company Limited (**"Gold Mountains"**) was incorporated in Hong Kong in 2004. Gold Mountains is a wholly-owned subsidiary of Zijin Mining Group Co., Ltd. (**"Zijin Mining"**), a company listed on the Hong Kong Stock Exchange (stock code: 2899) and the Shanghai Stock Exchange (stock code: 601899). Zijin Mining is a multinational mining group dedicated to the exploration, development and engineering technology application and research of copper, gold, zinc and other metallic mineral resources and new energy mineral resources globally.

Our Company has been undergoing discussions with Zijin Mining to enter into strategic cooperation for the joint development of upstream lithium resources in China, including the Yajiang Cuola Mine, which is not in operation at present and being held for future development. We consider that such cooperation can take advantage of Zijin Mining's industry expertise and capital resources. No written agreement has been reached as to the strategic cooperation with Zijin Mining as of the Latest Practicable Date and it is expected that no written agreement will be signed before Listing. The cornerstone investment is separate from, and not conditional upon the signing of the strategic cooperation agreement.

Zijin Mining does not require approval from the relevant stock exchanges or its shareholders to invest in our Company.

CONDITIONS PRECEDENT

The obligation of each of the Cornerstone Investors to acquire the relevant Offer Shares under the respective Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between the Company and the Joint Representatives (for themselves and on behalf of the Underwriters of the Global Offering);

(c) the Listing Committee having granted the listing of, and permission to deal in, the H Shares as well as other applicable waivers and approvals and such approval, permission or waiver not having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(d) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the representations, warranties, undertakings, acknowledgements and confirmations of the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the closing of the subscription of the Offer Shares in accordance with the terms and conditions of the Cornerstone Investment Agreement) accurate and true in all respects and not misleading and that there is no material breach of the relevant Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON DISPOSAL OF OFFER SHARES BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have purchased pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances for the relevant Cornerstone Investor, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements as of and for each of the years ended December 31, 2019, 2020 and 2021, as well as the accompanying notes included in the Accountants' Report set out in Appendix I to this Prospectus. The consolidated financial statements have been prepared in accordance with IFRSs. Potential investors should read the Accountants' Report set out in Appendix I to this Prospectus in its entirety and not rely merely on the information contained in this section. The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. For additional information regarding these risks and uncertainties, see "Risk Factors."

OVERVIEW

We are a leading lithium producer in China and globally. We are well-positioned to capitalize on the new energy revolution globally, particularly in the EV and energy storage sectors. We are the only lithium producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates, according to the Wood Mackenzie Report. We operate in critical stages of the lithium value chain, including (i) mining of lithium ore and manufacturing of lithium concentrate, and (ii) manufacturing of lithium compounds and derivatives. By leveraging the high-quality and low-cost lithium concentrate from the Greenbushes Mine, we are able to achieve self-sufficiency in lithium raw materials for efficient manufacturing of high-quality lithium compounds and derivatives.

One of our subsidiaries is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%, and we ranked third in terms of revenue generated from lithium in 2021, according to the Wood Mackenzie Report. We are also the world's fourth largest and Asia's second largest lithium compound producer as measured by production output in 2021, according to the same source. Through our subsidiary Talison, we have access to the lithium mining rights at the Greenbushes Mine. The Greenbushes Mine was the largest lithium mine in the world in terms of production and reserves as of December 31, 2021, according to the Wood Mackenzie Report. It was also the lowest-cost large-scale mined lithium producer globally in 2021, according to the Wood Mackenzie Report. As of the Latest Practicable Date, we held a 22.78% equity interest in and are the second largest shareholder of SQM, the largest producer of lithium compounds from brine globally by production output in 2021, according to the Wood Mackenzie Report. According to the Wood Mackenzie Report, SQM is also one of the lowest-cost producers of lithium carbonate in the world, calculated based on production cost in 2021. Our products are primarily divided into two categories, (i) lithium concentrate products and (ii) lithium compounds and derivatives products. Lithium concentrate products include chemical grade and technical grade lithium concentrate, whereas lithium compounds and derivatives products include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. Our three domestic manufacturing plants in Shehong, Sichuan province, Zhangjiagang, Jiangsu province and Tongliang, Chongqing, China, together were capable of manufacturing the full spectrum of lithium compounds and derivatives with a combined annual production capacity of 44,800 tons as of December 31, 2021.

Our revenue decreased from RMB4,816.4 million for the year ended December 31, 2019 to RMB3,215.2 million for the year ended December 31, 2020, primarily due to the decreased revenue of both sales of lithium compounds and derivatives business and sales of lithium concentrate business.

Our revenue significantly increased to RMB7,597.9 million for the year ended December 31, 2021, representing a growth of 136.3%. Our gross profit decreased from RMB2,697.3 million for the year ended December 31, 2019 to RMB1,327.0 million for the year ended December 31, 2020, and significantly increased to RMB4,687.9 million for the year ended December 31, 2021, representing a growth of 253.3%. We incurred net losses of RMB5,480.4 million and RMB1,124.6 million for the years ended December 31, 2019 and 2020, and recorded a net profit of RMB4,205.8 million for the year ended December 31, 2021. Our gross profit margin for the years ended December 31, 2019, 2020 and 2021 was 56.0%, 41.3% and 61.7%, respectively.

FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our business and historical financial condition and results of operations have been affected by a number of important factors which we believe will continue to affect our financial condition and results of operations in the future. Our results are primarily affected by the following factors:

- Lithium prices and demand in end markets;
- Capacity expansion through organic growth and strategic cooperation;
- Operational improvement and production cost control;
- Our capital structure; and
- SQM investment.

Lithium Prices and Demand in End Markets

We are exposed to movements in the market prices of lithium products. Our revenue is derived from the sales of lithium compounds and derivatives, and lithium concentrate. We generally sell our products based on our pricing strategy, which takes into account the prevailing market price as well as various other factors applicable to individual customers such as specifications of products, raw material costs, production costs, length of contracts, relationship with the customers and other contract terms such as delivery and payment. The market price of lithium products is largely subject to market forces, in particular, the supply and demand for lithium products. During the Track Record Period, market price for lithium products experienced a decrease in 2020, primarily as a result of the decrease in sales in our end-users and the negative impact from the COVID-19 pandemic, and experienced a significant increase in the first nine months of 2021. According to the Wood Mackenzie Report, the average spot price for battery-grade lithium carbonate in China decreased from US$8,748 per ton in 2019 to US$5,051 per ton in 2020, and increased to US$13,308 per ton in 2021; the average spot price for technical-grade lithium carbonate in China decreased from US$7,530 per ton in 2019 to US$4,283 per ton in 2020, and increased to US$12,542 per ton in 2021. During the Track Record Period, our revenue was, to a significant extent, driven by the changes of selling price of our products, which was generally in line with the trend in prevailing market prices of lithium products.

Demand for our products is also affected by demand in the end markets we serve, which primarily include lithium-based batteries, aircraft, ceramics and glass. In the most recent years, our sales growth has been driven by the strong demand in the end markets, in particular, the lithium-based batteries market, primarily due to the significant growth in demand for EV batteries and energy storage batteries. Our battery-grade lithium compound products, which are largely purchased by battery material manufacturers, accounted for 70.6%, 67.2% and 84.3% of our total revenue generated from lithium compounds in 2019, 2020 and 2021, respectively. We expect that our sales will continue to be driven by the demand in the end markets we serve.

Capacity Expansion through Organic Growth and Strategic Cooperation

The growth in our revenue is affected by our ability to expand our production capacity. We have been constructing additional lithium manufacturing facilities and increasing our production capacity. For example, we acquired a battery-grade lithium carbonate manufacturing plant in Zhangjiagang in 2015 and the assets of a lithium metal manufacturing plant in Tongliang in 2017. As of the Latest Practicable Date, we operated three manufacturing plants in Shehong, Zhangjiagang and Tongliang in China. Our Zhangjiagang Plant was the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world as of the Latest Practicable Date, according to the Wood Mackenzie Report. As of December 31, 2021, our production capacity of lithium compounds and derivatives was 44,800 tons.

We have also been strategically making acquisitions in lithium resources around the world to ensure stable lithium supply in the future. In 2014, we acquired a 51% equity interest in Windfield, which owns the Greenbushes Mine in Australia, the largest hard rock lithium mine in the world as measured by the size of reserve and mining output in 2021, according to the Wood Mackenzie Report. In June 2021, we restructured our shareholding in Windfield through our subsidiary, TLEA, in which we hold a 51% equity interest, whereas a strategic investor, IGO, holds the remaining 49% of TLEA. TLEA in turn holds 51% equity interest in Windfield. The high-quality ore at the Greenbushes Mine allows for efficient and low-cost production of lithium concentrates. The Greenbushes Mine has three plants for the processing of lithium ore into lithium concentrate, which are located adjacent to the open pit mining operation. The three plants, namely TGP, CGP1 and CGP2, produce lithium concentrates containing a range of grades with varying iron impurity levels. Low iron technical-grade concentrates are produced at the TGP, and chemical-grade concentrate which contains higher levels of iron is produced at CGP1 and CGP2. Talison has completed commissioning of CGP2 and its associated crusher, CR2, which is in the ramp up stage.

In order to meet the fast-growing demand for lithium compounds and derivatives, we plan to expand our production capacity plants in Australia and the PRC. We plan to continue to expand our production capacity to capture growth opportunities in the lithium industry and continue to expand our market share. Our key expansion plans include expanding our production capacities at our existing manufacturing plants, as well as constructing additional manufacturing plants. In 2016, we announced the construction of the Kwinana Plant for manufacturing battery-grade lithium hydroxide in Kwinana, Western Australia. The construction of the first phase of the Kwinana Plant has been completed and is now in the trial production stage. We are conducting a feasibility study regarding the construction plan and preparing estimates for the required capital expenditure of the second phase of the battery-grade lithium hydroxide plant in Kwinana, which is expected to achieve an annual production capacity of 24,000 tons when in full operation. We are also constructing a lithium carbonate manufacturing plant in Anju District of Suining, Sichuan province, China with an annual production capacity of 20,000 tons, and we plan to expand the lithium metal production capacity at the Tongliang Plant in Chongqing by adding an annual production capacity of 2,000 tons. When our plants are fully constructed and operational, our total annual production capacity of lithium compounds is expected to exceed 110,000 tons. Before the new production capacity becomes available, we cooperate with and outsource some manufacturers of lithium compounds and derivatives to downstream lithium compounds processing plants through tolling arrangements to enhance our processing capabilities and meet the demand of our downstream customers. We also plan to establish various strategic partnerships with major participants in the upstream and downstream of the value chain, including equity investments, projects, collaboration at product level, joint technological innovation, etc., which we expect to help reduce our initial capital investment, share project risks, and at the same time fully benefit from both sides' respective advantages and achieve a win-win situation.

Operational Improvement and Production Cost Control

Our ability to maintain and improve our production efficiency and control production costs affects our profitability and results of operations. We have taken several initiatives in recent years to improve our production efficiency, including upgrading equipment and machinery and optimizing the production processes and techniques. Our ability to improve manufacturing processes grants us the flexibility to optimize the use of our production lines. We are able to coordinate production across our manufacturing facilities and/or alter production schedules in response to the changes in demand. In addition, we are able to rapidly ramp up production and commence large-scale production of technically complex products in short timeframes, which enables us to optimize our allocation of assets and identify the critical resources to quickly ramp up large-scale production. The following table sets forth a summary of our effective production capacity and utilization rates for our manufacturing plants for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)	Effective Production Capacity(1)	Utilization Rate(2)
	(tons)	%	(tons)	%	(tons)	%
Shehong Plant	24,200	102	24,200	81	24,200	99
Zhangjiagang Plant	18,500	100	20,000	90	20,000	96
Tongliang Plant	600	84	600	76	600	84

Notes:

(1) The effective production capacity represents the average of each month's designed production capacity multiplied by the number of months in actual production. The effective production capacity is measured in tons.

(2) The utilization rate is calculated based on the actual output for the relevant period divided by the effective production capacity for the relevant period.

We intend to further increase productivity through implementing upgraded, automated machinery and equipment at our manufacturing facilities, and streamlining our production process with the data analysis capacity of our ERP system. We believe that as our sales volume grows and our operational efficiency increases, our production costs as a percentage of revenue will tend to decrease due to economies of scale.

Our Capital Structure

On December 3, 2018, we completed our acquisition of 62,556,568 Series A shares of SQM held by Nutrien at a consideration of approximately US$4.07 billion. In addition to our cash on hand, we entered into two facilities agreements and have drawn down all available facilities thereunder of US$3.5 billion to finance the consideration for the SQM Transaction. As a result of the SQM Transaction, we carry significant amounts of investment in associates and debt on our consolidated statements of financial position. This has caused us to bear significant amounts of interest expense and to pay significant amounts of cash for interest. The SQM Indebtedness consists of term loan facilities at floating interest rates, which are set at certain fixed rates plus LIBOR. As a result, we are exposed to the risk of market interest rates fluctuations. See "—Indebtedness—Indebtedness relating to the SQM Transaction" and "—SQM Investment".

As of December 31, 2019, 2020 and 2021, we had total bank loans and other borrowings of RMB33,863.1 million, RMB30,152.6 million and RMB21,562.7 million, respectively. For the year ended December 31, 2019, 2020 and 2021, our finance costs amounted to RMB2,045.5 million, RMB1,835.6 million and RMB1,474.8 million, respectively, which accounted for 42.5%, 57.1% and 19.4%, respectively, of our total revenue for the relevant year. As of December 31, 2019, 2020 and 2021, our gearing ratios, which is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity, amounted to 382.6%, 409.9% and 110.2%, respectively, and our liquidity ratios amounted to 28.8%, 10.8% and 51.2%, respectively.

We plan to apply HK$8,865 million out of HK$12,022 million total net proceeds from the Global Offering to repay the SQM Indebtedness. Following such repayment, the amount of outstanding loans under the above facility agreements will be fully repaid, and accordingly, our overall finance cost will decrease and our capital structure and liquidity will improve. We believe that our capital structure and liquidity upon completion of the Global Offering will improve our financial flexibility to capitalize efficiently on an industry recovery, ultimately increasing value for our shareholders.

After the completion of the Global Offering, our primary cash needs will continue to be for working capital, capital expenditures, repayment of indebtedness and other discretionary investments. Our focus will be on the continued prudent management and reduction of our debt balances. We believe this focus creates potential for strong free cash flow generation during an industry upcycle. Additionally, we believe that our growth opportunities will be organic and funded by cash flow from operations.

SQM Investment

In 2018, we successfully acquired an equity stake in SQM and became its second largest shareholder. We held 22.78% of SQM's outstanding shares as of the Latest Practicable Date. According to the Wood Mackenzie Report, SQM is the world's largest producer of lithium compounds as measured by production output in 2021. Our strategic holding of SQM has allowed us to benefit from SQM's operation in world-class brine resources, thereby further consolidating our position in the industry and generating stable and attractive long-term financial returns.

Our business and historical financial condition and results of operations have been, and will continue to be affected by the financial condition and results of operation of SQM. We recorded our investment in SQM as "interests in associates" and adjust our investment for the post acquisition change in our share of SQM's net assets and any impairment loss relating to the investment. In view of the adverse macro-economic changes especially after the outbreak of COVID pandemic, the market consensus lithium price forecast derived from the published industry reports at that time, the delay of SQM's project construction for production capacity expansion announced in early 2020, we reassessed the fair value of SQM equity value and the recoverable amount of our interest in SQM. We recognized an impairment loss of RMB5,236.6 million for the year ended December 31, 2019. In 2021, with the recovery of the fair value of SQM in its equity instrument, the macro-economic condition and continuing strong performance of lithium industry, we determined that the indicators for impairment recognised in prior periods for SQM had decreased and assessed the recoverable amount of the interest in SQM, resulting in a reversal of impairment loss of RMB1,601.3 million for the year ended December 31, 2021 in connection with our interest in SQM. For the years ended December 31, 2019, 2020 and 2021, our share of profits less losses in associates was RMB333.1 million, RMB161.1 million and RMB752.8 million, respectively. As of December 31, 2019, 2020 and 2021, our interests in associates amounted to RMB25,087.9 million, RMB23,400.6 million and RMB24,120.8 million, respectively.

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

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

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

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

IMPACT OF COVID-19 PANDEMIC

In response to the spread of the COVID-19 virus, including the spread of variants and mutant strains, such as the recently detected Delta and Omicron variants, the PRC government and governments in other countries where we have established operations implemented numerous measures, including travel bans and restrictions, quarantines, stay-at-home orders and shutdowns. We took a series of measures in response to the outbreak to protect our employees in compliance with governments' measures, including, temporary closure of our offices, remote working arrangements for our employees, and travel restrictions or suspension. While our manufacturing facilities maintained normal operations since the outbreak of the COVID-19 pandemic in the first quarter of 2020, we experienced temporary disruptions to our supply chain and logistics operations. At our Shehong Plant, the supply of raw materials was temporarily delayed due to restrictions on transportation and logistics imposed by local government on January 29, 2020. The normal supply of raw materials resumed on February 24, 2020 as the Shehong Plant implemented various measures, including special logistics arrangements. Our other manufacturing facilities were not affected by the COVID-19 pandemic.

The economic slow-down and regional lock-down resulting from the COVID-19 pandemic, negatively impacted our business and results of operations in 2020. Between 2019 and 2020, market prices for lithium products experienced a steady decrease, primarily as a result of slowdown in global economy and decreased sales volume in our end-users, attributing to the decreased market demand. Our revenue decreased from RMB4,816.4 million for the year ended December 31, 2019 to RMB3,215.2 million for the year ended December 31, 2020.

Since the second quarter of 2020, many of the quarantine measures in China have been relaxed, with sporadic resurgence of the pandemic in different regions. We witnessed a growth in our revenue from RMB3,215.2 million for the year ended December 31, 2020 to RMB7,597.9 million for the year ended December 31, 2021.

Since January 1, 2022, certain areas across the PRC have suffered from some regional outbreaks of COVID-19 variants including Delta and Omicron variants. In response, local governments in the affected areas imposed various restrictions on business and social activities, including city lockdowns, restrictions on travel and emergency quarantines. We have not experienced any material operating difficulties, labor shortages, supply chain disruptions or order cancellations due to the recent recurrence of COVID-19. In addition, our business and revenue have continued to grow. Our revenue increased significantly from RMB899.6 million for the three months ended March 31, 2021 to RMB5,213.1 million for the three months ended March 31, 2022. Although our operations have not been directly affected by COVID-19 pandemic, we are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact on our business, results of operations and financial condition. As the COVID-19 pandemic remains an evolving situation, there is great uncertainty as to the development of the disease.

We believe the impact on demand growth, our sales volumes and our average selling prices will depend on the duration of the COVID-19 pandemic in the regions where we operate, the efficiency of the measures implemented to contain the spread of the COVID-19 virus and relevant fiscal incentives that may be implemented to promote economic recovery. While we have resumed business operations, there remain significant uncertainties surrounding the COVID-19 pandemic and its further development. In the event of the resurgence of the COVID-19 pandemic, governments may re-impose or implement strengthened measures to combat it, which may impact our business and operations, our results of operations, financial condition, cash flow and liquidity in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of our significant accounting policies is set forth in Note 2 and Note 3 to the Accountants' Report in Appendix I to this Prospectus. Critical accounting policies are those that require our management to exercise judgment in applying assumptions and making estimates that would yield materially different results if our management applied different assumptions or made different estimates. Estimates and judgments are continually re-evaluated and are based on historical experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. We have not changed our assumptions or estimates in the past and have not noticed any material errors regarding our assumptions or estimates. Under current circumstances, we do not expect that our assumptions or estimates are likely to change significantly in the future. We believe the following critical accounting policies involve the most significant judgments in the preparation of our consolidated financial statements.

Revenue Recognition

Revenue is recognized when the control over a product or service is transferred to a customer, on the following bases:

- from the sale of lithium compounds and derivatives, when the goods are delivered to and have been accepted at customers' premises for domestic sales or a designated port of loading for export sales, provided that for contracts that permit the customer to return an item, revenue is adjusted to exclude expected returns, which are estimated based on the historical data for specific types of lithium products;
- from the sale of lithium concentrate, when the goods are dispatched from our warehouse for domestic sales or are delivered to and have been accepted at a designated port of

loading for export sales, provided that for contracts that permit the customer to return an item, revenue is adjusted to exclude expected returns, which are estimated based on the historical data for specific types of lithium products;

- dividend income from unlisted investments, when the shareholders' right to receive payment is established;
- dividend income from listed investments, when the share price of the investment goes ex-dividend;
- interest income, on an accrual basis under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset; and
- government grants, when there is reasonable assurance that they will be received and we will comply with the conditions attaching to them.

Inventories and Other Contract Costs

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalized as inventory, property, plant and equipment or intangible assets.

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

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

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

Amortization of capitalized contract costs is charged to profit or loss when the revenue to which the asset relates is recognized.

Property, Plant and Equipment

Windfield's freehold land in Australia is stated at historical cost and has not depreciated.

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses:

- right-of-use assets arising from leases over freehold or leasehold properties where we are not the registered owner, which consists of the property interest;
- mine properties and development (including capitalized stripping costs); and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and office equipment.

The cost of an item of property, plant and equipment comprises its purchase price, any directly attributable costs of bringing it to its present working condition and location for its intended use, the costs of borrowed funds used during the period of construction and, when relevant, the costs of dismantling and removing the item and restoring the site on which the item is located, and changes in the measurement of existing liabilities recognized for these costs resulting from changes in the timing of outflow of resources required to settle the obligation or from changes in the discount rate.

Cost of replacing part of an item of property, plant and equipment is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, such cost is capitalized in the carrying amount of the asset.

Depreciation of property, plant and equipment is calculated write off the cost of each item of property, plant and equipment to its estimated residual value over its estimated useful life using straight line method, reducing balance method or units of production method. We review the estimated useful lives periodically to determine the related depreciation charges. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. We will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of Non-financial Assets

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

Reserves and Resources

Reserves are estimates of the amount of mineral product that can be economically extracted from our properties. We make estimates and assumptions of certain geological, technical and economic factors, which include quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short- and long-term commodity prices and exchange rates.

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

We determine and report ore reserves under the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect our financial results and financial position in a number of ways, including:

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

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

Mining Rights

Mining rights are stated at cost less accumulated amortization and any impairment losses. Mining rights include the cost of acquiring mining licenses. Mining rights are amortized over the estimated useful lives of the mines in accordance with the proven and probable reserves of the mines using the units of production method. The mining rights held by us are relating to Yajiang Cuola Mine. As of the Latest Practicable Date, we had not commenced operation in Yajiang Cuola Mine. Therefore, the mining rights of Yajiang Cuola Mine did not amortize during the Track Record Period.

Capitalized Stripping Costs

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

Development stripping costs are capitalized as a stripping activity asset and form part of the cost of constructing the mine, when it is probable that future economic benefits associated with the asset will flow to us and the costs can be measured reliably. Capitalization of development stripping costs ceases and these costs are transferred to mine properties and development when the ore body or the component of an ore body is ready for its intended use.

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

- It is probable that the future economic benefits (improved access to the ore body or the component of an ore body) will flow to us;
- The ore body or the component of an ore body for which access has been improved can be identified; and
- The costs relating to the stripping activity can be measured reliably.

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

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

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

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

Rehabilitation and Mine Closure Provisions

Rehabilitation and mine closure provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate mine properties and development. The discounted value reflects a combination of our assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact on the carrying value of the provision.

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

Useful Life of Property, Plant and Equipment

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

Recognition of Deferred Tax Assets

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

Leased assets

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

As a lessee

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

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

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

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

Credit Losses and Impairment of Assets

(i) Credit losses from financial instruments

For financial assets measured at amortized cost, including cash and cash equivalents, trade and other receivables and restricted and pledged deposits, we recognize allowance for expected credit losses. We measure credit losses as the present value of all expected cash shortfalls, which represent the difference between the cash flows due to us in accordance with the contracts and the cash flows that we expect to receive. We re-measure the expected credit losses at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the amount of expected credit losses is recognized as an impairment gain or loss.

(ii) Impairment of other non-current assets

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

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

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

Our development of the Yajiang Cuola Mine is currently suspended. For more information, see "Risk Factors—Risks Relating to Our Business—The development of our Yajiang Cuola Mine is currently on hold and we cannot assure you that the development of our Yajiang Cuola Mine will resume in the near future." We did not recognize any impairment losses in respect of the Yajiang Cuola Mine during the Track Record Period. Our impairment assessment was performed through comparing the recoverable amount and the carrying amount of the cash-generating units in relation to the Yajiang Cuola Mine.

We commenced construction of phase I of the Yajiang Cuola Mine in August 2012. However, due to an alleged environmental incident related to a neighboring mine owned and constructed by a third party, all lithium operations in the Jiajika District, including the construction of Yajiang Cuola Mine, were suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013. The People's Government of Ganzi Tibetan Autonomous Prefecture published a regulatory guidance relating to the construction recommencement in a press release in 2019, which provided policy guidance for our business development in Ganzi, in particular, in relation to our development and construction at Yajiang Cuola Mine. As of December 31, 2019, 2020, and 2021, the cash-generating units ("Shenghe Lithium CGU") consisted of mining rights and certain construction in progress and are identified as follows:

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Construction in progress	137.8	84.5	84.0
Mining rights	88.0	88.0	88.0
Shenghe Lithium CGU	225.8	172.5	172.0

The key assumptions that our management has adopted in the estimation of discounted future cash flows include budgeted gross margin and pre-tax discount rate.

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

As of December 31, 2019, 2020, and 2021, based on the value-in-use calculations, the recoverable amount exceeded the carrying amount of Shenghe Lithium CGU by RMB665.1 million, RMB977.5 million, and RMB1,769.0 million respectively. The following table sets forth the impact of reasonably possible changes in each of the key assumptions, with all other variables held constant, of impairment assessment of the Yajiang Cuola Mine as of the dates indicated.

Possible changes of key assumptions	Recoverable amount of the cash-generating units exceeding their carrying amount		
	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Budgeted gross margin decreases by 1%	604.3	902.0	1,597.0
Budgeted gross margin decreases by 3%	492.7	764.7	1,310.7
Budgeted gross margin decreases by 5%	392.7	642.7	1,081.6
Discount rate increases by 0.5%	611.2	912.8	1,676.2
Discount rate increases by 1.5%	513.1	794.7	1,505.2
Discount rate increases by 2.5%	426.5	690.0	1,351.8

Impairment of Goodwill

Our goodwill amounted to RMB416.1 million as of December 31, 2019, 2020 and 2021, respectively. Such goodwill resulted from our acquisition of Tianqi Lithium (Jiangsu) in 2015. We did not record any goodwill impairment during the Track Record Period.

The key assumptions used in determining the recoverable amount of the cash-generating units of Tianqi Lithium (Jiangsu) include budgeted gross margin and pre-tax discount rate.

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

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

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

As of December 31, 2019, 2020 and 2021, based on the value-in-use calculations, the recoverable amount of Tianqi Lithium (Jiangsu) CGU exceeded the carrying amount by RMB859.6 million, RMB206.6 million and RMB4,141.2 million, respectively.

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

The following tables sets forth the impact of possible changes in each of the key assumptions, with all other variables held constant, of impairment assessment of goodwill as of the dates indicated.

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

Exchange Differences on Translation of Financial Statements

As we conduct part of our business in Australia and other international jurisdictions, the functional currencies of certain of our subsidiaries are currencies other than Renminbi. At the end of the reporting period, the statements of financial position items of these entities are translated into Renminbi at the closing exchange rates at the end of the reporting period and the results of foreign operations are translated into Renminbi at the exchange rates approximating the prevailing foreign exchange rates at the dates of the relevant transactions.

The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve. Upon disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Revenue	**4,816.4**	**3,215.2**	**7,597.9**
Cost of sales	(2,119.1)	(1,888.2)	(2,910.0)
Gross profit	**2,697.3**	**1,327.0**	**4,687.9**
Other net income/(loss)	350.5	(195.1)	478.6
Selling and distribution expenses	(22.5)	(20.5)	(20.5)
Administrative expenses	(432.7)	(414.7)	(478.1)
Research and development costs	(48.4)	(24.3)	(18.9)
(Impairment)/reversal of impairment losses	(5,310.1)	(51.3)	1,652.4
(Loss)/Profit from operations	**(2,765.9)**	**621.1**	**6,301.4**
Finance costs	(2,045.5)	(1,835.6)	(1,474.8)
Share of profits less losses of associates	333.1	161.1	752.8
(Loss)/Profit before taxation	**(4,478.3)**	**(1,053.4)**	**5,579.4**
Income tax	(1,002.1)	(71.2)	(1,373.6)
(Loss)/Profit for the year	**(5,480.4)**	**(1,124.6)**	**4,205.8**
Attributable to:			
Equity shareholders of the Company	(5,981.4)	(1,830.9)	3,649.2
Non-controlling interests	501.0	706.3	556.6

PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we derived our revenue from sales of lithium compounds and derivatives business as well as sales of lithium concentrate business. Our revenue decreased by 33.2% from RMB4,816.4 million for the year ended December 31, 2019 to RMB3,215.2 million for the year ended December 31, 2020, and increased by 136.3% to RMB7,597.9 million for the year ended December 31, 2021.

Revenue by Business Segment

The following table sets forth a breakdown of our revenue by business segment, each expressed in the absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	2,902.3	60.3	1,735.3	54.0	4,960.2	65.3
Sales of lithium concentrate	1,914.1	39.7	1,479.9	46.0	2,637.7	34.7
Total revenue	**4,816.4**	**100.0**	**3,215.2**	**100.0**	**7,597.9**	**100.0**

The fluctuation of our total revenue during the Track Record Period was primarily driven by the fluctuation in our revenue from our sales of lithium compounds and derivatives business.

Revenue from our sales of lithium compounds and derivatives decreased by 40.2% from RMB2,902.3 million for the year ended December 31, 2019 to RMB1,735.3 million for the year ended December 31, 2020, while revenue from our sales of lithium concentrate business decreased by 22.7% from RMB1,914.1 million for the year ended December 31, 2019 to RMB1,479.9 million for the year ended December 31, 2020, primarily driven by (i) a decrease in the selling prices of our products, and (ii) a decrease in sales volume of lithium compounds and derivatives.

Revenue from our sales of lithium compounds and derivatives business increased by 185.8% from RMB1,735.3 million for the year ended December 31, 2020 to RMB4,960.2 million for the year ended December 31, 2021, mainly due to (i) an increase in the selling prices of our products, and (ii) an increase in sales volume attributable to strong market demand. Revenue from our sales of lithium concentrate business increased by 78.2% from RMB1,479.9 million for the year ended December 31, 2020 to RMB2,637.7 million for the year ended December 31, 2021, primarily driven by a significant increase in sales volume attributable to strong market demand.

Revenue from our sales of lithium compounds and derivatives business as a percentage of our total revenue decreased from 60.3% in 2019 to 54.0% in 2020, and such percentage increased to 65.3% in 2021; and revenue from our sales of lithium concentrate business as a percentage of our total revenue increased from 39.7% in 2019 to 46.0% in 2020, and such percentage decreased to 34.7% in 2021. The changes were because market prices of lithium products experienced a significant increase in 2021. Our lithium compounds and derivatives products are mainly sold to customers under short-term orders, in which selling prices are more flexible to reflect changes of market prices. During the track record period, a substantial majority of our lithium concentrate products were sold to Albemarle Germany, an indirect shareholder of Talison through Windfield, pursuant to the Albemarle Agreements, under which the parties negotiated and agreed selling prices every six months. As such, the selling prices are less responsive to market prices volatilities.

Revenue by Geographic Location

The following table sets out a breakdown of our revenue by geographic region, each expressed as an absolute amount and as a percentage of our total revenue, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
China	3,527.4	73.2	2,473.1	76.9	6,578.9	86.6
Overseas	1,289.0	26.8	742.1	23.1	1,019.0	13.4
Total revenue	**4,816.4**	**100.0**	**3,215.2**	**100.0**	**7,597.9**	**100.0**

Revenue from China and overseas represents our revenue from the sales of products delivered to China and overseas, respectively. China is our key market and has had the largest revenue contribution during the Track Record Period. Revenue from China contributed 73.2%, 76.9% and 86.6% of our total revenue for the years ended December 31, 2019, 2020 and 2021, respectively. Revenue from China increased by 166.0% from RMB2,473.1 million for the year ended December 31, 2020 to RMB6,578.9 million for the year ended December 31, 2021, primarily because of (i) an increase in selling price of our products sold under short-term contracts in China, and (ii) an increase in sale volume in China. Revenue from China decreased by 29.9% from RMB3,527.4 million for the year ended December 31, 2019 to RMB2,473.1 million for the year ended December 31, 2020, primarily driven by (i) a decrease in the selling prices of our products, and (ii) a decrease in sales volume of lithium compounds and derivatives attributable to decreased market demand. During the Track Record Period, approximately 98.4% of our sales contracts were short-term contracts with a term of less than one year, and approximately 99.8% of our sales in China were under short-term contracts and approximately 14.1% of our sales contracts in overseas were long-term contracts with a term of more than one year.

Sales Volume and Average Selling Price

The following table sets forth our sales volume and average selling price of each business segment for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price	Sales Volume	Average Selling Price
	(ton)	(RMB in thousands /ton)	(ton)	(RMB in thousands /ton)	(ton)	(RMB in thousands /ton)
Sales of lithium compounds and derivatives	40,847.9	71.0	35,701.0	48.6	47,710.9	104.0
Sales of lithium concentrate	345,506.9	5.5	352,746.8	4.2	551,190.0	4.8

The fluctuation in the sales volume of our lithium compounds and derivatives during the Track Record Period was primarily driven by adjustments to production volume and fluctuations in market demand. The fluctuation in the average selling price of our lithium compounds and derivatives during the Track Record Period was generally in line with the market prices that we used as benchmarks to price our own products.

The sales volume of our lithium concentrate stayed relatively stable in the years of 2019 and 2020. The sales volume of our lithium concentrate increased from 352,746.8 tons in the year ended

December 31, 2020 to 551,190.0 tons in the year ended December 31, 2021, primarily due to increased orders of shareholders of Windfield, which was in turn driven by increased market demand for lithium products. The average selling price of our lithium concentrates during the Track Record Period was generally in line with the market prices that we used as benchmarks to price our own products during the same period.

Cost of Sales

Our cost of sales decreased by 10.9% from RMB2,119.1 million for the year ended December 31, 2019 to RMB1,888.2 million for the year ended December 31, 2020. Our cost of sales increased by 54.1% to RMB2,910.0 million for the year ended December 31, 2021. The fluctuation of our cost of sales during the Track Record Period was in line with the fluctuation in our sales volume.

Cost of Sales by Business Segment

The following table sets forth a breakdown of our cost of sales by business segment, expressed as an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	1,521.1	71.8	1,333.1	70.6	1,908.0	65.6
Sales of lithium concentrate	598.0	28.2	555.1	29.4	1,002.0	34.4
Total cost of sales	**2,119.1**	**100.0**	**1,888.2**	**100.0**	**2,910.0**	**100.0**

Cost of sales attributable to our sales of lithium compounds and derivatives business as a percentage of our cost of sales generally decreased during the Track Record Period, even though revenue from sales of lithium compounds and derivatives business as a percentage of our total revenue increased from 54.0% for the year ended December 31, 2020 to 65.3% for the year ended December 31, 2021, because the sales volume from lithium compounds and derivatives business did not increase as much as the sale volume increase in lithium concentrate business from 2020 to 2021.

Cost of Sales by Nature

Sales of Lithium Compounds and Derivatives

Cost of sales attributable to our sales of lithium compounds and derivatives business consists of cost of lithium concentrate, other raw materials, utilities, depreciation and amortization, overhead and labor.

The following table sets forth a breakdown of our cost of sales attributable to our sales of lithium compounds and derivatives business by the type of cost incurred, expressed as an absolute amount and as a percentage of our production cost attributable to our sales of lithium compounds and derivatives business, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Lithium concentrate	577.1	38.5	425.4	35.3	693.6	37.1
Other raw materials	207.2	13.8	160.8	13.3	284.1	15.1
Utilities	243.7	16.3	203.7	16.9	220.2	11.7
Depreciation	157.3	10.5	161.2	13.4	159.4	8.5
Overhead	191.3	12.8	157.7	13.1	393.0	20.9
Labor	120.9	8.1	96.2	8.0	125.8	6.7
Total production cost attributable to production of lithium compounds and derivatives	**1,497.5**	**100.0**	**1,205.0**	**100.0**	**1,876.1**	**100.0**
Inventory movement	23.6		128.1		31.9	
Total cost of sales attributable to sales of lithium compounds and derivatives	**1,521.1**		**1,333.1**		**1,908.0**	

Lithium Concentrate Cost

Lithium concentrate cost is the largest component of our cost of sales attributable to our sales of lithium compounds and derivatives business. All of the lithium concentrate used for our sales of lithium compounds and derivatives business during the Track Record Period was provided by our mining, production and sales of lithium concentrate business, and thus the lithium concentrate cost was netted off in our consolidated financial statements due to intersegment elimination. Lithium concentrate cost accounted for 38.5%, 35.3% and 37.1%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Other Raw Materials Cost

Other raw materials cost represents the cost of raw materials, other than lithium concentrate, that are used for our manufacturing and sales of lithium compounds and derivatives business. Other raw materials primarily include various chemical products, such as sulfuric acid, hydrochloric acid, sodium hydroxide, sodium carbonate, calcium hydroxide, calcium chloride, and calcium carbonate. Other raw materials cost accounted for 13.8%, 13.3% and 15.1%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Utilities Cost

Utilities cost represents the cost of energy and power costs for our sales of lithium compounds and derivatives business. Utilities cost accounted for 16.3%, 16.9% and 11.7%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Depreciation Cost

Depreciation cost represents depreciation of property, plant and equipment associated with our sales of lithium compounds and derivatives business. Depreciation cost accounted for 10.5%, 13.4% and 8.5%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Overhead Cost

Overhead cost represents various other production costs associated with our sales of lithium compounds and derivatives business, including costs of packaging, repair and maintenance, consumables, safety-related and other miscellaneous costs. Overhead cost accounted for 12.8%, 13.1% and 20.9%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Labor Cost

Labor cost represents salaries and other staff-related costs of our sales of lithium compounds and derivatives business. Labor cost accounted for 8.1%, 8.0% and 6.7%, respectively, of our production cost attributable to our sales of lithium compounds and derivatives business for the years ended December 31, 2019, 2020 and 2021.

Sales of Lithium Concentrate

Cost of sales attributable to our sales of lithium concentrate business consists of (i) production cost, which includes cost of processing, mining, royalties, depreciation and amortization, transportation and mine administration and (ii) shipping cost, and is deducted by cost of lithium concentrate used for our sales of lithium compounds and derivatives business as a result of intersegment elimination.

The following table sets forth a breakdown of our cost of sales attributable to our sales of lithium concentrate business by the type of cost incurred, expressed as an absolute amount and as a percentage of our production cost attributable to our sales of lithium concentrate business, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Processing	431.6	33.6	305.2	34.1	415.9	27.0
Mining	359.5	28.0	213.1	23.8	284.1	18.4
Royalties	203.2	15.8	84.1	9.4	388.4	25.2
Depreciation and amortization	126.6	9.9	156.1	17.5	255.5	16.6
Transportation	91.2	7.1	63.9	7.1	96.4	6.3
Mine administration	72.2	5.6	72.1	8.1	101.2	6.5
Total production cost attributable to sales of lithium concentrate	**1,284.3**	**100.0**	**894.5**	**100.0**	**1,541.5**	**100.0**
Shipping cost	143.2		53.2		172.2	
Inventory movement	(252.4)		32.8		(18.1)	
Less: Lithium concentrate used for lithium compounds and derivatives production	(577.1)		(425.4)		(693.6)	
Total cost of sales attributable to sales of lithium concentrate	**598.0**		**555.1**		**1,002.0**	

Processing Cost

Processing cost is the largest component of our cost of sales attributable to our sales of lithium concentrate business and primarily consists of cost of repair and maintenance, consumables, workforce employment and fuel, electricity and water associated with our processing activities. Processing cost accounted for 33.6%, 34.1% and 27.0%, respectively, of our production cost attributable to our sales of lithium concentrate business for the years ended December 31, 2019, 2020 and 2021.

Mining Cost

Mining cost represents cost of mining contractors, consumables, workforce employment, fuel, electricity and water, as well as repair and maintenance associated with our mining activities. Mining cost accounted for 28.0%, 23.8% and 18.4%, respectively, of our production cost attributable to our sales of lithium concentrate business for the years ended December 31, 2019, 2020 and 2021.

Royalties Cost

Royalties cost represents the cost of royalties paid to the Australian government for our mining operations at the Greenbushes Mine. Royalties cost accounted for 15.8%, 9.4% and 25.2%, respectively, of our production cost of sales attributable to our sales of lithium concentrate business for the years ended December 31, 2019, 2020 and 2021.

Depreciation and Amortization Cost

Depreciation and amortization cost represents depreciation of property, plant and equipment and amortization of intangible assets associated with our mining, production and sales of lithium concentrate business. Depreciation and amortization cost accounted for 9.9%, 17.5% and 16.6%, respectively, of our production cost attributable to our sales of lithium concentrate business for the years ended December 31, 2019, 2020 and 2021.

Transportation Cost

Transportation cost represents the cost of land transportation of lithium concentrate from Greenbushes Mine to the port. Transportation cost accounted for 7.1%, 7.1% and 6.3%, respectively, of our production cost attributable to our sales of lithium concentrate business for the years ended December 31, 2019, 2020 and 2021.

Cost of Sales by Geographic Location

The following table sets forth a breakdown of our cost of sales by geographic location, expressed as an absolute amount and as a percentage of our total cost of sales, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
China	1,650.4	77.9	1,559.4	82.6	2,435.8	83.7
Overseas	468.7	22.1	328.8	17.4	474.2	16.3
Total cost of sales	**2,119.1**	**100.0**	**1,888.2**	**100.0**	**2,910.0**	**100.0**

Cost of sales attributable to China and overseas represents our cost of sales attributable to sales of products delivered to China and overseas, respectively. Cost of sales attributable to China contributed 77.9%, 82.6% and 83.7% of our total cost of sales for the years ended December 31, 2019, 2020 and 2021, respectively. The fluctuation of our cost of sales attributable to China as a percentage of our total cost of sales was generally in line with that of our revenue.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2019, 2020 and 2021, our gross profit amounted to RMB2,697.3 million, RMB1,327.0 million and RMB4,687.9 million, respectively. Our gross profit margin was 56.0%, 41.3% and 61.7%, respectively, during the same periods.

Gross Profit and Gross Profit Margin by Business Segment

The following table sets forth a breakdown of our gross profit and gross profit margin by business segment for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(RMB in millions, except for percentage)					
Sales of lithium compounds and derivatives	1,381.2	47.6	402.2	23.2	3,052.2	61.5
Sales of lithium concentrate	1,316.1	68.8	924.8	62.5	1,635.7	62.0
Total	**2,697.3**	**56.0**	**1,327.0**	**41.3**	**4,687.9**	**61.7**

Gross profit margin for our sales of lithium compounds and derivatives business decreased from 47.6% in 2019 to 23.2% in 2020, primarily due to a decrease in the selling prices of our lithium compounds and derivatives in 2020, in line with decreased prevailing market prices, while the average production cost remained relatively stable. Gross profit margin for our sales of lithium compounds and derivatives business further increased to 61.5% in 2021, primarily due to a significant increase in the selling prices of our lithium compounds and derivatives in 2021 in line with increased prevailing market prices.

Gross profit margin for our sales of lithium concentrate business decreased from 68.8% in 2019 to 62.5% in 2020, primarily due to the decrease in the selling prices of our products driven by the decrease of prevailing market prices during the same period, and the increased production costs. Gross profit margin for our sales of lithium concentrate business remained stable in 2021, primarily due to the increase in the selling prices of our products driven by the increase of prevailing market prices during the same period, offset by the increased production costs.

Gross Profit and Gross Profit Margin by Geographic Location

The following table sets out a breakdown of our gross profit and gross profit margin by geographic location for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %	Gross profit	Gross profit margin %
	(RMB in millions, except for percentage)					
China	1,877.0	53.2	913.7	36.9	4,143.1	63.0
Overseas	820.3	63.6	413.3	55.7	544.8	53.5
Total	**2,697.3**	**56.0**	**1,327.0**	**41.3**	**4,687.9**	**61.7**

Gross profit margin attributable to sales to China significantly decreased from 53.2% in 2019 to 36.9% in 2020, and significantly increased to 63.0% in 2021. Fluctuations in our gross profit margin attributable to China were primarily driven by fluctuations in the average selling price of our lithium compounds and derivatives products in China in line with prevailing market prices.

Gross profit margin attributable to sales to overseas decreased from 63.6% in 2019 to 55.7% in 2020, primarily driven by decreases in the average selling price of our lithium concentrates in overseas markets in line with prevailing market prices. Gross profit margin attributable to sales to overseas further decreased to 53.5% in 2021, primarily driven by (i) slower increase in selling prices of our lithium compounds and derivatives sold under long-term contracts overseas which were less responsive to the market prices volatilities, as compared to faster increase in cost of sales attributable to overseas; and (ii) slower increase of selling price of our lithium concentrate overseas which was updated every six months, and this was offset by increased production cost.

The higher profit margin attributable to sales to overseas as compared to profit margin attributable to sales to China in 2019 and 2020 was primarily driven by (i) higher gross profit margin of sales of concentrates in overseas compared to the sales of concentrates in China in 2019 and 2020 and (ii) more stable selling price of our lithium compounds and derivatives sold under long-term contracts in overseas which were less responsive to the market prices volatilities and led to relatively higher selling prices and gross profit margin in the overseas market as the market prices of such long-term contracts were in a downward trend in 2019 and 2020.

The higher profit margin attributable to sales to China as compared to profit margin attributable to sales to overseas in 2021 was primarily driven by selling prices of our lithium compounds and derivatives sold under short-term contracts in China which were more responsive to the market prices volatilities and led to relatively higher selling prices and gross profit margin in the China market as the market prices of such short-term contracts were in an upward trend in 2021.

Other Net Income/(Loss)

Our other net income/(loss) primarily consists of interest income from bank deposits, dividend income from equity investments at FVOCI (non-recycling), government grants, net realized and unrealized gains/(loss) on derivative financial instruments, net gain from modification of syndicated bank loans, net (loss)/gain on disposal of property, plant and equipment, net (loss)/gain on disposal of intangible assets, net realized and unrealized gain on FVPL, net losses on dilution of interest in associates, gain on deemed disposal of an associate and net foreign exchange gain/(loss).

For the year ended December 31, 2019 and 2021, we had total other net income of RMB350.5 million and RMB478.6 million, respectively. For the year ended December 31, 2020, we recorded total other net loss of RMB195.1 million.

The following table sets forth a breakdown of the key components of our other net income/(loss), each expressed as an absolute amount and as a percentage of other net income/(loss), for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Interest income from bank deposits	9.0	2.6	7.1	(3.6)	3.4	0.7
Dividend income from equity investments at FVOCI (non-recycling)	—	—	4.5	(2.3)	—	—
Government grants	111.2	31.7	52.1	(26.7)	21.6	4.5
Net realized and unrealized gains/(losses) on derivative financial instruments	238.8	68.1	(661.9)	339.3	51.0	10.7
Net gains from modification of syndicated bank loans	—	—	—	—	671.2	140.2
Net losses on disposal of property, plant and equipment	(28.0)	(8.0)	(54.5)	27.9	(19.9)	(4.2)
Net losses on disposal of intangible assets	—	—	(19.6)	10.0	—	—
Net realized and unrealized gain on FVPL	4.5	1.3	0.0	0.0	—	—
Net losses on dilution of interest in associates	—	—	—	—	(51.3)	(10.7)
Gains on deemed disposal of an associate	—	—	—	—	64.7	13.5
Net foreign exchange gains/(losses)	20.2	5.8	497.1	(254.8)	(242.4)	(50.5)
Others	(5.2)	(1.5)	(19.9)	10.2	(19.7)	(4.2)
Total other net income/(loss)	**350.5**	**100.0**	**(195.1)**	**100.0**	**478.6**	**100.0**

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of employee benefit expense, warehouse expense, advertising and business expense and office and traveling expense. For the years ended December 31, 2019, 2020 and 2021, our selling and distribution expenses amounted to RMB22.5 million, RMB20.5 million and RMB20.5 million, respectively. The following table sets forth a breakdown of the key components of our selling and distribution expenses, each expressed as an absolute amount and as a percentage of our total selling and distribution expenses, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Depreciation and amortization	0.1	0.5	0.1	0.5	0.1	0.5
Employee benefit expense	10.0	44.4	11.5	56.1	13.1	63.8
Warehouse expense	6.7	29.8	4.7	22.9	3.5	17.1
Advertising and business expense	0.3	1.3	0.2	1.0	0.2	1.0
Office and traveling expense	2.3	10.2	1.5	7.3	0.9	4.4
Port fee and insurance expense	3.0	13.3	2.5	12.2	2.7	13.2
Agencies and others	0.1	0.5	0.0	0.0	0.0	0.0
Total selling and distribution expenses	**22.5**	**100.0**	**20.5**	**100.0**	**20.5**	**100.0**

Administrative Expenses

Our administrative expenses primarily consist of employee benefit expense, professional service and consulting expense, share-based payment expense, downtime cost, depreciation and amortization, office expense, and traveling expense. We incurred professional service and consulting expenses for the engagements of professional parties for our operations, such as legal services, industry consulting services, evaluation services, audit services, tax services and general consulting services. In addition, we also incurred professional service and consulting expenses in relation to certain transactions during the Track Record Period, such as our listing application in August 2018, the SQM Indebtedness and the IGO Transaction. For the years ended December 31, 2019, 2020 and 2021, our administrative expenses amounted to RMB432.7 million, RMB414.7 million and RMB478.1 million, respectively. The following table sets forth a breakdown of the key components of our administrative expenses, each expressed as an absolute amount and as a percentage of our total administrative expenses, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Employee benefit expense	172.4	39.8	161.1	38.8	201.4	42.1
Professional service and consulting expense	120.7	27.9	104.6	25.2	111.0	23.2
Share-based payment expense	4.3	1.0	0.0	0.0	0.0	0.0
Downtime cost	4.5	1.0	9.7	2.3	6.3	1.3
Depreciation and amortization	37.8	8.7	42.4	10.2	35.2	7.4
Office expense	57.4	13.3	80.5	19.4	95.2	19.9
Traveling expense	15.9	3.7	5.8	1.4	5.5	1.2
Others	19.7	4.6	10.6	2.7	23.5	4.9
Total administrative expenses	**432.7**	**100.0**	**414.7**	**100.0**	**478.1**	**100.0**

Research and Development Costs

Our research and development costs primarily consist of (i) employee benefit expenses for our research and development personnel, (ii) depreciation and amortization costs and (iii) fee and other research and development expenses. Our research and development costs decreased from RMB48.4 million in 2019 to RMB24.3 million in 2020, primarily attributable to (i) a decrease in the employee benefit expense, and (ii) a decrease in fees and expense paid in connection with our commissioned R&D projects. Our research and development costs further decreased to RMB18.9 million in 2021, primarily attributable to the decreased amortization of intangible assets due to the disposal of some patent rights in Chongqing Tianqi.

Finance Costs

Our finance costs primarily consist of interest on bank loans and other borrowings and interest on discounted bills. For the year ended December 31, 2019, 2020 and 2021, our finance costs amounted to RMB2,045.5 million, RMB1,835.6 million and RMB1,474.8 million, respectively. The following table sets forth a breakdown of the key components of our finance costs, each expressed as an absolute amount and as a percentage of our total finance costs, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Interest on bank loans and other borrowings	2,032.5	99.4	1,871.1	101.9	1,495.4	101.4
Interest on lease liabilities	1.7	0.1	7.5	0.4	9.8	0.7
Interest on discounted bills receivable	58.7	2.9	10.0	0.5	17.2	1.2
Unwind of discount on rehabilitation and closure provision	4.8	0.2	4.7	0.3	5.6	0.4
Less: interest expense capitalized into construction in progress	(52.2)	(2.6)	(57.7)	(3.1)	(53.2)	(3.7)
Total finance costs	**2,045.5**	**100.0**	**1,835.6**	**100.0**	**1,474.8**	**100.0**

For the year ended December 31, 2019, 2020 and 2021, our finance costs amounted to RMB2,045.5 million, RMB1,835.6 million and RMB1,474.8 million, respectively, primarily attributable to a decrease in the interest on bank loans and other borrowings as (i) we repaid certain bank loans and other borrowings, and (ii) a decrease in the effective interest rate in connection with our outstanding bank loans and other borrowings.

Share of Profits Less Losses of Associates

Our share of profits less losses of associates represents our share of profits of associates, deducted by our share of losses of associates. For the years ended December 31, 2019, 2020 and 2021, our share of profits less losses of associates amounted to RMB333.1 million, RMB161.1 million and RMB752.8 million, respectively, mainly in line with the performance and profit level of SQM.

Income Tax

The enacted income tax rates applicable to our PRC entities may fluctuate because of the preferential tax treatments, changes in income before taxes, and the recognition of deferred tax assets and liabilities for losses and gains to be carried forward. For more details, see "—Taxation" in this section. As of the Latest Practicable Date, we did not have any disputes with any tax authority. See "Risk Factors—Risks Relating to Our Business—We are subject to regulatory risks with respect to our tax compliance."

For the year ended December 31, 2019, 2020 and 2021, we had income tax expenses of RMB1,002.1 million, RMB71.2 million and RMB1,373.6 million, respectively. The large amount of income tax expenses for the year ended December 31, 2019 were line with our taxable income in 2019, and also included the payment of A$52.0 million made by Windfield in 2019 for the income tax from 2015 to 2018 due to the ATO's special tax adjustments to the selling prices of Windfield's lithium concentrates sold in the years from 2015 to 2018. The large amount of income tax expenses for the year ended December 31, 2021 were in line with our taxable income in 2021.

Taxation

China

Under the PRC Corporate Income Tax Law which became effective from January 1, 2008, we and our PRC subsidiaries are subject to a statutory income tax rate of 25%, subject to any applicable preferential tax treatments. Pursuant to the Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region issued by relevant tax authorities in the PRC, certain subsidiaries of the Group enjoyed a preferential income tax rate of 15% during the Track Record Period.

Hong Kong

Hong Kong profits tax rate is 16.5%. No provision for Hong Kong profits tax was made as we had no estimated assessable profit that was subject to Hong Kong profits tax during the Track Record Period.

Overseas

Taxation for our overseas subsidiaries is charged at the appropriate current rate of taxation ruling in the relevant countries. The applicable statutory income tax rates of our overseas subsidiaries are set forth below.

The United Kingdom	19%
Australia	30%
Chile	27%

COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 136.3% from RMB3,215.2 million for the year ended December 31, 2020 to RMB7,597.9 million for the year ended December 31, 2021. The increase in our revenue was primarily due to increased revenue generated from both sales of lithium compounds and derivatives and sales of lithium concentrate segments, which was driven by increased sales volume and average selling prices of both segments.

Sales of Lithium Compounds and Derivatives

Revenue generated from our sales of lithium compounds and derivatives business significantly increased by 185.8% from RMB1,735.3 million for the year ended December 31, 2020 to RMB4,960.2 million for the year ended December 31, 2021, driven by increases in sales volume and average selling prices of our lithium compounds and derivatives in line with the increased market demands. Revenue generated from our sales of lithium compounds and derivatives business accounted for 54.0% and 65.3% of our total revenue for the year ended December 31, 2020 and 2021, respectively.

Sales of Lithium Concentrate

Revenue generated from our sales of lithium concentrate business increased by 78.2% from RMB1,479.9 million for the year ended December 31, 2020 to RMB2,637.7 million for the year ended

December 31, 2021, driven by (i) an increase in sales volume of our lithium concentrate from 352,746.8 tons for the year ended December 31, 2020 to 551,190.0 tons for the year ended December 31, 2021, due to increased orders from both shareholders of Windfield, which was in turn driven by increased market demands from end customers, and (ii) a slight increase of the average selling price of our lithium concentrate in 2021. Revenue generated from our sales of lithium concentrate business accounted for 46.0% and 34.7% of our total revenue for the year ended December 31, 2020 and 2021, respectively.

Cost of Sales

Our cost of sales increased by 54.1% from RMB1,888.2 million for the year ended December 31, 2020 to RMB2,910.0 million for the year ended December 31, 2021, driven by increased cost of sales attributable to both sales of lithium compounds and derivatives and sales of lithium concentrate segments. Our cost of sales as a percentage of our total revenue decreased from 58.7% to 38.3% during the same periods.

Sales of Lithium Compounds and Derivatives

Cost of sales attributable to our manufacturing and sales of lithium compounds and derivatives business increased by 43.1% from RMB1,333.1 million for the year ended December 31, 2020 to RMB1,908.0 million for the year ended December 31, 2021, in line with the increase of our sales volumes in the relevant period.

Sales of Lithium Concentrate

Cost of sales attributable to our mining, production and sales of lithium concentrate business increased by 80.5% from RMB555.1 million for the year ended December 31, 2020 to RMB1,002.0 million for the year ended December 31, 2021, primarily driven by (i) the increased sales volume of our lithium concentrate in 2021, and (ii) the increased royalties paid to the Australian government due to an increase in the average benchmark price, which increased in line with the prevailing market prices.

Gross Profit

As a result of the foregoing, our gross profit significantly increased by 253.3% from RMB1,327.0 million for the year ended December 31, 2020 to RMB4,687.9 million for the year ended December 31, 2021. Our gross profit margin increased from 41.3% for the year ended December 31, 2020 to 61.7% for the year ended December 31, 2021.

Sales of Lithium Compounds and Derivatives

Gross profit from our sales of lithium compounds and derivatives business significantly increased by 658.9% from RMB402.2 million for the year ended December 31, 2020 to RMB3,052.2 million for the year ended December 31, 2021. Gross profit margin from our sales of lithium compounds and derivatives business increased from 23.2% to 61.5% during the same periods.

Sales of Lithium Concentrate

Gross profit from our sales of lithium concentrate business increased by 76.9% from RMB924.8 million for the year ended December 31, 2020 to RMB1,635.7 million for the year ended

December 31, 2021. Gross profit margin from our sales of lithium concentrate business slightly decreased from 62.5% to 62.0% during the same periods.

Other Net Income/(Loss)

Our other net loss was RMB195.1 million for the year ended December 31, 2020, primarily due to a net realized and unrealized loss on derivative financial instruments of RMB661.9 million, caused by a loss from our collar options we held, partially offset by a net foreign exchange gain of RMB497.1 million attributable to fluctuation in exchange rates we adopted in connection with bank loans and other borrowings of our overseas subsidiaries.

For the year ended December 31, 2021, we recognized a total other net income of RMB478.6 million, primarily due to (i) a RMB671.2 million net gain from modification of syndicated bank loans recognized in the year ended December 31, 2021, resulting from the extension of our syndicated bank loans, and (ii) a RMB64.7 million net gain on deemed disposal of an associate, resulting from the dilution of our interest in WeLion as WeLion issued new equity securities in connection with its own financing activities, offset by a net foreign exchange loss we recognized in the same period.

Selling and Distribution Expenses

Our selling and distribution expenses were stable at RMB20.5 million for the year ended December 31, 2020 and 2021. Our selling and distribution expenses as a percentage of our total revenue slightly decreased from 0.6% for the year ended December 31, 2020 to 0.3% for the year ended December 31, 2021.

Administrative Expenses

Our administrative expenses increased by 15.3% from RMB414.7 million for the year ended December 31, 2020 to RMB478.1 million for the year ended December 31, 2021, primarily due to increased employee benefit expenses. Our administrative expenses as a percentage of our total revenue decreased from 12.9% for the year ended December 31, 2020 to 6.3% for the year ended December 31, 2021.

Reversal of Impairment Losses

Our reversal of impairment losses was RMB51.3 million for the year ended December 31, 2020. Our reversal of impairment losses was RMB1,652.4 million for the year ended December 31, 2021, primarily due to the impairment loss we reversed in connection with our investment in SQM.

Finance Costs

Our finance costs decreased by 19.7% from RMB1,835.6 million for the year ended December 31, 2020 to RMB1,474.8 million for the year ended December 31, 2021, primarily due to a RMB375.7 million decrease in interests on bank loans and other borrowings, which was driven by (i) a decrease in the principal amount of bank loans and other borrowings, and (ii) a decrease in the effective interest rate of our loans and borrowings. Our financial costs as a percentage of our total revenue decreased from 57.1% for the year ended December 31, 2020 to 19.4% for the year ended December 31, 2021.

Share of Profits Less Losses of Associates

Our share of profits less losses of associates significantly increased by 367.3% from RMB161.1 million for the year ended December 31, 2020 to RMB752.8 million for the year ended December 31, 2021, primarily due to an increase in profit attributed to us from SQM in the same period, in line with its performance.

Profit/(Loss) before Taxation

As a result of the foregoing, we recorded a loss before taxation of RMB1,053.4 million for the year ended December 31, 2020, and we recorded a profit before taxation of RMB5,579.4 million for the year ended December 31, 2021.

Income Tax

Our income tax increased from RMB71.2 million for the year ended December 31, 2020 to RMB1,373.6 million for the year ended December 31, 2021, attributable to (i) our increased taxable profit, and (ii) an increase in the withholding tax on the dividend from overseas subsidiaries and investments.

Profit/(Loss) for the Year

As a result of the foregoing, we recorded a loss of RMB1,124.6 million for the year ended December 31, 2020 and a profit of RMB4,205.8 million for the year ended December 31, 2021. Our net profit margin for the year ended December 31, 2021 was 55.4%.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue decreased by 33.2% from RMB4,816.4 million for the year ended December 31, 2019 to RMB3,215.2 million for the year ended December 31, 2020, primarily due to decreased revenue generated from both sales of lithium compounds and derivatives and sales of lithium concentrate segments.

Sales of Lithium Compounds and Derivatives

Revenue generated from our sales of lithium compounds and derivatives business decreased by 40.2% from RMB2,902.3 million for the year ended December 31, 2019 to RMB1,735.3 million for the year ended December 31, 2020, primarily due to decreased sales volume and average selling price of our lithium compounds and derivatives products in line with the market selling prices. Revenue generated from our sales of lithium compounds and derivatives business accounted for 60.3% and 54.0% of our total revenue for the year ended December 31, 2019 and 2020, respectively.

Sales of Lithium Concentrate

Revenue generated from our sales of lithium concentrate business decreased by 22.7% from RMB1,914.1 million for the year ended December 31, 2019 to RMB1,479.9 million for the year ended December 31, 2020, driven by the decrease in the average selling prices of our lithium concentrate products, partially offset by the increased sales volume. Revenue generated from our sales of lithium concentrate business accounted for 39.7% and 46.0% of our total revenue for the year ended December 31, 2019 and 2020, respectively.

Cost of Sales

Our cost of sales decreased by 10.9% from RMB2,119.1 million for the year ended December 31, 2019 to RMB1,888.2 million for the year ended December 31, 2020, primarily driven by decreased cost of sales attributable to both sales of lithium compounds and derivatives and sales of lithium concentrate segments. Our cost of sales as a percentage of our total revenue increased from 44.0% for the year ended December 31, 2019 to 58.7% for the year ended December 31, 2020.

Sales of Lithium Compounds and Derivatives

Cost of sales attributable to our sales of lithium compounds and derivatives business decreased by 12.4% from RMB1,521.1 million for the year ended December 31, 2019 to RMB1,333.1 million for the year ended December 31, 2020, primarily driven by decreased sales volume of our lithium compounds and derivatives products.

Sales of Lithium Concentrate

Cost of sales attributable to our sales of lithium concentrate business decreased by 7.2% from RMB598.0 million for the year ended December 31, 2019 to RMB555.1 million for the year ended December 31, 2020, primarily due to decreased mining and processing cost, as well as decreased royalty cost due to decreased selling price.

Gross Profit

As a result of the foregoing, our gross profit decreased by 50.8% from RMB2,697.3 million for the year ended December 31, 2019 to RMB1,327.0 million for the year ended December 31, 2020. Our gross profit margin decreased from 56.0% for the year ended December 31, 2019 to 41.3% for the year ended December 31, 2020.

Sales of Lithium Compounds and Derivatives

Gross profit from our manufacturing and sales of lithium compounds and derivatives business decreased by 70.9% from RMB1,381.2 million for the year ended December 31, 2019 to RMB402.2 million for year ended December 31, 2020. Gross profit margin from our sales of lithium compounds and derivatives business decreased from 47.6% to 23.2% during the same periods.

Sales of Lithium Concentrate

Gross profit from our mining, production and sales of lithium concentrate business decreased by 29.7% from RMB1,316.1 million for the year ended December 31, 2019 to RMB924.8 million for the year ended December 31, 2020. Gross profit margin from our sales of lithium concentrate business decreased from 68.8% to 62.5% during the same periods.

Other Net Income/(Loss)

Our other net income was RMB350.5 million for the year ended December 31, 2019, and our other net loss was RMB195.1 million for the year ended December 31, 2020, mainly due to a net realized and unrealized gains on derivative financial instruments of RMB238.8 million in 2019, in contrast to a net realized and unrealised loss of RMB661.9 million in 2020, partially offset by our increased net foreign exchange gains from RMB20.2 million in 2019 to RMB497.1 million in 2020, attributable to fluctuations in foreign exchange rate used to measure our bank loans and other borrowing denominated in foreign currencies.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 8.9% from RMB22.5 million for the year ended December 31, 2019 to RMB20.5 million for the year ended December 31, 2020, primarily due to the decreases of our office and traveling expense and warehouse expenses. Our selling and distribution expenses as a percentage of our total revenue increased slightly from 0.5% for the year ended December 31, 2019 to 0.6% for the year ended December 31, 2020.

Administrative Expenses

Our administrative expenses decreased by 4.2% from RMB432.7 million for the year ended December 31, 2019 to RMB414.7 million for the year ended December 31, 2020, primarily due to decreased professional service and consulting expenses and employee benefit expenses. Our administrative expenses as a percentage of our total revenue increased slightly from 9.0% for the year ended December 31, 2019 to 12.9% for the year ended December 31, 2020.

Impairment Losses

Our impairment losses decreased by 99.0% from RMB5,310.1 million for the year ended December 31, 2019 to RMB51.3 million for the year ended December 31, 2020, primarily due to the impairment loss we recognized in connection with our shareholding in SQM in 2019. Our impairment losses as a percentage of our total revenue decreased from 110.3% for the year ended December 31, 2019 to 1.6% for the year ended December 31, 2020.

Finance Costs

Our finance costs decreased by 10.3% from RMB2,045.5 million for the year ended December 31, 2019 to RMB1,835.6 million for the year ended December 31, 2020, primarily due to a RMB161.4 million decrease in interest on bank loans and other borrowings driven by a decrease in the principal amount of bank loans and other borrowings as we repaid some of the bank loans. Our finance costs represented 42.5% and 57.1% of our total revenue for the year ended December 31, 2019 and 2020, respectively.

Share of Profits Less Losses of Associates

Our share of profits less losses of associates decreased by 51.6% from RMB333.1 million for the year ended December 31, 2019 to RMB161.1 million for the year ended December 31, 2020, primarily due to decreased profit recorded by SQM, which was primarily attributable to (i) decreased revenue driven by the decreased average selling prices of SQM's lithium products in line with the market selling prices, and (ii) the US$62.5 million settlement fee SQM paid for a class action relating to the violation of the U.S. Securities Act. Share of profits less losses of associates represented 6.9% and 5.0% of our total revenue for the year ended December 31, 2019 and 2020, respectively.

Profit/(Loss) Before Taxation

As a result of the foregoing, our loss before taxation decreased by 76.5% from RMB4,478.3 million for the year ended December 31, 2019 to RMB1,053.4 million for the year ended December 31, 2020.

Income Tax

Our income tax decreased by 92.9% from RMB1,002.1 million for the year ended December 31, 2019 to RMB71.2 million for the year ended December 31, 2020, primarily due to (i) decreased profit before taxation and (ii) certain tax provisions in relation to corporate tax obligation caused by transfer pricing adjustment of Windfield for the year ended December 31, 2019.

Profit/(Loss) for the Year

As a result of the foregoing, our loss for the year decreased by 79.5% from RMB5,480.4 million for the year ended December 31, 2019 to RMB1,124.6 million for the year ended December 31, 2020. Our net profit margin increased from negative 113.8% for the year ended December 31, 2019 to negative 35.0% for the year ended December 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we funded our operations primarily with net cash generated from our operations, bank borrowings and equity and debt fund raising. As of December 31, 2021, we had RMB1,766.1 million in cash and cash equivalents, most of which were denominated in Renminbi and U.S. dollar. Our cash and cash equivalents primarily consist of cash and bank balance.

Summary Consolidated Statements of Cash Flows

The following table sets forth a summary of our consolidated statements of cash flows for the years or periods indicated.

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Net cash generated from operating activities	2,046.9	915.8	2,233.0
Net cash used in investing activities	(3,338.0)	(520.5)	(65.2)
Net cash generated from / (used in) financing activities	4,003.3	(3,508.0)	(1,147.9)
Net increase/(decrease) in cash and cash equivalents	**2,712.2**	**(3,112.7)**	**1,019.9**
Cash and cash equivalents at January 1	1,201.7	3,930.9	788.2
Effect of foreign exchange rate changes	17.0	(30.0)	(42.0)
Cash and cash equivalents at December 31	**3,930.9**	**788.2**	**1,766.1**

Net Cash Generated from Operating Activities

Net cash generated from operating activities for the year ended December 31, 2021 amounted to RMB2,233.0 million, primarily attributable to our profit before taxation of RMB5,579.4 million, adjusted by non-cash and non-operating items, primarily comprising (i) a reversal of impairment losses of RMB1,662.8 million, (ii) net gain from modification of syndicated bank loans of RMB671.2 million, and (iii) share of profits less losses of associates of RMB752.8 million, partially offset by (i) finance costs of RMB1,474.8 million, (ii) depreciation of RMB445.1 million and (iii) net foreign exchange loss of RMB242.4 million. The amount was further adjusted by changes in working capital, primarily consisting of an increase in trade and other receivables of RMB2,455.8 million, partially offset by (i) an increase in trade and other payables of RMB262.3 million, and (ii) a decrease in restricted deposits of RMB160.7 million.

Net cash generated from operating activities for the year ended December 31, 2020 amounted to RMB915.8 million. Our loss before taxation for year 2020 was RMB1,053.4 million, adjusted by non-cash and non-operating items, primarily comprising (i) finance cost of RMB1,835.6 million, (ii) net realized and unrealized losses on derivative financial instruments of RMB661.9 million, and (iii) depreciation of RMB352.4 million, partially offset by (i) net foreign exchange gain of RMB497.1 million, and (ii) share of profits less losses of associates of RMB161.1 million. The amount was further adjusted by changes in working capital, primarily consisting of a decrease in restricted cash of RMB350.9 million, offset by a decrease in trade and other payables of RMB309.1 million.

Net cash generated from operating activities for the year ended December 31, 2019 was RMB2,046.9 million. Our loss before taxation for year 2019 was RMB4,478.3 million, adjusted by non-cash and non-operating items, primarily consisting of (i) provision of impairment losses of non-current liabilities of RMB5,309.5 million, (ii) finance cost of RMB2,045.5 million, and (iii) depreciation of RMB314.0 million, partially offset by (i) share of profits less losses of associates of RMB333.1 million, and (ii) net realized and unrealized gain on derivative financial instruments of RMB238.8 million. The amount was further adjusted by changes in working capital, primarily consisting of (i) a decrease in trade and other receivables of RMB405.1 million, (ii) an increase in trade other payables of RMB417.0 million, and (iii) an increase in contract liabilities of RMB110.5 million, partially offset by (i) an increase in inventories of RMB356.4 million, and (ii) an increase in restricted cash of RMB289.8 million.

Net Cash Used in Investing Activities

Net cash used in investing activities for the year ended December 31, 2021 was RMB65.2 million, which was primarily attributable to payment for the purchase of property, plant and equipment, intangible assets and other non- current assets of RMB1,000.9 million, partially offset by (i) dividend received from associates of RMB861.7 million, and (ii) proceeds from disposal of partial interest in an associate of RMB73.2 million.

Net cash used in investing activities for the year ended December 31, 2020 was RMB520.5 million, which was primarily attributable to payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB962.9 million, partially offset by (i) dividend received from associates of RMB346.8 million, and (ii) proceeds from sale of property, plant and equipment, intangible assets and other non-current assets of RMB84.7 million.

Net cash used in investing activities for the year ended December 31, 2019 was RMB3,338.0 million, which was primarily attributable to (i) payment for the purchase of property, plant and equipment, intangible assets and other non-current assets of RMB3,735.4 million, (ii) payment for purchase of financial assets at fair value through profit or loss of RMB1,333.9 million, and (iii) settlement of direct cost incurred for acquisition of an associate of RMB131.1 million, partially offset by (i) proceeds from sale of financial assets at fair value through profit or loss of RMB1,369.9 million, and (ii) dividend received from associates of RMB550.7 million.

Net Cash (Used in)/Generated from Financing Activities

Net cash used in financing activities for the year ended December 31, 2021 was RMB1,147.9 million, which was primarily attributable to (i) repayments of bank loans and other borrowings of RMB11,936.6 million, (ii) interests paid of RMB1,245.9 million, (iii) dividends paid to non-controlling interests of RMB436.8 million, and (iv) restricted deposits for bank loans and other borrowings of RMB175.7 million, partially offset by (i) an issuance of shares of a subsidiary to a non-controlling shareholder of RMB8,994.5 million, and (ii) proceeds from bank loans and other borrowings of RMB3,751.2 million.

Net cash used in financing activities for the year ended December 31, 2020 was RMB3,508.0 million, which was primarily attributable to (i) repayments of bank loans and other borrowings of RMB6,418.5 million, (ii) dividends paid to non-controlling interests of RMB481.4 million, and (iii) interest paid of RMB798.2 million, partially offset by (i) proceeds from bank loans and other borrowings of RMB4,265.3 million, and (ii) restricted deposits for bank loans and other borrowings of RMB48.8 million.

Net cash generated from financing activities for the year ended December 31, 2019 was RMB4,003.3 million, which was primarily attributable to (i) proceeds from issue of ordinary A shares of RMB2,906.7 million, (ii) proceeds from bank loans and other borrowings of RMB6,563.1 million, and (iii) restricted deposits for bank loans and other borrowings of RMB523.5 million, partially offset by (i) interest paid of RMB1,687.8 million, (ii) repayments of bank loans and other borrowings of RMB3,670.0 million, (iii) dividends paid to non-controlling interests of RMB370.5 million, and (iv) dividend paid to equity holders of the Company of RMB205.6 million.

CAPITAL EXPENDITURES

Our capital expenditures decreased from RMB3,735.4 million for the year ended December 31, 2019 to RMB962.9 million for the year ended December 31, 2020, and increased to RMB1,000.9 million in 2021. Our capital expenditures were used primarily for the expansion of our mining and manufacturing capacities, including the construction of additional manufacturing facilities and the upgrading of our existing machinery and equipment. The following table sets forth our capital expenditures, each expressed as an absolute amount and as a percentage of our total capital expenditures, for the periods indicated.

	For the year ended December 31,					
	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
	(RMB in millions, except for percentage)					
Purchase of property, plant and equipment	3,723.1	99.7	952.4	99.0	998.8	99.8
Intangible assets	12.3	0.3	10.5	1.0	2.1	0.2
Total capital expenditures	**3,735.4**	**100.0**	**962.9**	**100.0**	**1,000.9**	**100.0**

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Capital Commitments

Our capital commitments during the Track Record Period were primarily relating to purchase of property, plant and equipment. As of December 31, 2019, 2020 and 2021, the total amount of our outstanding capital commitments was RMB937.8 million, RMB649.1 million and RMB1,053.9 million, respectively. The following table sets forth a summary of our capital commitments as of the dates indicated:

	As of December 31,		
	2019	**2020**	**2021**
	(RMB in millions)		
Contracted for:			
Anju Plant Phase I	351.1	332.8	324.1
Tianqi Global Research Center	118.9	6.3	69.8
Greenbushes CGP3	34.4	9.4	17.1
Greenbushes TRP	58.6	23.7	8.0
Greenbushes mining services area project	—	—	156.5
Greenbushes 132kV power project	—	—	28.0
Jiangsu Tianqi infrastructure project	19.6	19.6	27.5
Jiangsu Tianqi technique upgrading project	16.9	22.5	13.3
Other projects	56.7	22.6	15.1
	656.2	**436.9**	**659.4**
Authorized but not contracted for:			
Windfield-related contracts	281.6	212.2	394.5
Total	**937.8**	**649.1**	**1,053.9**

WORKING CAPITAL

We recorded net current liabilities of RMB15,817.6 million, RMB23,522.4 million and RMB6,140.9 million, respectively, as of December 31, 2019, 2020 and 2021. The following table sets forth a breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30,
	2019	2020	2021	2022[(1)]
	(RMB in millions)			(unaudited)
Current Assets				
Inventories	917.0	851.0	871.8	1,257.6
Trade and other receivables	1,024.4	891.8	3,369.5	4,892.2
Financial assets measured at fair value	10.0	—	—	—
Prepaid tax	12.1	117.0	235.3	230.1
Derivative financial instruments	0.3	—	—	—
Restricted deposits	496.3	193.8	209.8	253.4
Cash and cash equivalents	3,930.9	788.2	1,766.1	1,673.9
Total current assets	**6,391.0**	**2,841.8**	**6,452.5**	**8,307.2**
Current liabilities				
Trade and other payables	1,942.0	2,039.4	1,536.1	1,740.7
Derivative financial instruments	—	65.6	388.4	701.4
Contract liabilities	172.3	158.1	164.5	207.5
Bank loans and other borrowings	19,537.1	23,823.2	9,762.5	6,828.7
Lease liabilities	11.9	43.7	48.9	50.1
Deferred income	4.2	3.9	6.1	5.4
Current taxation	541.1	230.3	686.9	1,242.5
Total current liabilities	**22,208.6**	**26,364.2**	**12,593.4**	**10,776.3**
Net current liabilities	**(15,817.6)**	**(23,522.4)**	**(6,140.9)**	**(2,469.1)**

Note:
(1) the financial information as of April 30, 2022 presented above is extracted from our unaudited management accounts.

Our net current liabilities decreased by RMB17,381.5 million from RMB23,522.4 million as of December 31, 2020 to RMB6,140.9 million as of December 31, 2021, primarily due to (i) an increase of RMB977.9 million in cash and cash equivalents resulting from our strong operating performance, (ii) an increase of RMB2,477.7 million in trade and other receivables, (iii) a decrease of RMB14,060.7 million in current bank loans and other borrowings due to the modification of syndicated bank loans, and (iv) a decrease of RMB503.3 million in trade and other payables.

Our net current liabilities increased from RMB15,817.6 million as of December 31, 2019 to RMB23,522.4 million as of December 31, 2020, primarily due to (i) a decrease of RMB3,142.7 million in cash and cash equivalents as we used proceeds from the issuance of A shares in 2019 to repay the principal of the bank loans and other borrowing in 2020, (ii) a decrease of RMB302.5 million in restricted deposits, as we paid our interest with restricted deposited and decreased usage of certain note receivable services offered by commercial banks, under the terms of which receivables will be recorded as guarantee deposits after they are due, and (iii) an increase of RMB4,286.1 million in current bank loans and other borrowings that were previously categorized as non-current bank loans and other borrowings.

Our current financial assets measured at fair value consist of our investment in wealth management products issued by banks. Our derivative financial instruments included under current liabilities consist of collar option of the VPF contracts, interest rate swap and electricity derivatives. We have formulated policies setting out the approval process for the purchase of funds and wealth management products, and the responsible person/department for the enforcement of the policies. Our investment decisions are made on a case-by-case basis and after due and careful consideration of our cash flow and operational needs. Each transaction for the purchase of funds and wealth management products is initiated by our finance department, under the supervision of our audit department, and reviewed and approved by our board office. The purchase of wealth management products with a total amount under RMB30 million shall be approved by our general manager. The purchase of wealth management products with a total amount of more than RMB30 million shall be approved by our Board. The purchase with a total amount more than RMB50 million shall be approved by our Shareholders. See "Directors, Supervisors, Senior Management and Employees - Board of Directors" for a detailed description of the qualifications and credentials of our general manager and Board members.

We generally prefer bank-issued wealth management products with a relatively low risk level assigned to them by relevant banks and as stipulated in the purchase agreements for such products. We primarily purchase wealth management products from the PRC commercial banks, and such products invest principally in low risk and liquid fixed-income instruments, including, among others, monetary funds, treasury bonds, financial bonds, and high-credit and secured short-term margin notes, corporate bonds and medium-term notes.

We have also implemented internal control measures to mitigate the investment risks, including the follows:

- We only invest our own idle funds in entrusted wealth management products. The investments should not affect our normal business activities and investment needs.
- The investment target is low-risk, high-liquidity, and risk-controllable financial products.
- The entrusted party should be a financial institution with all legal qualifications, and we shall not conduct transactions with informal institutions.
- We shall not use personal accounts to operate wealth management products.

After the Listing, we intend to continue our investments in the funds and wealth management products strictly in accordance with our internal policies and guidelines, Articles of Associations, and the requirements under Chapter 14 of the Listing Rules.

In relation to the valuation of the Group's Level 3 financial assets, our Directors, based on the professional advice received, adopted the following procedures: (i) reviewed the terms of Level 3 financial assets; and (ii) carefully considered all information especially those unobservable input which require management assessments and estimates. Based on the above procedures, our Directors are of the view that the valuation of our Level 3 financial assets is fair and reasonable, and the financial statements of our Group are properly prepared.

Details of the fair value measurement of our level 3 financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs and the relationship of unobservable inputs to fair value of level 3 measurements are disclosed in note 33(e) to the Accountants' Report included in Appendix I to this Prospectus issued by the reporting accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagement

200 "Accountants' Report on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. The reporting accountants' opinion on the Historical Financial Information of the Group for the Track Record Period as a whole is set out on page I-2 of Appendix I to this prospectus.

The Joint Sponsors have conducted the following independent due diligence work in relation to the level 3 fair value measurement: (i) conducted due diligence work with the Company to understand the key basis and assumptions for the valuation of the financial liabilities, and reviewed their detailed financial model used for the valuation; (ii) discussed and interviewed with the Reporting Accountants in respect of audit procedure conducted regarding the valuation; and (iii) referred to the market price for similar products and estimated the valuation using derivatives models such as Black-Scholes Model. Based upon the due diligence work conducted by the Joint Sponsors as stated above, and having considered the confirmation from the Directors, nothing has come to the Joint Sponsors' attention that would cause the Joint Sponsors to question the valuation performed by the external appraiser and the Company.

Taking into account cash and cash equivalents on hand, our operating cash flows, the available bank facilities, the estimated net proceeds available to us from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below HK$69.00, being the low end of the Offer Price range) and other funds raised from the capital markets from time to time, our Directors believe that we have sufficient working capital for 125% of our present requirements and for at least the next 12 months from the date of this Prospectus. As of the Latest Practicable Date, we had utilized banking facilities* of RMB14,215.9 million and unutilized banking facilities of RMB7,047.2 million.

Taking into account the cash and cash equivalents the Company has on hand, the Company's operating cash flows, the available bank facilities, the estimated net proceeds available to the Company from the Global Offering and other funds raised from the capital markets from time to time, as well as based on the written confirmation from the Company in respect of working capital sufficiency, review of the Accountants' Report in Appendix I to this Prospectus, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors and management of the Company, the Joint Sponsors concur with the Directors' view above.

Our future cash requirements will depend on many factors, including our operating cash flows, capital expenditures on property, plant and equipment and intangible assets, market acceptance of our products or other changing business conditions and future developments, including any investments or acquisitions we may decide to pursue. We may require additional cash due to changing business conditions or other future developments. If our existing cash is insufficient to meet our requirements, we may seek funding from the capital markets or borrow from lending institutions. See "Risk Factors—Risks Relating to Our Business—Our businesses and operations require significant capital resources on an ongoing basis and are subject to uncertainties."

* Represent the outstanding balance of our bank loans.

ANALYSIS OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Freehold land	17.5	68.4	63.0
Interest in leasehold land held for own use	360.6	354.8	339.0
Other properties, machinery and equipment leased for own use	39.3	128.9	92.6
Plants and buildings	1,606.9	1,748.0	1,582.9
Mine properties and development	2,766.2	2,959.0	2,798.4
Machinery and equipment	2,475.1	2,332.5	2,356.6
Motor vehicles	3.1	2.2	2.8
Office equipment and others	39.3	29.6	25.5
Construction in progress	6,412.3	6,880.2	6,473.6
Total	**13,720.3**	**14,503.6**	**13,734.4**

The net book value of our property, plant and equipment is RMB13,720.3 million, RMB14,503.6 million and RMB13,734.4 million as of December 31, 2019, 2020 and 2021.

We are still in the process of applying for the property ownership certificates for certain of our properties located in the PRC with carrying value of RMB21.4 million, RMB24.3 million and RMB23.7 million as of December 31, 2019, 2020 and 2021, respectively. As of the Latest Practicable Date, our Directors were of the opinion that the use of, and the conduct of operating activities at, the properties referred to above are not affected by the fact that we have not yet obtained the relevant property title certificates.

Intangible assets

The following table sets forth a breakdown of the net book value of our intangible assets as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Software	36.1	38.3	26.7
Patents	37.6	5.0	4.1
Mining rights	88.0	88.0	88.0
Development Cost	3.3	—	—
Total	**165.0**	**131.3**	**118.8**

The net book value of our intangible assets was RMB165.0 million, RMB131.3 million and RMB118.8 million as of December 31, 2019, 2020 and 2021.

Inventories

Our inventories primarily consist of raw materials, work in progress, finished goods and low-value consumption goods. To minimize the risk of inventory build-up, we review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories can help us better plan raw material procurement and deliver our products to meet customer demand in a timely manner without straining our liquidity. The value of our inventories accounted for 14.3%, 29.9% and 13.5% of our total current assets as of December 31, 2019, 2020 and 2021, respectively.

The following table sets forth a summary of our inventory balances as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Raw materials	131.8	199.5	196.2
Work in progress	307.8	323.1	339.5
Finished goods	366.5	183.5	138.2
Low-value consumption goods	113.5	147.3	199.7
Less: write down of inventories	(2.6)	(2.4)	(1.8)
Total	917.0	851.0	871.8

Our inventories remained relatively stable at RMB917.0 million, RMB851.0 million and RMB871.8 million as of December 31, 2019, 2020 and 2021. Our provision for write down of inventories are RMB2.6 million, RMB2.4 million and RMB1.8 million as of December 31, 2019, 2020 and 2021, respectively. As of May 31, 2022, RMB874.1 million, RMB786.8 million, and RMB727.1 million, or 95.3%, 92.5%, and 83.4% of our inventories as of December 2019, 2020 and 2021, respectively, were utilized or consumed.

The following table sets forth our inventory turnover days for the periods indicated.

	For the year ended December 31,		
	2019	2020	2021
Inventory turnover days(1)	127.3	170.9	108.0

Note:

(1) Inventory turnover days are equal to the average balance of inventory at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for the years ended December 31, 2019, 2020 and 2021.

Our inventory turnover days increased from 127.3 days for the year ended December 31, 2019 to 170.9 days for the year ended December 31, 2020, because our inventory stayed relative stable during this period while our cost of sales decreased due to the decreased sales volume of our products. The decrease in our inventory turnover days to 108.0 days for the year ended December 31, 2021 was primarily due to an increase in cost of sales in line with our increased sales volumes, while our average inventory level stayed relatively stable during this period. We aim to continue to manage actively our inventory turnover days in the future.

Construction in progress

The following table sets forth a summary of our construction in progress as of the dates indicated and the current construction status as of the Latest Practicable Date:

	As of December 31, 2019	As of December 31, 2020	As of December 31, 2021	Key Timeline	Current Construction Status
	(RMB in thousands)				
Greenbushes CGP1	576,363[(1)]	450,973[(1)]	290,049[(1)]	N/A	Completed
Greenbushes CGP2	—	20,790[(1)]	30,141[(1)]	N/A	Completed
Greenbushes CGP3	340,049	500,673	538,221	Expect to complete in 2025.	Under Construction
Greenbushes TRP	255,405	451,140	630,433	N/A	Completed
Yajiang Cuola Mine	128,373	75,477	75,477	Expect to recommence development in the second half of 2022 and complete in 2025.	Feasibility Study
Kwinana Plant Phase I	3,530,640	3,721,393	3,451,427	N/A	Construction completed and in trial production stage
Kwinana Plant Phase II	1,255,646	1,301,960	1,138,306	Expect to recommence construction in the second half of 2022 and complete in 2024.	Feasibility Study
Others	325,857	357,827	319,615	—	—
Total	**6,412,333**	**6,880,233**	**6,473,669**	**—**	**—**

Note:

(1) These amounts refer to the sustaining capital expenditure incurred and were transferred to plants, machinery and equipment every year.

Certain construction-in-progress projects were delayed during the Track Record Period, mainly because of (i) demand shrunk in 2019 and 2020 during the lithium market downturn, and thus we slowed down our capacity expansion; and (ii) after the completion of our investment in SQM, we strategically reallocated our financial resources to prioritize the timely repayment of our bank borrowings and the operation of our existing business, and temporarily suspended some of our expansion plans which were less urgent.

Trade and Other Receivables

The following table sets forth our trade and other receivables as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Trade receivables	363.1	239.4	657.5
Less: allowance for doubtful debts	(11.4)	(6.6)	(14.5)
	351.7	232.8	643.0
Bills receivable	—	443.6	448.2
Other receivables	158.4	40.2	193.2
Less: allowance for doubtful debts	(6.4)	(7.7)	(10.1)
	152.0	32.5	183.1
Deposits and prepayments	13.6	10.9	19.9
Value added tax recoverable	38.8	29.9	45.1
Goods and services tax recoverable	23.4	11.6	16.0
Bank acceptance notes receivable, carried at FVOCI	444.9	130.5	2,014.2
Total trade and other receivables	**1,024.4**	**891.8**	**3,369.5**

Our trade and other receivables decreased by 12.9% from RMB1,024.4 million as of December 31, 2019 to RMB891.8 million as of December 31, 2020, which is in line with our revenue in the relevant period. Our bank acceptance notes receivable, carried at FVOCI, decreased from RMB444.9 million in 2019 to RMB130.5 million in 2020, because we discounted our bank acceptance notes receivable on hand to increase our liquidity. Our trade receivables decreased from RMB363.1 million in 2019 to RMB239.4 million to 2020, in line with our decrease in revenue. Our trade and other receivables as of December 31, 2021 increased to RMB3,369.5 million, as compared to December 31, 2020, primarily due to increases in (i) trade receivables, (ii) other receivables, and (iii) bank acceptance notes receivable, carried at FVOCI in line with our increased revenue in 2021.

The following table sets forth our trade receivables turnover days for the periods indicated.

	For the year ended December 31,		
	2019	2020	2021
Trade receivables turnover days[(1)]	35.2	33.2	21.0

Note:

(1) Trade receivables turnover days are equal to the average balance of trade receivables at the beginning and the end of the relevant period divided by revenue for such period and multiplied by 365 days for the years ended December 31, 2019, 2020 and 2021.

Our trade receivables turnover days slightly decreased from 35.2 days for the year ended December 31, 2019 to 33.2 days for the year ended December 31, 2020. Our trade receivables turnover days decreased to 21.0 days for the year ended December 31, 2021, primarily due to shorter credit terms granted to customers due to strong market demands of our products, and increased sales to domestic customers who are typically granted shorter credit terms than overseas customers.

We generally require our domestic customers to pay in advance of delivery. We maintain strict control over our outstanding receivables and have a credit control department to minimize credit risks. Overdue balances are reviewed regularly by senior management.

Trade debtors and bills receivable are typically due within 15 days to 60 days, except for receivables in connection with sales directly made by Talison, which typically subject customers to a credit period of 90 days. No interests are charged on the trade debtors and bills receivables. The following table sets forth the aging analysis of our trade receivables, presented based on the invoice date and net of loss allowance, as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Within one year	351.7	676.4	1,091.2

Impairment losses in respect of trade debtors are recorded using an allowance account unless we are satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly. The following table sets forth the movement in the allowance for doubtful debts as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Trade debtors allowance for doubtful debts			
As of January 1	12.7	11.4	6.6
Impairment loss/(reversed)	(1.3)	(4.8)	7.9
As of December 31	11.4	6.6	14.5

As of May 31, 2022, all of our trade receivables were settled subsequent to December 31, 2021.

As of December 31, 2019, 2020 and 2021, our bills receivables with carrying amount of RMB314.9 million, RMB55.3 million and RMB27.2 million were pledged as collateral. As of May 31, 2022, RMB295.6 million, or 66.0%, of our bills receivables, were settled subsequent to December 31, 2021. As of May 31, 2022, we did not have any bills receivables that were past due but not settled.

As of May 31, 2022, RMB1,967.7 million, or 97.7%, of our bank acceptance notes receivable, carried at FVOCI, were settled subsequent to December 31, 2021.

Trade and Other Payables

The following table sets forth our trade and other payables as of the dates indicated.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Bills payable	572.8	205.6	123.5
Trade creditors	399.8	532.7	765.1
Accrued payroll and benefits	79.6	92.3	91.9
Other taxes payable	7.1	20.0	204.6
Interest payable	50.9	539.3	1.5
Other payables	831.8	649.5	349.5
Total	1,942.0	2,039.4	1,536.1

Our trade and other payables mainly relate to prepayments from customers and other payables in connection with construction in progress. Our trade and other payables increased by 5.0% from

RMB1,942.0 million as of December 31, 2019 to RMB2,039.4 million as of December 31, 2020, and decreased by 24.7% to RMB1,536.1 million as of December 31, 2021, as compared to December 31, 2020, primarily driven by decreased interest payable.

The following table sets forth the turnover days of our trade payables for the periods indicated.

	For the year ended December 31,		
	2019	2020	2021
Trade payables turnover days[(1)]	123.1	165.4	102.0

Note:

(1) Trade payables turnover days are equal to the average balance of bills payable and trade creditors at the beginning and the end of the relevant period divided by cost of sales for such period and multiplied by 365 days for the years ended December 31, 2019, 2020 and 2021.

Turnover days of our trade payables increased from 123.1 days for the year ended December 31, 2019 to 165.4 days for the year ended December 31, 2020, primarily because (i) our average balance of trade payables remained relatively stable, and (ii) our cost of sales decreased in the year ended December 31, 2020 in line with decreased sales volumes and market demands. Turnover days of our trade payables for the year ended December 31, 2021 decreased to 102.0 days, primarily because (i) our average balance of trade payables decreased due to the settlement of bills payable, and (ii) our cost of sales significantly increased as our sales volume increased in this period.

The following table sets forth the aging analysis of trade creditors (which are included in our trade and other payables) as of the dates indicated, based on the invoice date.

	As of December 31,		
	2019	2020	2021
	(RMB in millions)		
Within one year	970.6	734.0	885.9
One to two years	1.4	3.1	1.6
Two to three years	0.3	0.8	0.4
More than three years	0.3	0.4	0.7
Total	**972.6**	**738.3**	**888.6**

As of May 31, 2022, RMB971.5 million, RMB737.6 million and RMB721.0 million, or 99.9%, 99.9% and 94.2%, of trade payables as of December 31, 2019, 2020 and 2021, respectively, were settled.

CONTRACT LIABILITIES

We require certain customers to pay in advance of delivery. The receipts in advance are recognized as a contract liability until the products are delivered to the customer. As of May 31, 2022, RMB172.3 million, RMB158.1 million and RMB164.1 million, or 100.0%, 100.0% and 99.8%, of contract liabilities as of December 31, 2019, 2020 and 2021, respectively, were subsequently settled and recognized as revenue. All of the contract liabilities are expected to be recognized as revenue within one year. The following table sets forth the movements in contract liabilities as of the dates indicated.

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

INDEBTEDNESS

As of December 31, 2019, 2020 and 2021, our bank loans and other borrowings totaled RMB33,863.1 million, RMB30,152.6 million and RMB21,562.7 million, respectively. Our bank loans and other borrowings decreased by 11.0% from RMB33,863.1 million as of December 31, 2019 to RMB30,152.6 million as of December 31, 2020, and further decreased by 28.5% to RMB21,562.7 million as of December 31, 2021, primarily due to our repayment of certain bank loans of in the same period.

During the Track Record Period, we used bank loans and other borrowings to finance our working capital requirements and capital expenditure. The following table sets forth the breakdown of our lease liabilities, bank loans and other borrowings as of the dates indicated.

	For the year ended December 31,			As of April 30,
	2019	2020	2021	2022[1]
	(RMB in millions)			(unaudited)
Current				
Secured bank loans	1,171.5	706.0	236.2	483.9
Unsecured bank loans	1,719.0	1,728.7	1,938.4	2,097.2
Other borrowings from a related party	—	672.8	—	—
Secured other borrowings from third-parties	300.4	302.0	—	—
Corporate bonds	296.9	—	1,911.7	1,972.8
Current portion of non-current secured bank loans:				
- SQM Indebtedness	16,002.3	20,363.7	4,465.5	1,760.3
- other bank loans	—	3.0	3.7	60.6
Current portion of non-current unsecured bank loans	47.0	47.0	208.6	—
Current portion of secured other borrowings from third parties	—	—	998.4	453.9
Total current bank loans and other borrowings	**19,537.1**	**23,823.2**	**9,762.5**	**6,828.7**
Lease liabilities-current	11.9	43.7	48.9	50.1
Non-current				
Secured bank loans:				
- SQM Indebtedness	24,258.8	20,366.7	12,008.6	9,205.4
- other bank loans	2,781.7	3,226.6	3,088.9	3,627.3
Unsecured bank loans	288.0	241.0	208.8	—
Other borrowings from a related party	—	—	1,171.7	1,189.4
Secured other borrowings from third parties	975.5	965.5	998.4	453.9
Corporate bonds	2,071.3	1,943.3	—	—
Less:				
Current portion of non-current secured bank loans:				
- SQM Indebtedness	(16,002.3)	(20,363.7)	(4,465.5)	(1,760.3)
- other bank loans	—	(3.0)	(3.7)	(60.6)
Current portion of non-current unsecured bank loans	(47.0)	(47.0)	(208.6)	—
Secured other borrowings from third parties	—	—	(998.4)	(453.9)
Total Non-current bank loans and other borrowings	**14,326.0**	**6,329.4**	**11,800.2**	**12,201.2**
Lease liabilities- non-current	201.3	246.0	200.4	204.3

Note:

(1) the financial information as of April 30, 2022 presented above is extracted from our unaudited management accounts.

The following table sets forth the maturity profile of our bank loans and other borrowings as of the dates indicated.

	For the year ended December 31,		
	2019	2020	2021
	(RMB in millions)		
Bank loans			
Within one year	18,939.8	22,848.4	6,852.4
After one year but within two years	8,303.5	197.0	10,555.7
After two years but within five years	2,975.7	3,223.6	72.8
Corporate bonds			
Within one year	296.9	—	1,911.7
After one year but within two years	—	1,943.3	—
After two years but within five years	2,071.3	—	—
Other borrowings from a related party			
Within one year or on demand	—	672.8	—
After one year but within two years	—	—	702.2
After two years but within five years	—	—	469.5
Other borrowings from a third-party			
Within one year or on demand	300.4	302.0	998.4
After one year but within two years	—	965.5	—
After two years but within five years	975.5	—	—
Lease liabilities			
Within one year or on demand	11.9	43.7	48.9
After one year but within two years	9.1	42.4	22.1
After two years but within five years	17.5	26.1	19.3
After five years	174.7	177.5	159.0

For the years ended December 31, 2019, 2020 and 2021, the effective interest rates of our bank borrowings ranged from 3.1% to 7.6%, 2.9% to 9.3% and 2.1% to 9.3% per annum, respectively.

Most of our outstanding bank borrowings are denominated in RMB and U.S. dollars. As of December 31, 2019, 2020 and 2021, certain of our outstanding bank loans were secured by the pledge of: (i) certain of our PRC subsidiaries' property, plant and equipment of RMB357.3 million, RMB334.6 million, and RMB253.7 million, respectively; (ii) our PRC subsidiaries' restricted bank deposits of RMB51.2 million, nil and RMB175.7 million, respectively; (iii) investment in Shigatse Zabuye of RMB314.4 million, RMB273.5 million and RMB285.5 million, respectively; (iv) all assets of Windfield of RMB8,818.0 million, RMB9,329.1 million and RMB9,160.1 million, respectively; (v) all assets of Tianqi Australia Investment 2 and Tianqi Australia Investment 1 of RMB23,323.7 million, RMB21,707.2 million and RMB21,034.8 million, respectively; (vi) all assets of TLEA of RMB2,800.6 million, RMB2,929.6 million and RMB7,918.3 million, respectively; (vii) all assets of TLK of RMB5,208.7 million, RMB5,859.1 million and RMB5,048.8 million, respectively; and (viii) investment in SQM of RMB24,599.1 million, RMB22,964.7 million and RMB23,652.4 million, respectively.

As of December 31, 2019, 2020 and 2021 and April 30, 2022, the borrowings we obtained from third parties amounting to RMB1,275.9 million, RMB1,267.5 million, RMB998.4 million and RMB453.9 million, respectively. The third-party lenders are Shehong Province State Asset Management Limited (射洪縣國有資產經營管理集團有限公司), a state-owned asset management company owned by the Shehong government, and Morgan Stanley & Co. International plc, respectively. As of December 31, 2019, 2020 and 2021 and April 30, 2022, the borrowings we obtained from Shehong Province State Asset Management Limited (射洪縣國有資產經營管理集團有限公司) amounted to RMB300.4 million, RMB302.1 million, nil and nil, respectively, and the borrowings we obtained from Morgan Stanley & Co. International plc amounted to RMB975.5 million, RMB965.4 million, RMB998.4 million and RMB453.9 million, respectively.

In November 2017, our subsidiary Tianqi Finco issued a five-year USD bond, with face value of US$300.0 million and carried a coupon interest rate of 3.75% per annum, through the Stock Exchange. As of December 31, 2019 and 2020 and December 31, 2021, the carrying amount was US$296.8 million (equivalent to RMB2,070.5 million), US$297.8 million (equivalent to RMB1,943.3 million) and US$299.8 million (equivalent to RMB1,911.7 million), respectively.

In February 2018, we issued a five-year corporate bond, with face value of RMB300.0 million and carried a coupon interest rate of 6.3% per annum, through the Shenzhen Stock Exchange. The maturity date of the corporate bonds is February 2023. At the end of second and fourth year, we may at our option adjust the coupon rate while the holders of the corporate bond may at their options redeem the corporate bond, in whole or in part, at a pre-determined price. In February 2020, we redeemed the outstanding corporate bond of RMB299.2 million and in March 2020, we redeemed the remaining corporate bond of RMB0.8 million.

In February and July 2019, we entered into variable prepaid forward contracts ("**VPF contracts**") with Morgan Stanley & Co. International plc, pursuant to which we borrowed an aggregate principal amount of US$158.9 million. The borrowings were secured by the pledge over 5,275,318 Series B shares of SQM. The collar option features to manage the equity price risk of SQM shares were embedded in the VPF contacts and measured at fair value through profit or loss. We plan to settle the borrowings under the VPF contracts when due by disposal of Series B shares of SQM pledged. As of the Latest Practicable Date, we had delivered 2,754,383 Series B shares of SQM to Morgan Stanley & Co. International plc in discharge of our settlement obligations.

In April 2022, we received a commitment letter from certain financial institutions, pursuant to which they conditionally commit to provide a term loan facility with an aggregate principal amount of US$800 million for a term of three years, which is earmarked for (i) the repayment of the SQM Indebtedness; (ii) the payment of the relevant fees, expenses and the day one interest reserve of the US$800 million facility; (iii) the repayment of the five-year USD bond issued in 2017; and (iv) future capital expenditure and working capital needs if the SQM Indebtedness and the relevant fees, expenses and interest reserve of the US$800 million facility have been fully repaid and there is sufficient liquidity to fully repay the five-year USD bond issued in 2017. In May 2022, we entered into a facility agreement for an approved line of credit of RMB600 million for a term of three years, which is earmarked for the repayment of the SQM Indebtedness. On June 8, 2022, we completed the drawdown of all of the RMB600 million principal amount under the RMB600 Million Facility, which was fully used for the repayment of SQM Indebtedness on June 10, 2022.

The agreements under our bank loans and other borrowings do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors confirm that we did not have any default in payment of trade payables, bank loans and other borrowings, and did not breach any of the covenants in relation to the bank loans and other borrowings mentioned above, during the Track Record Period and up to the Latest Practicable Date.

Since December 31, 2021 and up to the Latest Practicable Date, there has not been any material change in our indebtedness except as disclosed in this Prospectus.

Indebtedness relating to the SQM Transaction

In May 2018, we entered into the SQM Share Purchase Agreement with Nutrien, pursuant to which we agreed to purchase and Nutrien agreed to sell 62,556,568 Series A shares in SQM at a consideration of approximately US$4.07 billion.

In addition to our cash on hand, we financed the consideration for the SQM Transaction through bank borrowings. On October 26, 2018, we entered into a syndicated facility agreement (the "**Onshore Syndicated Facility Agreement**") arranged by China CITIC Bank Corporation Limited, Chengdu Branch. On October 29, 2018, we entered into a syndicated facility agreement (the "**Offshore Syndicated Facility Agreement**") arranged by China CITIC Bank International Limited. The Onshore Syndicated Facility Agreement and the Offshore Syndicated Facility Agreement are collectively referred to as the "**Facility Agreements**."

The facility under the Onshore Syndicated Facility Agreement (the "**Onshore Syndicated Facility**") consists of (i) a term loan facility A commitment of US$1,300,000,000 and (ii) a term loan facility B commitment of US$1,200,000,000. The facility under the Offshore Syndicated Facility Agreement includes a term loan facility C commitment of US$1,000,000,000 (the "**Offshore Syndicated Facility**"). The Onshore Syndicated Facility and the Offshore Syndicated Facility are collectively referred to as the "**Facilities**." We drew down all of the Facilities to fund the purchase price, acquisition costs and fees associated with the SQM Transaction.

On December 28, 2020, we and the lenders under the Facility Agreements entered into an amendment and extension deed and amended and restated facility agreements, pursuant to which the lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the extension of the maturity dates, adjustments of the interest rate and interest payment dates, subject to the fulfillment of certain conditions. All required conditions were fulfilled as of December 31, 2021, which resulted in a net gain of RMB671,207,000.

On January 27, 2022, February 25, 2022, March 18, 2022, May 20, 2022 and June 10, 2022, we repaid US$80,000,000, US$205,000,000, US$200,000,000, US$140,000,000 and US$99,977,431 of the Facilities, respectively. As of June 10, 2022, the remaining Facilities amounted to US$1,129,284,300.

On April 1, 2022, we and the lenders under the Facility Agreements entered into an amendment deed, pursuant to which the lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the release of the obligations under the Shareholder Guarantee, and termination of subordination of Shareholder Loans upon the satisfaction of certain conditions such as the completion of our Listing and partial repayment of the Facilities.

We plan to apply HK$8,865 million out of the total net proceeds of HKS$12,022 million from the Global Offering (assuming an Offer Price of HK$75.50 per H Share, being the mid-point of the stated range of the Offer Price per H Share) to repay the SQM Indebtedness. See "Future Plans and Use of Proceeds—Use of Proceeds" for further details.

Maturity and Interest

The original maturity date for facility A, facility B and facility C is November 2020, November 2021 and November 2020, respectively. Pursuant to the Amendment and Extension Deed, parties to the Facilities agreed to (i) extend the maturity dates of facility A and facility C to November 26, 2021, subject to automatic extension to November 25, 2022 upon fulfillment of certain conditions, and (ii) extend the maturity date of facility B to November 29, 2023.

On July 2, 2021, we fulfilled all conditions required referred to in (i) and extended the maturity dates of facility A and facility C to November 25, 2022.

The interest rate of the loans under the Facilities ranges from LIBOR plus 2.70% to LIBOR plus 3.70% per annum, and the interest rate of the loan after extension shall be LIBOR plus 2.00% for each of the Facilities, and plus 0.90%, 2.20% and 3.90%, respectively, for facility A, facility B and facility C till the extended and/or final maturity dates, as applicable.

Information and General Undertakings

The Facility Agreements contain information undertakings and certain general customary covenants subject to certain permitted exceptions.

Financial Covenants

We are subject to a number of restrictive covenants on certain financial ratios. Such financial covenants are suspended pursuant to the amendment and extension deed and amended and restated facility agreements entered on December 28, 2020. During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant restrictive covenants under the Facilities Agreements.

Events of Default

The Facility Agreements contain certain customary events of default, including but not limited to, non-payment, misappropriation of loan proceeds, breach of financial covenants and other obligations, failure of any representation or warranty to be true in all material respects when made or deemed to be made, cross default, insolvency and insolvency proceedings, material adverse change, audit qualification, cessation of business and material litigations.

Security and Guarantees

Collateral for the Facilities include, among other things, pledge over shares of certain of our subsidiaries including, but not limited to:

(a) in connection with the Onshore Syndicated Facility, (i) Shehong Tianqi, (ii) Tianqi Lithium (Jiangsu), (iii) Tianqi Australia Investments 1, (iv) ITS, (v) TLEA, (vi) Chongqing Tianqi, and (vii) Shigatse Zabuye;

(b) in connection with the Offshore Syndicated Facility, (i) Tianqi Xinlong, (ii) Tianqi Australia Investments 2, (iii) TLEA, (iv) Chongqing Tianqi, and (v) Shigatse Zabuye; and

(c) all shares of SQM acquired by us through the SQM Transaction.

In addition, the collateral for the Offshore Syndicated Facilities also include the account pledge of ITS, and the Facilities are guaranteed by our Company, Tianqi Xinlong and Mr. Jiang Weiping.

Pursuant to the deed of undertaking which is entered into by, among others, the Single Largest Group of Shareholders, if certain collateral coverage ratio are breached, our Company will need to ensure that additional collateral are pledged in favor of the secured parties. Additional collateral may include, among others, a certain number of our A Shares held by the Single Largest Group of Shareholders.

Our Directors do not foresee any potential difficulty in obtaining bank facilities should the need arise. Our Directors confirm that the Company does not have any external financing plans as of the Latest Practicable Date apart from the Global Offering.

Except for our indebtedness as disclosed above, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of April 30, 2022, being the latest practicable date for our indebtedness statement.

FINANCIAL INDEPENDENCE

Our Directors are of the view that our Company is financially independent from the Single Largest Group of Shareholders, and the Shareholder Loan (which will be fully repaid as soon as practicable after the Listing) and the Shareholder Guarantee (which will be discharged upon the Listing) will not affect our financial independence based on the following reasons:

Ability to Secure Financing Independently

- *Historical fundraising activities and independent ability to obtain financing*—we were able to conduct various fundraising activities during the Track Record Period without financial assistance from the Single Largest Group of Shareholders. We obtained the Shareholder Loans because we considered it was in the best interests of our Group and our Shareholders as a whole as the commercial terms of the Shareholder Loans were more favorable than the loans available from Independent Third Parties. Save for the SQM Indebtedness and that of the RMB300 million loan of Chengdu Tianqi, provided by Shehong Province State Asset Management Limited (射洪縣國有資產經營管理集團有限公司), an Independent Third Party, and guaranteed by our Single Largest Group of Shareholders, which has been fully repaid in 2021, we have been able to secure financing based on our stand-alone credit. We have also been able to borrow money from the international financial markets without financial assistance from the Single Largest Group of Shareholders. As of December 31, 2021, we had managed to obtain and utilized various debt facilities of approximately RMB8.4 billion in total, without any financial assistance or guarantee from the Single Largest Group of Shareholders, including amongst others: (i) working capital loans of approximately RMB2.4 billion from seven domestic banks in the PRC; (ii) US dollar-denominated bonds of approximately RMB1.9 billion listed on the Stock Exchange; and (iii) a syndicated loan of approximately RMB3.1 billion obtained by Windfield. Further, as of December 31, 2021, we also had an aggregate of unutilized banking facilities not guaranteed by the Single Largest Group of Shareholders of approximately RMB914.9 million which serve as readily available sources of funding in case any financial needs arise, of which RMB851.4 million can be used for general corporate purposes, and the remaining portion of the unutilized banking facilities has been earmarked for the construction of the Tianqi Global Research Center. Such banking facilities are subject to customary covenants and restrictions such as restrictions against disposal, sale, transfer or pledge of all or substantially all or material assets, material reorganization, material adverse change in business operations, and breach of anti-bribery or anti-money laundering laws, as set out in the relevant facilities agreements. In addition to the unutilized banking facilities aforementioned, we also received a commitment letter from certain financial institutions in April 2022, pursuant to which they conditionally commit to provide a term loan facility with an aggregate principal amount of US$800 million for a term of three years, and we entered into a facility agreement in May 2022 for an approved line of credit of RMB600 million for a term of 36 months from the drawdown date earmarked for the repayment of the SQM Indebtedness, which are both obtained independently from our Single Largest Group of Shareholders. Moreover, our wholly-owned subsidiary Chengdu Tianqi is in the process of signing the facility agreement for an approved line of credit of RMB1 billion from certain financial institutions for general corporate purposes, which is also obtained independently from our Single Largest Group of Shareholders.

- *Future fundraising activities*—depending on our financial needs after the Listing, we have preliminary plans to conduct further fundraising activities, including but not limited to share placement and issuance of debt or convertible securities on both onshore and offshore markets. Also, we believe key financial institutions in China and Australia, where our operations are mainly carried out, recognize the standalone credit of our Group and are willing to grant credit lines without financial assistance from the Single Largest Group of Shareholders or their close associates. We have been able to finance our daily operations based on our stand-alone credit without any support from the Single Largest Group of Shareholders. Our fundraising activities conducted during the Track Record Period set out in the preceding paragraph has proven our independent fundraising ability and we believe we will continue to be able to raise funds as and when such need arises.

Insignificance of the Shareholder Loan and Shareholder Guarantee

- The Shareholder Loan is insignificant as compared to our total bank loans and borrowings. As of December 31, 2021, we had approximately RMB21.56 billion bank loans and borrowings and RMB26.01 billion of total liabilities, and the outstanding Shareholder Loan only amounted to 5.4% and 4.5%, respectively. It is also noted that loan from the controlling shareholder or the single largest group of shareholders is not uncommon in the Chinese capital financing market and banks will routinely ask for guarantee from controlling shareholders or the single largest group of shareholders in connection with a corporate loan. We have sufficient net operating cash flow to meet our financial needs and we expect that our risk exposure and reliance on the Shareholder Loan and the Shareholder Guarantee will be substantially reduced after the Proposed Listing. As of December 31, 2021, we had RMB1,766 million in cash and cash equivalents which were not earmarked for specific purposes, primarily consisting of cash and bank balance. We believe that we would be able to replace the Shareholder Loans by loans from Independent Third Parties and/or by cash and cash equivalents held by us if needed, but given the more favorable commercial terms of the Shareholder Loans, we consider it is in the best interests of our Group and our Shareholders as a whole to obtain the Shareholder Loans.

Independent Financial Operation

- We have an independent accounting and internal control system. We also have an independent financial department responsible for performing accounting and financial functions, and we make financial decisions based on our own business needs.

The Shareholder Guarantee is solely for the SQM Indebtedness. As of December 31, 2021, except for the SQM Indebtedness and Shareholder Loans, there were no other loans, which were or may be secured by guarantees provided to us by the Single Largest Group of Shareholders or loans provided by the Single Largest Group of Shareholders and their respective associates.

We intend to apply approximately HK$8,865 million of the net proceeds from the Global Offering to fully repay the SQM Indebtedness. Accordingly, we expect that the Shareholder Guarantee will be released upon the Listing.

Taking into consideration the amendment deed and the proposed full repayment of the SQM Indebtedness by the listing proceeds, the Joint Sponsors concur with the Directors' view above.

We intend to fully repay other borrowings from Tianqi Group Company as soon as practicable after the Listing and full repayment of the indebtedness incurred in connection with the acquisition of SQM.

Taking into account the cash and cash equivalents the Company has on hand, the Company's operating cash flows, the available bank facilities, the estimated net proceeds available to the Company from the Global Offering and other funds raised from the capital markets from time to time, as well as based on the written confirmation from the Company in respect of working capital sufficiency, review of the Accountants' Report in Appendix I to this Prospectus, the financial due diligence conducted on the historical financial information of the Group during the Track Record Period and the discussion with the Directors and management of the Company, the Joint Sponsors concur with the Directors' view above.

Based on the reasons above, notwithstanding the Shareholder Loans and the Shareholder Guarantee provided by the Single Largest Group of Shareholders, our Directors believe that we are capable of remaining financially independent from our Single Largest Group of Shareholders.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

MAJOR FINANCIAL RATIOS

The following table sets forth a summary of our major financial ratios as of the dates or for the periods indicated.

	For the year ended December 31,		
	2019	2020	2021
Profitability:			
Gross profit margin	56.0%	41.3%	61.7%
Net profit margin	(113.8%)	(35.0%)	55.4%
Rates of return:			
Return on assets[(1)]	(11.7%)	(2.7%)	9.2%
Return on equity[(2)]	(61.5%)	(15.1%)	21.2%
Liquidity:			
Current ratio[(3)]	28.8%	10.8%	51.2%
Quick ratio[(4)]	24.6%	7.6%	44.3%
Gearing ratio[(5)]	382.6%	409.9%	110.2%

Notes:

(1) Return on assets ratio is calculated using net profit divided by total assets at the end of the year, multiplied by 100%.

(2) Return on equity ratio is calculated using net profit divided by total equity at the end of the year, multiplied by 100%.

(3) Current ratio is calculated using total current assets divided by total current liabilities.

(4) Quick ratio is calculated using total current assets less inventories divided by total current liabilities.

(5) Gearing ratio is calculated by dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity.

Return on assets ratio. The return on total assets ratio improved from negative 11.7% for the year ended December 31, 2019 to negative 2.7% for the year ended December 31, 2020, primarily due to a decrease in our net loss. The return on total assets ratio was 9.2% for the year ended December 31, 2021, attributable to the net profit of the same period.

Return on equity ratio. The return on equity ratio increased from negative 61.5% for the year ended December 31, 2019 to negative 15.1% for the year ended December 31, 2020, due to a decrease in our net loss. The return on equity ratio is 21.2% for the year ended December 31, 2021.

Current ratio. The current ratio decreased from 28.8% as of December 31, 2019 to 10.8% as of December 31, 2020, primarily as a result of (i) a decrease in current assets due to the repayment of our bank loans and other borrowings, and (ii) the re-classification of certain non-current bank loans and borrowings into current liabilities. The current ratio increased to 51.2% as of December 31, 2021, primarily as a result of (i) an increase in cash and cash equivalents, and (ii) a decrease in current liabilities due to repayment of our bank loans and other borrowings.

Quick ratio. The quick ratio decreased from 24.6% as of December 31, 2019 to 7.6% as of December 31, 2020, primarily as a result of decrease in current assets due to the repayment of our bank loans and other borrowings. The quick ratio increased to 44.3% as of December 31, 2021, primarily as a result of (i) an increase in cash and cash equivalents, and (ii) a decrease in current liabilities due to repayment of our bank loans and other borrowings.

CONTINGENT LIABILITIES

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency Risk

Our business is located in China and Australia during the Track Record Period and up to the Latest Practicable Date. Most of our transactions are conducted and settled in Renminbi, U.S. dollars, Australian dollars, and Hong Kong dollars. We are exposed to currency risk primarily through sales and purchases which give rise to trade and other receivables, trade and other payables, cash and bank balances and through financing which gives rise to bank loans and other borrowings, restricted and pledged deposits and interest payable that are denominated in a foreign currency, which is a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily U.S. dollars, Australian dollars and Hong Kong dollars.

The sensitivity analysis is performed by our management. See Note 33(d) to the Accountants' Report in Appendix I of this Prospectus for details.

Interest Rate Risk

Our interest rate risk primarily arises from bank loans and other borrowings. Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively. Our exposure to the risk of changes in market interest rate relates primarily to our debt obligations with variable interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of our profit after tax for the periods indicated and retained profits as of the dates indicated.

	An increase of 100 basis points in interest rates	A decrease of 100 basis points in interest rates
	(RMB in millions)	
For the year ended/as of December 31, 2019		
Effect on profit after tax	(194.0)	194.0
Effect on retained profits	(194.0)	194.0
For the year ended/as of December 31, 2020		
Effect on profit after tax	(165.2)	165.2
Effect on retained profits	(165.2)	165.2
For the year ended/as of December 31, 2021		
Effect on profit after tax	(105.6)	105.6
Effect on retained profits	(105.6)	105.6

For a sensitivity analysis on the change in our finance cost in connection with the bank borrowings in relation to the SQM Transaction that would arise due to a change in market interest rate, see "—Factors Affecting Our Financial Condition and Results of Operations—SQM Investment."

Credit Risk

Our credit risk is primarily attributable to our trade receivables. Our exposure to credit risk arising from cash and cash equivalents, restricted and pledged deposits, bills receivable, wealth management products and derivative financial assets is limited because the counterparties are banks, and we consider such counterparties as having low credit risk.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate, and therefore significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. As of December 31, 2019, 2020 and 2021, 59.7%, 74.6% and 65.6% of trade debtors were due from our largest customer, respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade debtors are due within 15 to 90 days from the date of billing. We request debtors with balances that are past due to settle all outstanding balances before any further credit is granted. We do not typically request collateral from customers.

Liquidity Risk

We regularly monitor our liquidity, expected cash flows and maturity of bank loans and other borrowings in order to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in both short and long terms.

The maturity profile of our financial liabilities as of December 31, 2019, based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay, is as follows:

As of December 31, 2019	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying Amount
			(RMB in millions)			
Bank loans and other borrowings	21,096.9	9,015.0	6,533.4	—	36,645.3	33,863.1
Lease liabilities	20.3	17.2	39.9	289.7	367.1	213.2
Trade and other payables	1,942.0	—	—	—	1,942.0	1,942.0
Derivative financial instruments liabilities	—	46.7	—	—	46.7	46.7
Total	**23,059.2**	**9,078.9**	**6,573.3**	**289.7**	**39,001.1**	**36,065.0**

The maturity profile of our financial liabilities as of December 31, 2020, based on the contractual undiscounted cash flows, including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period, and the earliest date we can be required to pay, is as follows:

As of December 31, 2020	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying Amount
			(RMB in millions)			
Bank loans and other borrowings	24,411.1	3,358.3	3,318.8	—	31,088.2	30,152.6
Lease liabilities	53.5	51.0	48.9	289.6	443.0	289.7
Trade and other payables	2,039.4	—	—	—	2,039.4	2,039.4
Derivative financial instruments liabilities	65.6	424.8	—	—	490.4	490.4
Total	**26,569.6**	**3,834.1**	**3,367.7**	**289.6**	**34,061.0**	**32,972.1**

The maturity profile of our financial liabilities as of December 31, 2021, based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay, is as follows:

As of December 31, 2021	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total	Carrying Amount
			(RMB in millions)			
Bank loans and other borrowings	10,351.4	12,195.9	556.1	—	23,103.4	21,562.7
Lease liabilities	57.4	29.0	39.8	256.4	382.6	249.3
Trade and other payables	1,536.1	—	—	—	1,536.1	1,536.1
Derivative financial instruments liabilities	388.4	—	—	—	388.4	388.4
Total	**12,333.3**	**12,224.9**	**595.9**	**256.4**	**25,410.5**	**23,736.5**

Lithium Price Risk

We are exposed to movements in the market prices of lithium products. Our revenue is derived from the sales of lithium compounds and derivatives, and lithium concentrate. We generally sell our products based on our pricing strategy, which takes into account the prevailing market price as well as various other factors applicable to individual customers such as specifications of products, raw material costs, production costs, length of contracts, relationship with the customers and other contract terms such as delivery and payment. The market price of lithium products is largely subject to market forces, in particular, the supply and demand for lithium products.

The following table demonstrates the sensitivity to a reasonably possible change in lithium price, with all other variables held constant, of our gross profit for the periods indicated.

	As of December 31,		
	2019	2020	2021
Changes in lithium prices		(RMB in thousands)	
-/+ 10%	-/+ 481,636	-/+ 321,523	-/+ 759,786
-/+ 20%	-/+ 963,272	-/+ 643,046	-/+ 1,519,573
-/+ 30%	-/+ 1,444,908	-/+ 964,569	-/+ 2,279,359
-/+ 40%	-/+ 1,926,544	-/+ 1,286,092	-/+ 3,039,145

RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of us are also considered as related parties. For a discussion of related party transactions, see Note 36 to the Accountants' Report in Appendix I of this Prospectus. Our Directors are of the view that each of those related party transactions was conducted in the ordinary course of business on an arm's length basis and with normal commercial terms between the relevant parties.

DIVIDEND POLICY

Our Articles of Association require us to distribute cash dividends of no less than 30% of the average annual distributable profit under the PRC GAAP in any rolling three-year period, subject to significant investment or capital expenditure plans and working capital requirements. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, Shareholders' interests and any other conditions that our Board may deem relevant.

We did not declare any dividends in relation to our operations during the Track Record Period. We paid dividends of RMB205.6 million, nil and nil to our ordinary equity shareholders in 2019, 2020 and 2021, respectively.

DISTRIBUTABLE RESERVES

As of December 31, 2019, 2020 and 2021, we did not have any reserves available for distribution.

NO MATERIAL ADVERSE CHANGE

After due and careful consideration, our Directors confirm that, up to the date of this Prospectus, there has not been any material adverse change in our financial or trading positions or prospects since December 31, 2021, and there is no event since December 31, 2021 which would materially affect the information shown in the Accountants' Report in Appendix I to this Prospectus.

LISTING EXPENSES

Our Listing expenses mainly comprise professional fees payable to Joint Sponsors, Joint Bookrunners, Underwriters, legal advisors and our reporting accountants for their services rendered in relation to the Listing and the Global Offering. The total amount of Listing expenses that will be borne by us is estimated to be approximately RMB316.1 million (based on the mid-point of our indicative price range for the Global Offering), representing approximately 3.0% of our gross proceeds from the Global Offering (assuming an Offer Price of HK$75.5 per H Share, being the mid-point of the stated range of the Offer Price per H Share), of which approximately RMB313.4 million is expected to be accounted for as a deduction from equity and the remaining amount of approximately RMB2.7 million is expected to be charged to our profit or loss contained in the consolidated statements of profit or loss and other comprehensive income. The aforementioned estimated listing expenses of approximately RMB316.1 million include (i) the underwriting related expenses of approximately RMB256.8 million, (ii) non-underwriting related fees and expenses paid and payable to legal advisers and reporting accountants, of approximately RMB40.6 million, and (iii) other non-underwriting related fees and expenses of approximately RMB18.7 million. None of the Listing expenses was charged to our profit or loss for the years ended December 31, 2019, 2020 and 2021. For the year ended December 31, 2021, we incurred listing expenses of RMB8.9 million, which was recorded in "other non-current assets" in our consolidated statements of financial position and will be accounted for as a deduction from equity upon the listing of our H Shares.

Our Directors do not expect such expenses alone to materially impact our results of operations in 2022.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below are set out to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the equity shareholders of the Company as of December 31, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets have been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of December 31, 2021 or at any future dates. It is prepared based on the consolidated total equity attributable to equity shareholders of the Company after deducting the intangible assets and goodwill as of December 31, 2021 as set out in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2021(1)	Estimated net proceeds from the Global Offering(2)(5)	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB(3)*	*HK$(5)*
Based on an Offer Price of HK$62.10 per H Share, after a Downward Offer Price Adjustment of 10%	13,830,425	8,445,157	22,275,582	13.57	15.87
Based on an Offer Price of HK$69.00 per H Share	13,830,425	9,389,114	23,219,539	14.15	16.55
Based on an Offer Price of HK$82.00 per H Share	13,830,425	11,167,583	24,998,008	15.23	17.81

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2021 is arrived at after (i) deducting the intangible assets of RMB118,811,000 and goodwill of RMB416,101,000 and (ii) adjusting the share of intangible assets attributable to non-controlling interest of RMB8,271,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB14,357,066,000 as at December 31, 2021, which is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 164,122,200 H Shares expected to be issued pursuant to the Global Offering at the estimated offer prices of HK$69.00 per H Share (being the low-end price) and HK$82.00 per H Share (being the high-end price), and also based on an offer price of HK$62.10 per H Share, after making a downward offer price adjustment of 10%, after deduction of the estimated underwriting fees and other estimated listing expenses payable by the Group, respectively (excluding the listing expenses which have been charged to profit or loss up to December 31, 2021), assuming the Over-allotment Option is not exercised.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustment as described in note 2 above and is based on 1,641,221,583 Shares expected to be in issue immediately after the Global Offering, but do not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2021.

(5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars at the rate of HK$1.1696 to RMB1. No representation is made that the Renminbi amount has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances which, had we been required to comply with Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 in Chapter 13 of the Listing Rules.

FUTURE PLANS

Please refer to the section headed "Business—Development Strategies" in this Prospectus for a detailed discussion of our future plan.

USE OF PROCEEDS

The net proceeds of the Global Offering (after deducting the relevant expenses) are estimated to be approximately HK$12,022 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK$75.5 per H Share, being the mid-point of the indicative Offer Price range between HK$69.0 and HK$82.0 per H Share. If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to our Company from the offering of these additional H Shares will be approximately HK$1,812 million, after deducting the relevant expenses, assuming an Offer Price of HK$75.5 per H Share. We intend to apply the net proceeds (approximately HK$12,022 million) from the Global Offering (assuming the Over-allotment Option is not exercised) in the following manner:

- Approximately HK$8,865 million of the net proceeds will be used to repay the outstanding balance of the SQM Indebtedness. For details of the SQM Indebtedness, please refer to the section headed "Financial Information—Indebtedness relating to the SQM Transaction".
- Approximately HK$1,170 million of the net proceeds will be used to fund the construction of Phase I of the Anju Plant.
- Approximately HK$785 million of the net proceeds will be used to repay certain PRC domestic bank loans with interest rates range from 4.35% to 5.49% and maturity dates range from September 2022 to June 2025, which were used for working capital purposes and the construction of Tianqi Global Research Center in Tianfu New District, Chengdu, China.
- The remaining HK$1,202 million of the net proceeds will be used for working capital and general corporate purposes.

If the Offer Price is set at the high-end or the low-end of the indicative Offer Price range, being HK$82.0 or HK$69.0 per H Share, respectively, the net proceeds to us from the Global Offering (assuming that the Over-allotment Option is not exercised) will respectively increase or decrease by approximately HK$1,040 million. If we make a Downward Offer Price Adjustment to set the final Offer Price at HK$62.1 per Offer Share, the estimated net proceeds we will receive from the Global Offering (assuming that the Over-allotment Option is not exercised) will be further reduced by an additional amount of approximately HK$1,104 million.

If the Over-allotment Option is exercised in full, we estimate that we will receive total net proceeds of approximately HK$12,637 million at the low-end of the indicative Offer Price range of HK$69.0 per Offer Share and HK$15,030 million at the high-end of the indicative Offer Price range of HK$82.0 per Offer Share, after deducting the estimated underwriting fees and expenses payable by us.

To the extent that the net proceeds from the Global Offering (including the net proceeds from the exercise of the Over-allotment Option) are either more or less than expected, the net proceeds of HK$8,865 million will first be applied to the first purpose mentioned above (namely to repay the outstanding balance of the SQM Indebtedness), and the remaining amount will increase or decrease accordingly and be applied to the second, third and fourth purposes mentioned above (namely to fund the construction of the Phase I of the Anju Plant, repayment of domestic bank loans, as well as general corporate purposes).

To the extent that the net proceeds of the Global Offering are not immediately required for or applied for the above purpose, we will hold such funds in short-term deposits with licensed banks and authorized financial institutions in Hong Kong or in the PRC.

HONG KONG UNDERWRITERS

Morgan Stanley Asia Limited
China International Capital Corporation Hong Kong Securities Limited
CMB International Capital Limited
BNP Paribas Securities (Asia) Limited
Credit Suisse (Hong Kong) Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Futu Securities International (Hong Kong) Limited
Huatai Financial Holdings (Hong Kong) Limited

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters.

The Global Offering comprises the Hong Kong Public Offering of initially 16,412,400 Hong Kong Offer Shares and the International Offering of initially 147,709,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "*Structure of the Global Offering*" as well as to the Over-Allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company is offering initially 16,412,400 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this Prospectus and the **GREEN** Application Form at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be offered pursuant to the Global Offering as mentioned herein and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on and subject to the terms and conditions set out in this Prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

For applicants applying under the Hong Kong Public Offering, this Prospectus and the **GREEN** Application Form contain the terms and conditions of the Hong Kong Public Offering. The International Offering is expected to be fully underwritten by the International Underwriters.

Grounds for Termination

The Joint Representatives may (for themselves and on behalf of the Joint Bookrunners and the Hong Kong Underwriters) shall be entitled, in their sole and absolute discretion and upon giving notice orally or in writing to the Company, to terminate the Hong Kong Underwriting Agreement with immediate effect, if at any time prior to 8:00 a.m. on the Listing Date:

(1) there develops, occurs, exists or comes into force:

(a) any new law or regulation or any change or development involving a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, Singapore, the United States, the United Kingdom, the European Union (or any member thereof), Australia or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**");

(b) any change or development involving a prospective change or development, or any event or series of events likely to result in representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a change of the Hong Kong dollars or of the Renminbi against any foreign currencies) in or affecting any Relevant Jurisdiction;

(c) any event or series of events, whether in continuation, or circumstances, in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, fire, explosion, earthquake, flooding, tsunami, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war (whether declared or undeclared), acts of terrorism (whether or not responsibility has been claimed), acts of God, accident or interruption in transportation, destruction of power plant, outbreak, escalation, mutation or aggravation of diseases epidemics, or pandemic including, but not limited to, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms, economic sanctions, in whatever form) in or directly or indirectly affecting any Relevant Jurisdiction;

(d) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in whatever form, political change, paralysis of government operations, interruption or delay in transportation, other industry action in or directly or indirectly affecting any Relevant Jurisdiction;

(e) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(f) any general moratorium on commercial banking activities in any Relevant Jurisdiction or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any Relevant Jurisdiction;

(g) any (A) change or prospective change in exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a change of the Hong Kong dollar or Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or Renminbi is linked to any foreign currency or currencies), or (B) any change or prospective change in taxation in any Relevant Jurisdiction adversely affecting an investment in the H Shares;

(h) the issue or requirement to issue by the Company of a supplement or amendment to this Prospectus, the **GREEN** Application Form, preliminary offering circular or offering circular or other documents in connection with the offer and sale of the H Shares pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the SFC or the CSRC;

(i) any change or development involving a prospective change which has the effect of materialization of any of the risks set out in the section headed "Risk Factors" in this Prospectus;

(j) any litigation or claim being threatened or instigated against the Company, any member of the Group, any Director, any Supervisor;

(k) any contravention by the Company, any member of the Group, any Director or any Supervisor of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law or the Listing Rules;

(l) any of the chairman, Director, Supervisor, chief executive officer or chief financial officer of the Company vacating his/her office, or any litigation or claim being threatened or instigated against, or a governmental authority or a regulatory body or organization in any Relevant Jurisdiction commencing any investigation or action or other proceedings, or announcing an intention to investigate or take other action or proceedings against the Company or any of the chairman, chief executive officer or chief financial officer or the Director or the Supervisor of the Company, or any of them being charged with an indictable offence or prohibited by operation of Laws or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political, regulatory body of any action against any Director or Supervisor or any announcement by any governmental, political, regulatory body that it intends to take any such action;

(m) any adverse change or prospective adverse change in the earnings, results of operations, business, business prospects, financial or trading position, conditions (financial or otherwise) or prospects of any member of the Group (including any litigation or claim of any third party being threatened or instigated against any member of the Group);

(n) any demand by creditors for repayment of indebtedness prior to its stated maturity or any order or petition being presented for the winding-up or liquidation of any member of the Group, or any member of the Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group;

(o) a prohibition on the Company, any of the Underwriters, and/or any of the foregoing's respective affiliates, for whatever reason from allotting, issuing or selling the H Shares (including the Over-allotment Option Shares (if any)) pursuant to the terms of the Global Offering;

(p) the imposition of sanctions, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction on the Company or any member of the Group;

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters):

(A) is or will be or may be materially adverse to, or materially and prejudicially affects, the assets, liabilities, business, general affairs, management, shareholder's equity, profit, losses, results of operations, position or condition (financial or otherwise), or prospects of the Company or the Group as a whole or to any present or prospective shareholder of the Company in its capacity as such;

(B) has or will have or may have a material adverse effect on the success of the Global Offering or the level of the Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares;

(C) makes or will make it or may make it inadvisable, impracticable or incapable to proceed with the Hong Kong Public Offering and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this Prospectus, the GREEN Application Form, the formal notice, the preliminary offering circular or the offering circular; or

(D) would have or may have the effect of making a part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevent the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, or any of the Hong Kong Underwriters that:

(a) any statement contained in the Offering Documents and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding information relating to the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or the Hong Kong Underwriters, namely the legal name, logo and address of such parties) was or has become untrue, incorrect, incomplete in any material respects or misleading or any estimate, forecast, expression of opinion, intention or expectation contained in this Prospectus and the GREEN Application Form and/or any notices, announcements, advertisements, communications issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering are not fair and honest and made on reasonable grounds or where appropriate, based on reasonable assumptions, when taken as a whole;

(b) non-compliance of this Prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Law in any material respect;

(c) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, not having been disclosed in the Offering Documents, constitute a material omission therefrom;

(d) either (i) there has been a breach of any of the representations, warranties or undertakings of either the Hong Kong Agreement or the International Underwriting Agreement by the Company or (ii) any of the representations, warranties and undertakings given by the Company in the Hong Kong Agreement or the International Underwriting Agreement, as applicable, is (or would when repeated be) untrue, incorrect, incomplete or misleading;

(e) any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;

(f) any of the experts (other than any of the Joint Sponsors) has withdrawn its consent to the issue of this Prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(g) any material breach of any of the obligations of the Company under the Hong Kong Agreement or the International Underwriting Agreement;

(h) a significant portion of the orders in the bookbuilding process confirmed at the time of the International Underwriting Agreement is entered into or the investment commitments by the cornerstone investors have been withdrawn, terminated or cancelled; or

(i) the approval of the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the Global Offering (including the additional H Shares which may be issued upon the exercise of the Over-allotment Option, if any) is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, such approval is subsequently withdrawn, canceled, qualified (other than by customary conditions), revoked or withheld;

(j) the Company withdraws the Offering Documents (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that no further Shares or securities convertible into the Shares (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of shares or securities will be completed within six months from the Listing Date), except for:

(a) any capital reduction or consolidation or sub-division of the Shares;

(b) issue of Shares or securities pursuant to the Global Offering (including any exercise of the Over-allotment Option); and

(c) any other applicable circumstances provided under Rule 10.08 of the Listing Rules.

Undertakings by the Single Largest Group of Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each member of the Single Largest Group of Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering (including the Over-allotment Option), it/he/she will not, and shall procure that the relevant registered holder(s) of the Shares controlled by it/him/her will not in the period commencing on the date by reference to which disclosure of its shareholding is made in this Prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this Prospectus to be the beneficial owner.

Note 2 to Rule 10.07(2) of the Listing Rules provides that Rule 10.07 does not prevent a member of the Single Largest Group of Shareholders from using the Shares beneficially owned by it/him/her as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong, "**Banking Ordinance**")) for a bona fide commercial loan.

Further, pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each member of the Single Largest Group of Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its/his/her shareholding is made in this Prospectus and ending on the date which is 6 months from the Listing Date:

(a) when it/him/her pledges or charges any Shares beneficially owned by it/him/her in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it/him/her receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us in writing of such indications;

We will inform the Stock Exchange as soon as we have been informed of the above matters, if any, by any member of the Single Largest Group of Shareholders and disclose such matters as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

We have also undertaken to each of the Joint Representatives, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option, if any), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"), it will not without the prior written consent of the Joint Sponsors and the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of the Company), or deposit any share capital or other equity securities of the Company with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of Shares or any other equity securities of the Company or any shares, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six-Month Period). The Company further agrees that, in the event the Company enters into any of the transactions described in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any Shares or other securities of the Company.

Indemnity

The Company has agreed to indemnify, among others, the Joint Sponsors, Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Underwriting Agreements and any breach by us of the Underwriting Agreements, as the case may be.

The International Offering

In connection with the International Offering, it is expected that our Company will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions set out therein, severally and not jointly, agree to procure subscribers or purchasers for the International Offer Shares, failing which they agree to subscribe for or purchase their respective proportions of the International Offer Shares which are not taken up under the International Offering.

Our Company is expected to grant to the International Underwriters the Over-allotment Option, if any, exercisable by the Joint Representatives on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to an aggregate of 24,618,200 additional Offer Shares representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocations (if any) in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that if the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

Total Commission and Expense

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 1.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, our Company will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters. In respect of the International Offering, we expect to pay an underwriting commission of 1.5% of the aggregate Offer Price payable in respect of all International Offer Shares (including any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Offering). Our Company may, at our sole and absolute discretion, pay to the Joint Representatives (on behalf of the Underwriters) an incentive fee up to 1.0% of the Offer Price for each Offer Share.

Assuming the Over-allotment Option, if any, is not exercised at all and based on an Offer Price of HK$75.50 per Offer Share (being the mid-point of the indicative Offer Price range of HK$69.00 to HK$82.00 per Offer Share), the aggregate commissions and fees, together with listing fees, SFC transaction levy, Stock Exchange trading fee, FRC transaction levy, legal and other professional fees and printing and other expenses, payable by our Company relating to the Global Offering (collectively the "**Commissions and Fees**") are estimated to be approximately HK$369.8 million in total. The

Commissions and Fees were determined after arm's length negotiations between the Company and the Hong Kong Underwriters and/or other parties by reference to the current conditions.

The Company has agreed to indemnify the Hong Kong Underwriters and International Underwriters for certain losses which they may suffer, including liabilities under the U.S. Securities Act, losses incurred arising from their performance of their obligations under the Underwriting Agreements and any breach by our Company of the Underwriting Agreements.

Joint Sponsors' Fee

An amount of US$400,000 is payable by the Company as sponsor fees to each of the Joint Sponsors, totaling an amount of US$1,200,000.

Activities by Syndicate Members

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and International Offering, together referred to as "**Syndicate Members**", and their affiliates may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

The Syndicate Members (except for the Stabilizing Manager, its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the H Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their or part of their underlying assets, whether on the Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All of these activities may occur both during and after the end of the stabilizing period described in the sections headed "Structure of the Global Offering—The International Offering—Over-allotment Option" and "Structure of the Global Offering—The International Offering—Stabilization". These activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of their share price, and the extent to which this occurs from day to day cannot be estimated.

Hong Kong Underwriters' Interests in our Company

Except for its obligations under the Hong Kong Underwriting Agreement or as otherwise disclosed in this Prospectus, none of the Hong Kong Underwriters has any shareholding interests in our Company or the right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Underwriting Agreements.

Other Services to our Company

Certain of the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to our Company and our respective affiliates, for which such Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, Hong Kong Underwriters or their respective affiliates have received or will receive customary fees and commissions.

Other Services Provided by the Joint Representatives, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters

The Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters may in their ordinary course of business provide financing to investors subscribing for the Offer Shares offered by this Prospectus. Such Joint Representatives, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Underwriters may enter into hedges and/or dispose of such Offer Shares in relation to the financing which may have a negative impact on the trading price of our H Shares.

Over-Allotment and Stabilization

Details of the arrangements relating to the stabilization and Over-allotment Option, if any, are set forth in the sections headed "Structure of the Global Offering—The International Offering—Stabilization", and "Structure of the Global Offering—The International Offering—Over-allotment Option".

Sponsors' Independence

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 16,412,400 Offer Shares in Hong Kong as described below in the paragraph headed "—The Hong Kong Public Offering" below; and

(ii) the International Offering of an aggregate of initially 147,709,800 Offer Shares outside the United States in reliance on Regulation S and in the United States to QIBs and QPs in reliance on Rule 144A, or the US Investment Company act in reliance on Section 3(c)(7) of that act or other available exemption from the registration requirements of the U.S. Securities Act. At any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, the Joint Representatives, as representative of the International Underwriters, have an option to require us to issue and allot up to 24,618,200 additional Offer Shares, representing 15% of the initial number of Offer Shares to be offered in the Global Offering, at the Offer Price to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option, if any, is exercised in full, the additional Offer Shares will represent approximately 1.5% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option, if any. In the event that the Over-allotment Option, if any, is exercised, a press announcement will be made.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 10% of the enlarged issued share capital of the Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option, if any. If the Over-allotment Option, if any, is exercised in full, the Offer Shares will represent approximately 11.3% of the enlarged issued share capital immediately after completion of the Global Offering and the exercise of the Over-allotment Option, if any, as set out in the paragraph headed "—The International Offering—Over-allotment Option" below.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the paragraph headed "—The Hong Kong Public Offering—Reallocation and Clawback" below.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 16,412,400 H Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Offer Shares will represent approximately 1.0% of the Company's registered share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option, if any, is not exercised.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "—The International Offering—Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools with any odd lots being allocated to pool A for allocation purposes. The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable) or less. The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable) and up to the total value in pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 8,206,200 Offer Shares are liable to be rejected.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. In the event that the International Offer Shares are fully subscribed or oversubscribed, if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering will be increased to 49,236,800, 65,649,000 and 82,061,200 H Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option), reallocation being referred to in this Prospectus as "Mandatory Reallocation". In such cases, the number of Offer Shares allocated in the International

Offering will be correspondingly reduced, in such manner as the Joint Representatives and the Joint Sponsors deem appropriate, and such additional Offer Shares will be reallocated to Pool A and Pool B. If the Hong Kong Offer Shares are not fully subscribed, the Joint Representatives and the Joint Sponsors have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives and the Joint Sponsors deem appropriate. In addition to any Mandatory Reallocation which may be required, the Joint Representatives and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in Pool A and Pool B under the Hong Kong Public Offering. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, up to 16,412,400 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 32,824,800 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option).

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$82.00 per Offer Share in addition to any brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "— The International Offering — Pricing of the Global Offering" below, is less than the maximum price of HK$82.00 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for Hong Kong Offer Shares".

References in this Prospectus to applications, the **GREEN** Application Form, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares offered

Subject to reallocation as described above, the International Offering will consist of an aggregate of 147,709,800 Offer Shares to be initially offered by us, representing 90% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "—The International Offering—Pricing of the Global Offering" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Representatives so as to allow them to identify the relevant application under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "The Hong Kong Public Offering—Reallocation and Clawback" above, the exercise of the Over-allotment in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant an Over-allotment Option, if any to the International Underwriters exercisable by the Joint Representatives on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, if any, the Joint Representatives have the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue and allot up to 24,618,200 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering to cover, among other things, over-allocation in the International Offering, if any. If the Over-allotment Option, if any, is exercised in full, the additional Offer Shares will represent approximately 1.5% of the Company's enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option In the event that the Over-allotment Option, if any, is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for them, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the H Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilizing Manager of a greater number of H Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in an amount not greater than the Over-allotment Option, if any. The Stabilizing Manager may close out the covered short position by either exercising the Over- allotment Option, if any, to purchase additional H Shares or purchasing H Shares in the open market. In determining the source of the H Shares to close out the covered short position, the Stabilizing Manager will consider, among others, the price of H Shares in the open market as compared to the price at which they may purchase additional H Shares pursuant to the Over-allotment Option, if any. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the H Shares while the Global Offering is in progress. Any market purchases of the H Shares may be effected on any stock exchange, including the Stock Exchange, any over-the- counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. The number of the H Shares that may be over-allocated will not exceed the number of the H Shares that may be sold under the Over-allotment Option, if any, namely, 24,618,200 H Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option, if any is exercised.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(a) over-allocation for the purpose of preventing or minimizing any reduction in the market price;

(b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any deduction in the market price;

(c) subscribing, or agreeing to subscribe, for the H Shares pursuant to the Over- allotment Option, if any, in order to close out any position established under (a) or (b) above;

(d) purchasing, or agreeing to purchase, the H Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(e) selling the H Shares to liquidate a long position held as a result of those purchases; and

(f) offering or attempting to do anything described in (b), (c), (d) and (e) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares. The size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the H Shares.

Stabilizing action by the Stabilizing Manager, or any person acting for it, is not permitted to support the price of the H Shares for longer than the stabilizing period, which begins on the day on which trading of the H Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilizing period is expected to end on Friday, August 5, 2022. As a result, demand for the H Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the H Shares by the Stabilizing Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for the H Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a partial exercise of the Over-allotment Option as detailed below or a combination of these means.

PRICING OF THE GLOBAL OFFERING

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Wednesday, July 6, 2022 and in any event on or before Thursday, July 7, 2022, by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and the Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the Offer Price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters).

The Offer Price will not be more than HK$82.00 per H Share and is expected to be not less than HK$69.00 per H Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this Prospectus (subject to a Downward Offer Price Adjustment).**

Reduction in Indicative Offer Price Range and/or Number of Offer Shares

The Joint Representatives, for themselves and on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be posted on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.tianqilithium.com**) notices of the reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, the Company will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change and, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the offer price, if agreed upon by the Joint Representatives, on behalf of the Underwriters, and our Company, will be fixed within such revised Offer Price range.

Announcement of Offer Price Reduction

The Joint Representatives (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of the Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range, at any time on or prior to the Price Determination Date. In such situation, the Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of our Company (**www.tianqilithium.com**) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separate from the announcement of the results of allocations expected to be announced on Tuesday, July 12, 2022.

The Offer Price announced following the making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed. In the absence of an announcement that a Downward Offer Price Adjustment has been made, the final Offer Price will not be outside the indicative Offer Price range as disclosed in this prospectus unless the Withdrawal Mechanism is utilized.

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in this Prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Representatives, for themselves and on behalf of the Underwriters, will under no circumstances be set outside the Offer Price range as stated in this Prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Representatives may at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares in the Global Offering. The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters).

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting commissions and other expenses payable by our Company in relation to the Global Offering, assuming the Over-allotment Option, if any, is not exercised) are estimated to be approximately HK$10,981 million, assuming an Offer Price per Offer Share of HK$69.00, or approximately HK$13,062 million, assuming an Offer Price per Share of HK$82.00 (or if the Over-allotment Option, if any, is exercised in full, approximately HK$12,637 million, assuming an Offer Price per Offer Share of HK$69.00, or approximately HK$15,030 million, assuming an Offer Price per Offer Share of HK$82.00).

Announcement of Offer Price and Basis of Allocations

The Offer Price for Offer Shares under the Global Offering is expected to be announced on Tuesday, July 12, 2022. The indications of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares on the website of the Hong Kong Stock Exchange available under the Hong Kong Public Offering (**www.hkexnews.hk**) and, are expected to be announced on Tuesday, July 12, 2022 on the website of our Company (**www.tianqilithium.com**).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting".

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and our Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option, if any) (subject only to allotment);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company in on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.tianqilithium.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares". In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates for the Offer Shares are expected to be issued on Tuesday, July 12, 2022 but will only become valid certificates of title at 8: 00 a.m. on Wednesday, July 13, 2022 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting—Underwriting Arrangements and Expenses—Grounds for Termination" has not been exercised.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 13, 2022, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9 : 00 a.m. on Wednesday, July 13, 2022.

The H Shares will be traded in board lots of 200 H Shares each and the stock code of the H Shares will be 9696.

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this document or printed copies of any application forms to the public in relation to the Hong Kong Public Offering.

This document is available at the website of the Hong Kong Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and our website at www.tianqilithium.com. If you require a printed copy of this document, you may download and print from the website addresses above.

The contents of the electronic version of the document are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

If you are an **intermediary**, **broker** or **agent**, please remind your customers, clients or principals, as applicable, that this document is available online at the website addresses above.

A. APPLICATIONS FOR HONG KONG OFFER SHARES

1. How to Apply

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply through **CCASS EIPO** service to electronically cause HKSCC Nominees to apply on your behalf, including by:

   (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

   (ii) (if you are an existing **CCASS Investor Participant**) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Center by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S), and are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If an application is made by a person under a power of attorney, the Company and the Joint Representatives, as the Company's agent, may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

If you are a firm, the application must be in the individual members' names. If you are applying for the Hong Kong Offer Shares online by instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals, please contact them for the items required for the application.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if:

- you are an existing beneficial owner of the Shares in the Company and/or any of its subsidiaries;
- you are a Director, Supervisor or chief executive of the Company and/or any of the Company's subsidiaries;

- you are a close associate of any of the above persons; or
- you have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participated in the International Offering.

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, apply online through the **White Form eIPO** service or on the designated website at **www.eipo.com.hk.**

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Minimum Application Amount and Permitted Numbers

You may apply through the **White Form eIPO** service or give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 200 Hong Kong Offer Shares. Instructions for more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application	No. of Hong Kong Offer Shares applied for	Amount payable on application
	HK$		*HK$*		*HK$*		*HK$*
200	16,565.28	4,000	331,305.75	60,000	4,969,586.22	800,000	66,261,149.60
400	33,130.58	5,000	414,132.19	70,000	5,797,850.59	900,000	74,543,793.30
600	49,695.86	6,000	496,958.62	80,000	6,626,114.96	1,000,000	82,826,437.00
800	66,261.15	7,000	579,785.06	90,000	7,454,379.33	2,000,000	165,652,874.00
1,000	82,826.43	8,000	662,611.49	100,000	8,282,643.70	3,000,000	248,479,311.00
1,200	99,391.73	9,000	745,437.94	200,000	16,565,287.40	4,000,000	331,305,748.00
1,400	115,957.01	10,000	828,264.37	300,000	24,847,931.10	5,000,000	414,132,185.00
1,600	132,522.30	20,000	1,656,528.74	400,000	33,130,574.80	6,000,000	496,958,622.00
1,800	149,087.59	30,000	2,484,793.11	500,000	41,413,218.50	7,000,000	579,785,059.00
2,000	165,652.88	40,000	3,313,057.48	600,000	49,695,862.20	8,000,000	662,611,496.00
3,000	248,479.31	50,000	4,141,321.85	700,000	57,978,505.90	8,206,200[(1)]	679,690,307.31

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

4. Terms and Conditions of an Application

By applying through the application channels specified in this document, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this document or on the designated website under the **White Form eIPO** service, and agree to be bound by them;

(iv) confirm that you have received and read this document and have relied only on the information and representations contained in this document in making your application and will not rely on any other information or representations except those in any supplement to this document;

(v) confirm that you are aware of the restrictions on the Global Offering set out in this document;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Representatives, the Underwriters, any of them or the Company's respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering (the "**Relevant Persons**") and the **White Form eIPO** Service Provider is or will be liable for any information and representations not in this document (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose to the Company, the H Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company nor the Relevant Persons will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this document or on the designated website under the **White Form eIPO** service;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H Share certificate(s) and/or any e-Refund payment instruction and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the H Share certificate(s) and/or refund check(s) in person;

(xvii) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by any one as your agent or by any other person; and

(xviii) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

5. **Applying Through the White Form eIPO Service**

General

Individuals who meet the criteria in the paragraph headed "—2. Who Can Apply" in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk.**

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this document, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9: 00 a.m. on Thursday, June 30, 2022 until 11 : 30 a.m. on Wednesday, July 6, 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12: 00 noon on Wednesday, July 6, 2022, the last day for applications, or such later time under the paragraph headed "—C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists" in this section.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Tianqi Lithium Corporation" **White Form eIPO** application submitted via the website www.eipo.com.hk to support sustainability.

6. **Applying by Giving Electronic Application Instructions to HKSCC Via CCASS**

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "*An Operating Guide for Investor Participants*" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square 8 Connaught Place, Central
Hong Kong

and complete an input request form.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Representatives and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this document;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the **electronic application instruction** are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize the Company to place HKSCC Nominees name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send H Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this document and agree to be bound by them;
- confirm that you have received and read a copy of this document and have relied only on the information and representations in this document in causing the application to be made, save as set out in any supplement to this document;
- agree that none of the Company or the Relevant Persons is or will be liable for any information and representations not contained in this document (and any supplement to it);
- agree to disclose to the Company, the H Share Registrar, the receiving bank and the Relevant Persons any personal data which they may require about you;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take

effect as a collateral contract with the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this document. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this document;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the results of the Hong Kong Public Offering;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this document.

Time for Inputting Electronic Application Instructions[1]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Thursday, June 30, 2022 — 9:00 a.m. to 8:30 p.m.
- Monday, July 4, 2022 — 8:00 a.m. to 8:30 p.m.
- Tuesday, July 5, 2022 — 8:00 a.m. to 8:30 p.m.
- Wednesday, July 6, 2022 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9 : 00 a.m. on Thursday, June 30, 2022 until 12 : 00 noon on Wednesday, July 6, 2022 (24 hours daily, except on Wednesday, July 6, 2022, the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12 : 00 noon on Wednesday, July 6, 2022, the last day for applications or such later time as described in the paragraph headed "— C. Effect of bad weather and/or Extreme Conditions on the opening and closing of the application lists" in this section.

If you are instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your broker or custodian for the latest time for giving such instructions which may be different from the latest time as stated above.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this document acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

[1] These times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

Personal Data

The following Personal Information Collection Statement applies to any personal data held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By giving electronic application instructions to HKSCC, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to the Company or its agents and the H Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this document and announcing results of allocation of the Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of the Company;
- verifying identities of the holders of the H Shares;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;

- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to holders of the H Shares and/or regulators and/or any other purposes to which the holders of the H Shares may from time to time agree.

Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal H share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operation;
- the Hong Kong Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and
- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance.

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this document or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

7. **Warning for Electronic Applications**

The application for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong

Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic applications. The Company, the Relevant Persons and the **White Form eIPO** Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems.

8. **How Many Applications Can You Make**

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange. "Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$82.00 per Offer Share. You must pay the maximum Offer Price, brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015% in full upon application for the Hong Kong Offer Shares under the terms set out in the paragraph "*—Minimum Application Amount and Permitted Numbers*" in this section. This means that for one board lot of 200 Hong Kong Offer Shares, you will pay HK$16,565.28.

You may submit an application through the **White Form eIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the paragraph "*—Minimum Application Amount and Permitted Numbers*" in this section, or as otherwise specified on the designated website at **www.eipo.com.hk.**

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy, and the Stock Exchange trading fee and FRC transaction levy will be paid to the Stock Exchange (in the case of the SFC transaction levy and FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and FRC respectively).

For further details on the Offer Price, see the section headed "Structure of the Global Offering—Pricing of the Global Offering" in this document.

C. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9: 00 a.m. and 12 : 00 noon on Wednesday, July 6, 2022. Instead they will open between 11: 45 a.m. and 12 : 00 noon on the next business day which does not have either of those warnings and/or Extreme Conditions in Hong Kong in force at any time between 9: 00 a.m. and 12: 00 noon.

If the application lists do not open and close on Wednesday, July 6, 2022 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this document, an announcement will be made in such event.

D. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on Tuesday, July 12, 2022 on the Company's website at **www.tianqilithium.com** and the website of the Stock Exchange at **www.hkexnews.hk.**

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.tianqilithium.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9 : 00 a.m. on Tuesday, July 12, 2022;
- from the designated results of allocations website at www.iporesults.com.hk (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8 : 00 a.m. on Tuesday, July 12, 2022 to 12 : 00 midnight on Monday, July 18, 2022;
- from the allocation results telephone enquiry line by calling +852 2862 8555 between 9 : 00 a.m. and 6 : 00 p.m. on Tuesday, July 12, 2022, Wednesday, July 13, 2022, Thursday, July 14, 2022 and Friday, July 15, 2022.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this document.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

E. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By applying through giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this document under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this document.

If any supplement to this document is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or

- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Representatives believes or believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

F. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$82.00 per Offer Share (excluding brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy thereon) paid on application, or if the conditions of the Global Offering as set out in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this document are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy, will be refunded, without interest.

Any refund of your application monies will be made on or before Tuesday, July 12, 2022.

G. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made by **electronic application instructions** to HKSCC via CCASS where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on dispatch/collection of H Share certificates and refund monies as mentioned below, any refund checks and H Share certificates are expected to be posted on or before Tuesday, July 12, 2022. The right is reserved to retain any H Share certificate(s) and any surplus application monies pending clearance of check(s) or banker's cashier's order(s).

H Share certificates will only become valid at 8 : 00 a.m. on Wednesday, July 13, 2022, **provided that** the Global Offering has become unconditional in all respects at or before that time and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid do so entirely at their own risk.

Personal Collection

(i) If you apply through the White Form eIPO service

If you apply for 1,000,000 or more Hong Kong Offer Shares through the **White Form eIPO** service, and your application is wholly or partially successful, you may collect your H Share certificate(s) and/or refund check(s) (where applicable) in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, from 9 : 00 a.m. to 1 : 00 p.m. on Tuesday, July 12, 2022, or such other place or date as notified by the Company in the newspapers as the date of despatch/collection of H Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your H Share certificate(s) and/or refund check(s) (where applicable) personally within the time specified for collection, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares through the **White Form eIPO** service, your H Share certificate(s) and/or refund check(s) (where applicable) will be sent to the address specified in your application instructions on or before **Tuesday, July 12, 2022 by ordinary post at your own risk.**

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

- For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of H Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your H Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, July 12, 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Public Offering in the manner specified in the paragraph headed "— D. Publication of Results" in this section on Tuesday, July 12, 2022. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5: 00 p.m. on Tuesday, July 12, 2022 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, July 12, 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, July 12, 2022.

H. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

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

KPMG

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

Introduction

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

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

KPMG
Certified Public Accountants

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

June 30, 2022

Historical financial information

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

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

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

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

The accompanying notes form part of the Historical Financial Information.

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

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

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position
(Expressed in RMB)

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

The accompanying notes form part of the Historical Financial Information.

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

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

The accompanying notes form part of the Historical Financial Information.

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

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

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

(Expressed in RMB)

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

Consolidated statements of changes in equity (continued)

(Expressed in RMB)

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

Consolidated statements of changes in equity (continued)

(Expressed in RMB)

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

Consolidated statements of cash flows
(Expressed in RMB)

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

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Basis of preparation and presentation of Historical Financial Information

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Significant accounting policies

(a) Basis of measurement and presentation currency

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

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

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

(b) Use of estimates and judgments

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

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

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

(c) Subsidiaries and non-controlling interests

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

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

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

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

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

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

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

(d) Associates and joint ventures

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

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

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

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

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

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

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

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

(e) Goodwill

Goodwill represents the excess of

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

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

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

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

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

(f) Other investments in debt and equity securities

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

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

(i) Investments other than equity investments

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

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

(ii) Equity investments

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

(g) Derivative financial instruments

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

(h) Property, plant and equipment

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

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

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

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

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

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

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

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

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

(i) Mine properties and development

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

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

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

(j) Capitalized stripping costs

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

There are two types of stripping activity:

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

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

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

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

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

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

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

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

(k) Rehabilitation and mine closure costs

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

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

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

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

(l) Intangible assets (other than goodwill)

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

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

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

—	software	5 years
—	patents	10 years

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

Both the period and method of amortization are reviewed annually.

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

(m) Leased assets

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

(i) As a lessee

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

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

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

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

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

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

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

(n) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

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

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

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

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

Basis of calculation of interest income

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

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

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

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

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

(o) Inventories and other contract costs

(i) Inventories

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

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

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

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

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

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

(ii) Other contract costs

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

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

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

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

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

(p) Contract liabilities

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

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

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

(q) Trade and other receivables

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

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

(r) Cash and cash equivalents

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

(s) Trade and other payables

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

(t) Interest-bearing borrowings

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

(u) Treasury shares

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

(v) Employee benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Long-term employee benefits

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

(iii) Share-based payments

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

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

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

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

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

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

(iv) Termination benefits

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

(w) Income tax

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

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

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

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

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

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

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

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

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

(x) Provisions and contingent liabilities

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

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

(y) Revenue and other income

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

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

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

(i) Sale of lithium compounds and derivatives

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

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

(ii) Sale of lithium concentrate

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

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

(iii) Dividends

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

(iv) Interest income

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

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

(v) Government grants

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

(z) Translation of foreign currencies

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

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

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

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

(aa) Borrowing costs

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

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

(bb) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(cc) Segment reporting

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

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

3 Accounting judgement and estimates

Judgments and estimations used in preparation of the Historical Financial Information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Impairment of non-financial assets

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

(ii) Reserves and resources

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

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

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

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

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

(iii) Capitalized stripping costs

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

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

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

(iv) Rehabilitation and mine closure provisions

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

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

(v) Useful life of property, plant and equipment

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

(vi) Recognition of deferred tax assets

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

4 Revenue and segment reporting

(a) Revenue

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

Disaggregation of revenue

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

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

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

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

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

(b) Segment reporting

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

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

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

(i) Segment results, assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Geographic information

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

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

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

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

5 Other net income/(loss)

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

6 Provision for/(reversal of) impairment losses

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

7 (Loss)/profit before taxation

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

(a) Finance costs

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

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

(b) Staff costs

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

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

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

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

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

(c) Other items

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

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

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

8 Income tax in the consolidated statement of profit or loss

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

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

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

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

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

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

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

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

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

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

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

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

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

9 Directors' and supervisors' remuneration

Directors' and supervisors' remuneration are disclosed as follows:

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

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

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

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

10 Individuals with highest remuneration

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

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

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

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

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

11 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

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

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

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

(ii) Weighted average number of ordinary shares

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

(b) Diluted (loss)/earnings per share

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

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

12 Other comprehensive income

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

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

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

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

13 Property, plant and equipment

(a) Reconciliation of carrying amount

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

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

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

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

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

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

Impairment losses

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

(b) Right-of-use assets

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

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

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

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

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

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

(i) Interests in leasehold land held for own use

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

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

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

14 Intangible assets

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

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

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

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

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

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

Key assumptions:

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

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

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

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

Sensitivity analysis:

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

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

15 Goodwill

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

Impairment tests for cash-generating units containing goodwill

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

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

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

Key assumptions:

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

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

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

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

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

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

Sensitivity analysis:

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

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

16 Investments in subsidiaries

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

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

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

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

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

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

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

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

17 Interest in associates

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key assumptions:

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

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

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

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

Aggregate information of associates that are not individually material:

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

The carrying amounts of investments in associates is listed below:

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

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

18 Interest in a joint venture

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

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

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

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

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

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

19 Financial assets measured at fair value

The Group

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

The Company

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

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

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

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

20 Derivative financial instruments

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

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

21 Inventories

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

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

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

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

22 Contract liabilities

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

Movements in contract liabilities

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

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

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

23 Trade and other receivables

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

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

(a) Aging analysis

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

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

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

(b) Transfers of financial assets

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

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

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

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

(c) Bank acceptance notes, carried at FVOCI

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

24 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

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

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

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

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

(c) Reconciliation of liabilities arising from financing activities

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

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

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

	Bank loans and other borrowings	Interest payables	Lease liabilities	Derivative financial liabilities/ (assets)	Dividend payable	Total
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
At January 1, 2020	33,863,159	50,878	213,184	(186,112)	—	33,941,109
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	4,265,295	—	—	—	—	4,265,295
Repayment of bank loans and other borrowings	(6,418,508)	—	—	—	—	(6,418,508)
Capital element of lease rentals paid	—	—	(38,349)	—	—	(38,349)
Interest element of lease rentals paid	—	—	(2,317)	—	—	(2,317)
Interest paid	—	(798,152)	—	—	—	(798,152)
Net cash inflow from derivative financial instruments	—	—	—	14,268	—	14,268
Dividends paid to NCI	—	—	—	—	(481,404)	(481,404)
Total changes from financing cash flows	(2,153,213)	(798,152)	(40,666)	14,268	(481,404)	(3,459,167)
Exchange adjustments	(1,947,649)	(194,215)	6,693	349	—	(2,134,822)
	Bank loans and other borrowings	**Interest payables**	**Lease liabilities**	**Derivative financial liabilities/ (assets)**	**Dividend payable**	**Total**
	RMB'000 (Note 26)	RMB'000 (Note 25)	RMB'000 (Note 27)	RMB'000 (Note 20)	RMB'000	RMB'000
Changes in fair value	—	—	—	661,915	—	661,915
Other changes:						
Increase in lease liabilities from entering into new leases during the year	—	—	103,055	—	—	103,055
Interest expenses	390,307	1,480,800	7,460	—	—	1,878,567
Dividends declared	—	—	—	—	481,404	481,404
Total other changes	390,307	1,480,800	110,515	—	481,404	2,463,026
At December 31, 2020	30,152,604	539,311	289,726	490,420	—	31,472,061

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

(d) Total cash outflow for leases

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

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

25 Trade and other payables

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

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

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

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

26 Bank loans and other borrowings

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

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

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

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

(i) Bank loans

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

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

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

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

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

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

(ii) Secured other borrowings from third parties

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

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

(iii) Corporate bonds

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

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

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

(iv) Other borrowings from a related party

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

(v) Bank facilities

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

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

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

The Group

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

The Company

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

27 Lease liabilities

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

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

28 Deferred income

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

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

29 Income tax in the consolidated statement of financial position

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

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

(b) Deferred tax assets and liabilities recognized:

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

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

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

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

(ii) Reconciliation to the consolidated statements of financial position

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

(c) Deferred tax assets not recognized

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

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

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

30 Provisions

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

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

31 Capital, reserves and dividends

(a) Movements in components of equity

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

Company

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

(b) Dividends

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

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

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

(c) Share capital

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

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

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

(d) Nature and purpose of reserves

(i) Capital reserve

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

(ii) Special reserves

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

(iii) PRC statutory reserve

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

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

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

(iv) Other reserves

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

(v) Exchange reserve

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

(e) Capital management

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

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

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

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

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

32 Restricted A share Incentive Scheme

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

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

33 Financial risk management and fair values of financial instruments

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

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

(a) Credit risk

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

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

Credit risk arising from trade receivables

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

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

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

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

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

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

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

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

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

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

(b) Liquidity risk

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

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

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

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

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

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

(c) Interest rate risk

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

(i) Interest rate risk profile

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

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

(ii) Sensitivity analysis

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

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

(d) Currency risk

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

(i) Exposure to currency risk

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

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

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

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

(ii) Sensitivity analysis

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

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

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

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

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

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

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

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

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

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

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

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

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

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

Valuation techniques and inputs used in Level 2 fair value measurements

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

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

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

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

Information about Level 3 fair value measurements

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

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

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

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

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

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

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

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

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

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

34 Commitments

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

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

35 Contingent liabilities

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

36 Material related party transactions

(a) Key management personnel remuneration

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

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

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

(b) Identify of related parties

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

(c) Significant related party transactions

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

(d) Balance with related parties

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

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

(e) Guarantee provided by related parties

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

37 Immediate and ultimate controlling party

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

38 Possible impact of amendments, new standards and interpretations

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

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

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

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

39 Subsequent events

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

SUBSEQUENT FINANCIAL STATEMENTS

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

The following is the text of a review report set out on pages II-1 to II-2, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out on pages II-3 to II-24 is the unaudited interim financial information of the Group for the three months ended March 31, 2022, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.

KPMG

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF TIANQI LITHIUM CORPORATION

Introduction

We have reviewed the interim financial information set out on pages II-3 to II-24 which comprises the consolidated statement of financial position of 天齊鋰業股份有限公司 (Tianqi Lithium Corporation, the "Company") and its subsidiaries (together, the "Group") as of March 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at March 31, 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

June 30, 2022

Consolidated statement of profit or loss for the three months ended March 31, 2022 – unaudited
(Expressed in Renminbi ("RMB"))

	Note	Three months ended March 31, 2022	2021
		RMB'000	RMB'000
Revenue	3(a)	5,213,142	899,632
Cost of sales		(772,177)	(490,925)
Gross profit		4,440,965	408,707
Other net income/(loss)	4	495,307	(171,578)
Selling and distribution expenses		(5,814)	(4,242)
Administrative expenses		(138,141)	(91,222)
Research and development costs		(5,682)	(5,492)
(Provision for)/reversal of impairment losses	5	(5,976)	193
Profit/(loss) from operations		4,780,659	136,366
Finance costs	6(a)	(280,208)	(345,241)
Share of profits less losses of associates		1,178,217	66,124
Profit/(loss) before taxation	6	5,678,668	(142,751)
Income tax	7	(1,115,051)	(37,711)
Profit/(loss) for the period		4,563,617	(180,462)
Attributable to:			
Equity shareholders of the Company		3,955,913	(246,408)
Non-controlling interests		607,704	65,946
Profit/(loss) for the period		4,563,617	(180,462)
Earnings/(loss) per share	8		
Basic (RMB)		2.68	(0.17)
Diluted (RMB)		2.68	(0.17)

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2022 – unaudited
(Expressed in RMB)

	Note	Three months ended March 31, 2022 RMB'000	Three months ended March 31, 2021 RMB'000
Profit/(loss) for the period		4,563,617	(180,462)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		336,636	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		300,005	(24,841)
Other comprehensive income for the period		636,641	(24,841)
Total comprehensive income for the period		5,200,258	(205,303)
Attributable to:			
Equity shareholders of the Company		4,416,007	(263,091)
Non-controlling interests		784,251	57,788
Total comprehensive income for the period		5,200,258	(205,303)

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of financial position at March 31, 2022 – unaudited
(Expressed in RMB)

	Note	As at March 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Non-current assets			
Property, plant and equipment	9	14,228,350	13,734,405
Intangible assets		122,159	118,811
Goodwill		416,101	416,101
Interests in associates	10	24,353,259	24,120,755
Interests in a joint venture		122,085	112,810
Financial assets measured at fair value	11	2,281,937	695,617
Deferred tax assets		195,417	115,568
Restricted deposits		11,499	11,157
Other non-current assets		36,468	22,572
		41,767,275	39,347,796
Current assets			
Inventories	12	1,109,373	871,756
Trade and other receivables	13	3,399,493	3,369,533
Prepaid tax		234,947	235,299
Restricted deposits		248,748	209,828
Cash and cash equivalents	14	2,225,533	1,766,096
		7,218,094	6,452,512
Current liabilities			
Trade and other payables	15	1,604,120	1,536,113
Derivative financial instruments	16	876,211	388,401
Contract liabilities		321,320	164,475
Bank loans and other borrowings	17	6,676,325	9,762,521
Lease liabilities		53,213	48,940
Deferred income		6,094	6,093
Current taxation		1,212,050	686,872
		10,749,333	12,593,415
Net current liabilities		(3,531,239)	(6,140,903)
Total assets less current liabilities		38,236,036	33,206,893

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of financial position at March 31, 2022 – unaudited (continued)
(Expressed in RMB)

	Note	As at March 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Non-current liabilities			
Bank loans and other borrowings	17	11,843,503	11,800,154
Deferred income		65,580	66,477
Deferred tax liabilities		1,012,159	978,520
Lease liabilities		207,762	200,442
Provision		311,168	335,270
Other non-current liabilities		36,074	33,078
		13,476,246	13,413,941
NET ASSETS		24,759,790	19,792,952
CAPITAL AND RESERVES			
Share capital		1,477,099	1,477,099
Reserves		17,297,467	12,879,967
Total equity attributable to equity shareholders of the Company		18,774,566	14,357,066
Non-controlling interests		5,985,224	5,435,886
TOTAL EQUITY		24,759,790	19,792,952

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of changes in equity for the three months ended March 31, 2022 – unaudited

(Expressed in RMB)

		Attributable to equity shareholders of the company										
	Note	Share capital	Capital reserves	Special reserves	PRC statutory reserves	Other reserves	Fair value reserves (non-recycling)	Exchange reserves	Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2022		1,477,099	7,178,777	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952
Changes in equity for the three months ended March 31, 2021:												
Profit for the period		—	—	—	—	—	—	—	3,955,913	3,955,913	607,704	4,563,617
Other comprehensive income		—	—	—	—	—	336,636	123,458	—	460,094	176,547	636,641
Total comprehensive income		—	—	—	—	—	336,636	123,458	3,955,913	4,416,007	784,251	5,200,258
Share of other reserves of an associate		—	—	—	—	1,493	—	—	—	1,493	—	1,493
Safety production fund		—	—	1,453	—	—	—	—	(1,453)	—	—	—
Dividends paid to non-controlling shareholders		—	—	—	—	—	—	—	—	—	(234,913)	(234,913)
Balance at March 31, 2022		1,477,099	7,178,777	38,125	466,392	4,990,426	737,564	(911,199)	4,797,382	18,774,566	5,985,224	24,759,790

The accompanying notes form part of the Interim Financial Information.

Consolidated statements of changes in equity for the three months ended March 31, 2022 – unaudited (continued)
(Expressed in RMB)

		Attributable to equity shareholders of the company									
	Note	Share capital	Capital reserves	Special reserves	PRC statutory reserves	Other reserves	Exchange reserves	(Accumulated losses)/ Retained profits	Total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2021		1,477,099	7,178,777	32,290	387,697	(484,140)	(667,109)	(2,723,186)	5,201,428	2,226,398	7,427,826
Changes in equity for the three months ended March 31, 2021:											
Profit for the period		—	—	—	—	—	—	(246,408)	(246,408)	65,946	(180,462)
Other comprehensive income		—	—	—	—	—	(16,683)	—	(16,683)	(8,158)	(24,841)
Total comprehensive income		—	—	—	—	—	(16,683)	(246,408)	(263,091)	57,788	(205,303)
Safety production fund		—	—	1,460	—	—	—	(1,460)	—	—	—
Balance at March 31, 2021		1,477,099	7,178,777	33,750	387,697	(484,140)	(683,792)	(2,971,054)	4,938,337	2,284,186	7,222,523

The accompanying notes form part of the Interim Financial Information.

Condensed consolidated statement of cash flows for the three months ended March 31, 2022 – unaudited

(Expressed in RMB)

	Note	Three months ended March 31, 2022	2021
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		4,281,509	368,648
Corporate Income Tax paid		(639,199)	(27,032)
Net cash generated from operating activities		3,642,310	341,616
Payment for the purchase of property, plant and equipment and intangible assets		(295,700)	(98,882)
Dividend received from associates		3,546	—
Others		8	(635)
Net cash used in investing activities		(292,146)	(99,517)

The accompanying notes form part of the Interim Financial Information.

Condensed consolidated statement of cash flows for the three months ended March 31, 2022 – unaudited (continued)
(Expressed in RMB)

	Note	Three months ended March 31, 2022 RMB'000	Three months ended March 31, 2021 RMB'000
Financing activities			
Proceeds from bank loans and other borrowings		1,419,662	1,297,384
Repayments of bank loans and other borrowings		(3,965,735)	(813,574)
Dividends paid to non-controlling interests		(234,913)	—
Interest paid		(148,393)	(534,700)
Capital element of lease rentals paid		(14,169)	(2,471)
Interest element of lease rentals paid		(2,606)	(780)
Restricted deposits for bank loans and other borrowings		36,502	(8)
Others		(13,554)	(12,743)
Net cash used in financing activities		(2,923,206)	(66,892)
Net increase in cash and cash equivalents		426,958	175,207
Cash and cash equivalents at January 1		1,766,096	788,206
Effect of foreign exchange rate changes		32,479	7,946
Cash and cash equivalents at March 31		2,225,533	971,359

The accompanying notes form part of the Interim Financial Information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Basis of preparation

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

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

This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

The interim financial information has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2019, 2020 and 2021 (the "Historical Financial Information") as disclosed in Appendix I to the prospectus dated June 30, 2022 (the "Prospectus") issued by the Company, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make Judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Historical Financial Information as disclosed in Appendix I to the Prospectus. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the International Financial Reporting Standards (the "IFRSs").

As at March 31, 2022, the Group had net current liabilities of RMB3,531,239,000. The net current liabilities were mainly due to the financial liabilities to external financial institutions in connection with SQM acquisition ("SQM indebtedness") as detailed in section "Financial Information" to the Prospectus.

In view of this circumstance, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. After taking into account of the Group's cashflow projection with reference to (i) the Group's cashflow projection with reference to the increased market price of lithium compounds and derivatives and lithium concentrate; (ii) the Group's unused banking facilities as at March 31, 2022; (iii) the Group's ability to renew or refinance the banking facilities upon maturity; and (iv) the Group's ability to adjust the scheduled capital commitments, the directors of the Company are of the view that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Accordingly, the directors of the Company consider it is appropriate to prepare the interim financial information on a going concern basis.

2 Changes in accounting policies

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives.

Disaggregation of revenue

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

	Three months ended March 31,	
	2022	**2021**
	RMB'000 (unaudited)	**RMB'000 (unaudited)**
Revenue from contracts with customers within the scope of IFRS 15		
—Sales of lithium compounds and derivatives	3,258,559	564,307
—Sales of lithium concentrate	1,954,583	335,325
	5,213,142	899,632
Disaggregated by geographical location of customers		
—Mainland China	4,588,577	788,368
—Overseas	624,565	111,264
	5,213,142	899,632

All of the Group's revenue are recognized at a point in time. The above table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of external customers is based on the location at which the goods delivered.

(b) Segment reporting

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

- Lithium compounds and derivatives segment: this segment primarily derive its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are manufactured in the manufacturing plants of the Group located in mainland China.
- Lithium concentrate segment: this segment primarily undertakes mining, production and sales of lithium concentrate. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

(i) Segment results, assets, and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for three months ended March 31, 2021 and 2022 is set out below.

	Three months ended March 31, 2022		
(Unaudited)	**Lithium compounds and derivatives**	**Lithium concentrate**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Revenue from external customers	3,258,559	1,954,583	5,213,142
Inter-segment revenue	—	1,077,859	1,077,859
Reportable segment revenue	3,258,559	3,032,442	6,291,001
Reportable segment profit (adjusted profit before taxation)	2,539,466	2,258,940	4,798,406
Interest income from bank deposits	1,036	602	1,638
Finance costs	(65,172)	(30,725)	(95,897)
Depreciation and amortization for the period	(49,420)	(89,259)	(138,679)
Reportable segment assets	8,240,249	11,202,477	19,442,726
Capital expenditure*	21,266	272,899	294,165
Reportable segment liabilities	2,451,719	2,761,680	5,213,399

	Three months ended March 31, 2021		
(Unaudited)	**Lithium compounds and derivatives**	**Lithium concentrate**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Revenue from external customers	564,307	335,325	899,632
Inter-segment revenue	—	196,788	196,788
Reportable segment revenue	564,307	532,113	1,096,420
Reportable segment profit (adjusted profit before taxation)	48,274	190,434	238,708
Interest income from bank deposits	224	648	872
Finance costs	(45,269)	(30,980)	(76,249)
Depreciation and amortization for the period	(46,737)	(40,662)	(87,399)
Reportable segment assets	6,204,853	10,018,190	16,223,043
Capital expenditure*	32,767	116,612	149,379
Reportable segment liabilities	1,910,187	2,092,790	4,002,977

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

(ii) Reconciliations of reportable segment profit or loss

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue		
Reportable segment revenue	6,291,001	1,096,420
Elimination of inter-segment revenue	(1,077,859)	(196,788)
Consolidated revenue (note 3(a))	5,213,142	899,632
Profit		
Reportable segment profit	4,798,406	238,708
Elimination of inter-segment profits	(508,526)	41,902
Reportable segment profit derived from external customers	4,289,880	280,610
Interest income	1,673	881
Finance costs	(280,208)	(345,241)
Share of profits less losses of associates	1,178,217	66,124
Unallocated head office and corporate income/(expenses)	489,106	(145,125)
Consolidated profit/(loss) before taxation	5,678,668	(142,751)

4 Other net income/(loss)

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest income from bank deposits	1,673	881
Government grants	1,341	8,547
Net realized and unrealized losses on derivative financial instruments	(721,805)	(127,089)
Net gains on disposal of property, plant and equipment	25	1,031
Gains on deemed disposal of an associate (note 10)	1,100,168	—
Gains on partial disposal of an associate	77,230	—
Net foreign exchange gains/(losses)	36,389	(56,145)
Others	286	1,197
	495,307	(171,578)

5 Provision for/(reversal of) impairment losses

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Provision for/(reversal of) impairment losses on		
—trade and other receivables	5,976	(193)

6 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Three months ended March 31, 2022 RMB'000 (unaudited)	Three months ended March 31, 2021 RMB'000 (unaudited)
Interest on bank loans and other borrowings	260,297	350,245
Interest on lease liabilities	2,687	873
Interest on discounted bills receivable	27,332	6,434
Unwind of discount on rehabilitation and closure provision	1,202	1,208
Less: interest expense capitalized into construction in progress	(11,310)	(13,519)
	280,208	345,241

The borrowing costs have been capitalized at a rate of 2.3% (unaudited) and 2.3% (unaudited) for the three months ended March 31, 2021 and 2022, respectively.

(b) Other items

	Three months ended March 31, 2022 RMB'000 (unaudited)	Three months ended March 31, 2021 RMB'000 (unaudited)
Amortization cost of intangible assets#	3,526	4,940
Depreciation charge		
—owned property, plant and equipment	123,170	72,348
—right-of-use assets	14,243	12,370
Research and development expenses	5,682	5,492
Cost of inventories (note 12(a))	772,177	490,925

7 Income tax

	Three months ended March 31, 2022 RMB'000 (unaudited)	Three months ended March 31, 2021 RMB'000 (unaudited)
Current tax – Mainland China Corporate Income Tax		
Provision for the period	589,385	6,494
Current tax – Hong Kong and overseas		
Provision for the period	564,800	41,833
Deferred tax		
Origination and reversal of temporary differences	(39,134)	(10,616)
	1,115,051	37,711

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

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

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

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

	Three months ended March 31,	
	2022	2021
The United Kingdom#	19%	19%
Australia*	30%	30%
Canada#	15%	15%
Chile#	27%	27%

* Windfield Holdings Pty Ltd.("Windfield") and its wholly-owned Australian resident entities are taxed as a tax-consolidated group. Tianqi Lithium Holdings Pty Ltd. ("TLH"), Tianqi Lithium Australia Investments 2 Pty Ltd. ("TLAI2") and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield and TLH respectively.

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

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

8 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,955,913,000 (three months ended March 31, 2021: loss of RMB246,408,000) and the weighted average of 1,477,099,000 ordinary shares (2021: 1,477,099,000 shares) in issue during the interim period.

(b) Diluted earnings/(loss) per share

For the three months ended March 31, 2022 and 2021, there were no dilutive potential ordinary shares. Accordingly, the diluted earnings/(loss) per share for the three months ended March 31, 2022 and 2021 are the same as basic earnings/(loss) per share of the respective periods.

9 Property, plant and equipment

(a) Right-of-use assets

For the three months ended March 31, 2022, additions to right-of-use assets were RMB15,917,000.

(b) Acquisitions and disposals of owned assets

During the three months ended March 31, 2022, the Group acquired items of property, plant and equipment with a cost of RMB265,490,000 (three months ended March 31, 2021: RMB149,379,000). Items of property, plant and equipment with a net book value of RMB23,000 (three months ended March 31, 2021: RMB483,000) were disposed of during the three months ended March 31, 2022, resulting in a net gain on disposal of RMB25,000 (three months ended March 31, 2021: RMB1,031,000).

10 Interest in associates

The carrying amounts of investments in associates is listed below:

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Sociedad Química y Minera de Chile S.A. ("SQM")	23,980,873	23,652,363
Shanghai Aerospace Power Technology Co., Ltd	30,284	28,275
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited	342,102	285,494
Solid Energy System Corporation ("SES") (i)	—	154,623
	24,353,259	24,120,755

(i) On December 5, 2017, the Group invested RMB82,641,000, representing effective interest of 11.72%, and appointed a director in SES. This investment enables the Group to keep updated with the new generation of battery technology and improve the production technology and quality of the Group's lithium metal and to achieve stable sales.

Upon SES's listing on the New York Stock Exchange on February 4, 2022, the Group was no longer entitled to appoint any director. As a result, the Group lost its power to participate in the financial and operating policy decisions of SES and therefore lost the significant influence over SES. The Group designated its retained interest in SES as financial assets at FVOCI (non-recycling) (see note 11) as the investment is held for strategic purposes. This deemed disposal resulted in a gain of RMB1,100,168,000 for the Group.

11 Financial assets measured at fair value

	Note	As at March 31, 2022	As at December 31, 2021
		RMB'000 (unaudited)	RMB'000
Equity securities designated at FVOCI (non-recycling)—non-current			
—Equity securities	(i)	2,281,937	695,617

(i) As disclosed in note 10, the interest in SES was accounted for as the Group's financial assets at FVOCI (non-recycling) upon its listing and the fair value of the Group's interest in SES is RMB1,600,492,000 as at March 31, 2022.

12 Inventories

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Inventories		
Raw materials	306,062	196,248
Work in progress	397,817	339,347
Finished goods	167,026	138,224
Low-value consumption goods	240,234	199,714
	1,111,139	873,533
Less: write down of inventories	(1,766)	(1,777)
	1,109,373	871,756

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

	Three months ended March 31, 2022 RMB'000 (unaudited)	Three months ended March 31, 2021 RMB'000 (unaudited)
Carrying amount of inventories sold	772,177	490,925

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

13 Trade and other receivables

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Trade receivables	1,745,815	657,468
Less: allowance for doubtful debts	(20,310)	(14,525)
	1,725,505	642,943
Bills receivable	526,055	448,224
Other receivables	96,098	193,189
Less: allowance for doubtful debts	(10,332)	(10,141)
	85,766	183,048
Deposits and prepayments	16,946	19,877
Value added tax recoverable	6,634	45,059
Goods and services tax recoverable	25,325	15,979
Bank acceptance notes, carried at FVOCI	1,013,262	2,014,403
	1,062,167	2,095,318
	3,399,493	3,369,533

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

(a) Aging analysis

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

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Within 1 year	2,251,560	1,091,167

Trade receivables and bills receivable are due within 15 to 90 days from the date of billing. No interests are charged on the trade receivables and bills receivable.

14 Cash and cash equivalents

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Cash and bank balance	2,485,780	1,987,081
Less:		
Non-current restricted deposits	(11,499)	(11,157)
Current restricted deposits	(248,748)	(209,828)
	2,225,533	1,766,096

15 Trade and other payables

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Bills payable	49,900	123,530
Trade creditors	881,189	765,116
Accrued payroll and benefits	84,099	91,929
Other taxes payable	218,817	204,647
Interest payable	1,488	1,535
Other payables	368,627	349,356
	1,604,120	1,536,113

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

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Within 1 year	928,459	885,899
1 to 2 years	1,425	1,609
2 to 3 years	431	421
More than 3 years	774	717
	931,089	888,646

16 Derivative financial instruments

	As at March 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Derivative financial liabilities		
—Collar option	871,103	381,461
—Electricity derivatives	5,108	6,940
	876,211	388,401

17 Bank loans and other borrowings

	As at March 31, 2022	As at December 31, 2021
	RMB'000	RMB'000
Current		
Secured bank loans	211,759	236,177
Unsecured bank loans	2,381,308	1,938,574
Corporate bonds	1,922,935	1,911,679
Current portion of non-current		
secured bank loans	1,717,855	4,469,151
unsecured bank loans	—	208,587
secured other borrowings from third-parties	442,468	998,353
	6,676,325	9,762,521
Non-current		
Secured bank loans	12,375,460	15,097,503
Unsecured bank loans	—	208,587
Other borrowings from a related party	1,185,898	1,171,802
Secured other borrowings from third-parties	442,468	998,353
	14,003,826	17,476,245
Less:		
—Current portion of non-current secured bank loans	(1,717,855)	(4,469,151)
—Current portion of non-current unsecured bank loans	—	(208,587)
—Current portion of secured other borrowings from third-parties	(442,468)	(998,353)
	(2,160,323)	(5,676,091)
	11,843,503	11,800,154

As of the end of the reporting period, the secured bank loans are secured over certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	As at March 31, 2022	As at December 31, 2021
	RMB'000	*RMB'000*
Mainland China subsidiaries		
Property, plant and equipment	248,126	253,666
Restricted bank deposits	139,226	175,728
Investments in Shigatse Zabuye	342,102	285,494
Overseas subsidiaries		
All assets of Windfield	11,242,100	9,160,084
All assets of TLAI 2 and TLAI 1	20,881,060	21,034,783
All assets of TLEA	8,662,775	7,918,329
All assets of TLK	4,968,887	5,048,765
Investment in SQM	23,980,873	23,652,363
	70,465,149	67,529,212

18 Capital, reserves and dividends

(a) Dividends

(i) No dividend to equity shareholders of the Company was proposed after the end of reporting period for the three months ended March 31, 2022 (2021: nil).

(ii) No dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the three months ended March 31, 2022 (2021: nil).

19 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

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

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

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

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

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

	Fair value measurements At March 31, 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	1,013,262	—	1,013,262
—Equity securities	2,118,982	162,955	—	2,281,937
Derivative financial instruments				
—Collar options	—	—	(871,103)	(871,103)
—Electricity derivatives	—	(5,108)	—	(5,108)

	Fair value measurements At December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	2,014,403	—	2,014,403
—Equity securities	585,000	110,617	—	695,617

	Fair value measurements At December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments				
—Collar options	—	—	(381,461)	(381,461)
—Electricity derivatives	—	(6,940)	—	(6,940)

During the three months ended March 31, 2022, there were no transfers between Level 1 and Level 2. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

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

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

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

(iii) Information about Level 3 fair value measurements

The fair value of collar options is determined by Option Pricing Model with significant unobservable input of expected volatility. At March 31, 2022, the expected volatility ranged from 50.0% to 54.0%. The fair value measurement is positively correlated to the expected volatility. At March 31, 2022, it is estimated that with all other variables held constant, an increase/decrease in expected volatility by 5% would have increase/decrease the Group's loss/profit for the period by RMB27,000.

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

The carrying amounts of the Group's financial instruments carried at amortized cost were not materially different from their fair values as at December 31, 2021 and March 31, 2022.

20 Commitments

Capital commitments outstanding at March 31, 2022 not provided for in the interim financial information were as follows:

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Contracted for	741,583	659,332
Authorized but not contracted for	2,626,271	394,519
	3,367,854	1,053,851

21 Contingent liabilities

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

22 Material related party transactions

(a) Significant related party transactions

	Three months ended March 31,	
	2022	**2021**
	RMB'000 (unaudited)	**RMB'000 (unaudited)**
Short-term operating leases expenses:		
Tianqi Group Company	544	562
Purchases of goods / service from:		
Tianqi Group Company	354	338
Obtaining other borrowings from:		
Tianqi Group Company	—	451,835
Interest expenses:		
Tianqi Group Company	14,096	8,032

(b) Balance with related parties

	As at March 31, 2022	As at December 31, 2021
	RMB'000	**RMB'000**
	(unaudited)	
Non-trade related		
Other borrowings from:		
Tianqi Group Company	1,185,898	1,171,802
Trade related		
Amounts due to:		
Tianqi Group Company	5,409	5,356

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

(c) Guarantee provided by related parties

The bank loans and other borrowings of RMB12,008,590,000 and RMB8,964,663,000 as at December 31, 2021 and at March 31, 2022, respectively, were guaranteed by related parties. The directors of the Company are of the view that the guarantee provided by related parties will be discharged upon the listing of the Company's shares on the Stock Exchange and full repayment of SQM indebtedness.

23 Non-adjusting events after the reporting period

On April 1, 2022, the Group and the lenders ("the Lenders") under the syndicated facility agreements ("Facility Agreements") of SQM indebtedness entered into an amendment deed, pursuant to which the Lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the release of the obligations under the personal guarantee by Mr. Jiang Weiping and a deed of undertaking by Tianqi Group Company, Mr. Jiang Weiping, Ms. Jiang Anqi, and Ms. Zhangjing and termination of subordination of other borrowings from Tianqi Group Company upon the satisfaction of certain conditions such as the completion of the listing of the Group's H-shares and partial repayment of the outstanding SQM indebtedness.

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the financial information included in the Accountants' Report set forth in Appendix I to this Prospectus.

A UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared in accordance with paragraph 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to equity shareholders of the Company as at December 31, 2021 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at December 31, 2021 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2021[1]	**Estimated net proceeds from the Global Offering[2][5]**	**Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB[3]*	*HK$[5]*
Based on an Offer Price of HK$62.10 per H Share, after a Downward Offer Price Adjustment of 10%	13,830,425	8,445,157	22,275,582	13.57	15.87
Based on an Offer Price of HK$69.00 per H Share	13,830,425	9,389,114	23,219,539	14.15	16.55
Based on an Offer Price of HK$82.00 per H Share	13,830,425	11,167,583	24,998,008	15.23	17.81

Notes:

(1) The consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2021 is arrived at after (i) deducting the intangible assets of RMB118,811,000 and goodwill of RMB416,101,000 and (ii) adjusting the share of intangible assets attributable to non-controlling interest of RMB8,271,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB14,357,066,000 as at December 31, 2021, which is extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 164,122,200 H Shares expected to be issued pursuant to the Global Offering at the estimated offer prices of HK$69.00 per H Share (being the low-end price) and HK$82.00 per H Share (being the high-end price) respectively and also based on an Offer Price of HK$62.10 per H Share after making a Downward Offer Price Adjustment of 10%, after deduction of the estimated underwriting fees and other estimated listing expenses payable by the Group, respectively (excluding the listing expenses which have been charged to profit or loss up to December 31, 2021), assuming the Over-allotment Option is not exercised.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustment as described in note 2 above and is based on 1,641,221,583 Shares expected to be in issue immediately after the Global Offering, but do not take into account any shares which may be issued upon the exercise of the Over-allotment Option.

(4) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2021.

(5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets per Share are converted from or into Hong Kong dollars at the rate of HK$1.1696 to RMB1. No representation is made that the Renminbi amount has been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

B INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Prospectus.

KPMG

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF TIANQI LITHIUM CORPORATION

We have completed our assurance engagement to report on the compilation of pro forma financial information of Tianqi Lithium Corporation (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at December 31, 2021 and related notes as set out in Part A of Appendix III to the prospectus dated June 30, 2022 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed offering of H shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2021 as if the Global Offering had taken place at December 31, 2021. As part of this process, information about the Group's financial position as at December 31, 2021 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix III to the Prospectus.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2021 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of

America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG

Certified Public Accountants

Hong Kong

June 30, 2022

BEHRE
DOLBEAR
AUSTRALIA

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June 30, 2022

Mr. Yuway Szetoo Director, Domestic Finance Tianqi Lithium Corporation 2052, HKRI Center Tower 1 288 Shimen 1st Road, Jing'an District Shanghai 200041 China	The Directors Tianqi Lithium Corporation No.10 East Gaopeng Road, Hi-Tech Zone, Chengdu, China

Dear Sir

COMPETENT PERSONS REPORT

GREENBUSHES LITHIUM MINE—WESTERN AUSTRALIA, AUSTRALIA

AND CUOLA LITHIUM PROJECT—SICHUAN, PEOPLE'S REPUBLIC OF CHINA

BEHRE DOLBEAR AUSTRALIA PTY LIMITED

Behre Dolbear Australia Pty Limited ("BDA"), a partially-owned subsidiary of Behre Dolbear Group Inc., is pleased to submit a Competent Person's Report ("CPR") for the Greenbushes Lithium Mine ("Greenbushes Mine"), Western Australia ("WA"), Australia and the Cuola Lithium (or Spodumene) Project ("Cuola Project"), Sichuan Province, the People's Republic of China ("China"). BDA's principal office is in North Sydney, New South Wales, Australia; BDA's address is noted at the top of the letter head. This letter of transmittal forms part of the CPR.

The Greenbushes Mine is owned and operated by Talison Lithium Limited ("Talison"), which is 51% owned and controlled by an incorporated lithium joint venture ("Joint Venture") between Tianqi Lithium Corporation ("Tianqi") (51%) and IGO limited ("IGO") (49%), with the remaining 49% interest owned by Albemarle Corp Inc ("Albemarle").

The operation consists of an open pit mining and processing operation, which includes two crushing plants, three processing plants and associated administrative facilities, workshop, laboratory and other infrastructure, all located adjacent to the open pit mining operation. The Greenbushes Central Lode and Kapanga lithium deposits contained a Mineral Resource of 341.9 million tons ("Mt") at 1.6% lithium oxide ("Li_2O") and an Ore Reserve of 169.6Mt grading 2.0% Li_2O (as at August 31, 2021, including stockpiled material). In the period from September 1, 2021 to December 31, 2021 Talison processed 1.4Mt of ore at 2.4% Li_2O. Taking the August 31, 2021 Mineral Resource and Ore Reserve and deducting the ore quantities processed since the beginning of September 2021 the depleted Mineral

Resource totals 340.5Mt at 1.6% Li_2O, and the remaining Ore Reserve is 168.1Mt at 2.0% Li_2O. The three process plants, the Technical Grade Plant ("TGP"), the Chemical Grade Plant No 1 ("CGP1") and the Chemical Grade Plant No 2 ("CGP2") produce mineral concentrates containing a range of lithium grades with varying iron impurity levels. Low iron technical grade ("TG") concentrates are produced in the TGP; chemical grade ("CG") concentrates which contain higher levels of iron are produced in CGP1 and CGP2. The main use for low iron concentrates is as feedstock for the glass and ceramic industries. The CG concentrates are supplied to the Joint Venture and Albemarle for processing into lithium chemicals. The essential difference between the TG and CG ores is the lower iron content of the spodumene in the TG ore.

Talison has completed commissioning of CGP2 and its associated crusher, CR2, and these plants are in the ramp up stage; total spodumene concentrate production capacity (TGP, CGP1 and CGP2) is expected to be approximately 1.4 million tons per annum ("Mtpa") on completion of the CGP2 ramp up and yield improvements.

Talison has also estimated a Mineral Resource and Ore Reserve for the old tailings storage facility ("TSF1") based on the construction of a 2Mtpa tailings retreatment plant ("TRP"). A Mineral Resource of 18.3Mt at 1.3% Li_2O and an Ore Reserve of 10.1Mt at 1.4% Li_2O have been defined.

Talison completed construction of the TRP in early 2022 which will employ the conventional flotation technology used in the existing plants to prepare a 6% spodumene concentrate ("SC6"); commissioning now underway. A mining contractor has been appointed and is due to mobilize to site in January 2022. When in full operation, this plant will add a further 280,000 tons per annum ("tpa") of spodumene concentrate.

The Cuola Project is 100% owned and operated by Sichuan Tianqi Shenghe Lithium Company Limited ("Tianqi Shenghe"), a wholly-owned subsidiary of Tianqi, and is in the planning and development stage. There has been no material development since BDA's last visit to the property in April 2018, and the discussion of the Cuola Project in this report is mostly based on a 2018 BDA report. An extensive exploration program from 2009 to 2011 defined the lithium resources at the property; a feasibility study and an initial engineering design report were completed in 2012, followed by the start of the project construction for a Phase I 600 thousand tons per annum ("ktpa") mining operation. However, construction was suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013 due to an alleged environmental incident related to the neighboring Jiajika Lithium Mine owned and operated by a third party (refer to Section 5.8 of this report). Although regulatory approval to recommence construction/production was granted for the Cuola Project and the Jiajika Lithium Mine in 2019, Tianqi Shenghe has not yet resumed construction of the Cuola Project as Tianqi is currently sourcing all the spodumene concentrates for its processing plants from Talison's Greenbushes Mine in Western Australia and the concentrate production from the Greenbushes Mine can satisfy all of Tianqi's needs at this stage. Tianqi Shenghe is currently in discussion internally when and how it should resume the project construction.

The purpose of this CPR is to provide an independent technical assessment of Tianqi's Greenbushes Mine and Cuola Project, to be included in the prospectus for the Company's initial public offering ("IPO") on the main board of the Stock Exchange of Hong Kong Limited ("SEHK"). This CPR has been prepared in accordance with the Rules Governing the Listing of Securities on the SEHK ("Listing Rules"). The reporting standards adopted by this CPR are the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore

Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists, and the Minerals Council of Australia in 1999 and revised in 2012 (the "JORC Code") and the VALMIN Code and Guidelines for Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports, as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and updated in 2015 (the "VALMIN Code").

The evidence upon which the estimated lithium Mineral Resources and Ore Reserves of the Greenbushes Mine and Cuola Project are based includes the deposit geology, drilling and sampling information, and project economics. BDA formed its view of the lithium Mineral Resource and lithium Ore Reserves estimates based on the site visits of BDA's professionals to the subject mining properties, interviews with Tianqi's and Talison's management team and site personnel, and assessment of the procedures and parameters used for the resource and reserve estimates by external consultants and by Tianqi's and Talison's internal team.

This BDA review was prepared through Behre Dolbear's Sydney office in Australia and the project team consisted of senior mining professionals from Sydney, Perth and the USA. The scope of work for the Greenbushes Mine review included technical analysis of the project geology, lithium Mineral Resource and lithium Ore Reserve estimates, review of mining, processing, operating costs, capital costs, environmental and social management, and occupational health and safety issues. The most recent BDA Competent Person site visit to Greenbushes Mine was by Mr Dan Greig on November 15, 2021. Numerous previous site visits have been conducted by BDA representatives from a variety of specialities including geology, mining, processing, infrastructure, permitting and cost analysis on an annual basis since 2012. The scope of work for the Cuola Project review included technical analysis of the project geology and lithium Mineral Resource estimates. In April 2018, BDA Competent Person, Dr. Qingping Deng, conducted a visit to the Cuola Project.

BDA's CPR comprises an introduction, followed by reviews of the technical aspects of geology, Mineral Resources and Ore Reserves, mining, processing, operating and capital costs, environmental and social management, occupational health and safety, an economic analysis and a risk analysis of the Greenbushes Mine and a review of the geology and Mineral Resources of the Cuola Project. BDA considers that the CPR adequately and appropriately describes the technical aspects of the mining properties and addresses issues of significance and risk. BDA notes that Talison has used outside consultants to prepare a JORC compliant Mineral Resource, including Table 1, for the Greenbushes Project, and BDA's comments and conclusions in that regard are based on the documentation reviewed and the Competent Persons' site visits**.**

BDA is independent of Tianqi, Talison, and any other associated parties. Neither BDA nor any of its employees or associates involved in this project hold any shares or have any direct or indirect pecuniary or contingent interests of any kind in Tianqi, Talison, the Greenbushes Mine or the Cuola Project. BDA is to receive a fee for its services (the work product of which includes this CPR) at its normal commercial rate and customary payment schedules. The payment of BDA's professional fee is not contingent on the outcome of this CPR.

The effective date of this CPR is January 1, 2022 and Tianqi has advised BDA that except for on-going lithium concentrate production, there have been no material changes for the Greenbushes Lithium Mine and the Cuola Project since the effective date. The sole purpose of this CPR is for the use of the Directors of Tianqi and their advisors in connection with the Company's IPO prospectus; it should not be used or relied upon for any other purpose. Neither the whole nor any part of this CPR, nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without BDA's written consent to the form and context in which it appears. BDA consents to the inclusion of this CPR in the Tianqi IPO prospectus for the purpose of the IPO on the SEHK.

Mr Dan Greig and Mr Peter Ingham are the Competent Persons for this CPR for the Greenbushes Mine and Dr. Qingping Deng is the Competent Person for this CPR for the Cuola Project. They all meet the SEHK Listing Rule requirements for Competent Persons of (i) having a minimum of five years of experience relevant to the style of mineralisation and type of deposit under consideration, to the type of resource and reserve estimation, and to the activities which Tianqi and Talison are undertaking, (ii) being professionally qualified and being members in good standing of a relevant Recognized Professional Organization; and (iii) taking overall responsibility for the CPR.

Mr Peter Ingham, Mr Malcolm Hancock and Mr John McIntyre are the Competent Evaluators for the Technical and Market Values presented in the CPR. They meet the SEHK Listing Rule requirements for Competent Evaluators of (i) having at least ten years relevant and recent general mining experience, (ii) having at least five years relevant and recent experience in the assessment and/or valuation of Mineral Assets and (iii) holding all necessary licenses.

Mr Ingham, Mr Hancock and Mr McIntyre are Members and Certified Mineral Valuers ("CMV") of the Australasian Institute of Minerals Valuers and Appraisers ("AIMVA"). These are professional qualifications designed to indicate to regulators and kindred professional bodies that the individual has demonstrated to a panel of peers that he/she has more than 10 years of experience in his/her nominated area of expertise and has been assessed as a recognized expert, competent to sign off on public and corporate documentation in assessing and appraising minerals projects. These qualifications are consistent with requirements under Listing Rules for the Australian, Canadian (Toronto), Hong Kong and Singapore Securities Exchanges and are intended to establish minimum qualification standards for public domain reporting.

Yours faithfully,

BEHRE DOLBEAR AUSTRALIA PTY LTD

Dan Greig

BDA Senior Associate and Competent Person

Peter Ingham

BDA General Manager Mining, Project Manager and Competent Person

Qingping Deng, Ph.D., CPG

BDA Director and Competent Person

Malcolm Hancock

BDA Executive Director and Competent Person

John McIntyre

BDA Managing Director and Competent Person

1.0 INTRODUCTION

Tianqi Lithium Corporation ("Tianqi") has a 51% controlling interest in an incorporated lithium joint venture ("Joint Venture") with IGO Limited ("IGO") that has a 51% controlling interest in Talison Lithium Limited ("Talison"), which owns and operates the Greenbushes Lithium Mine ("Greenbushes Mine"), located in the south-western corner of Western Australia ("WA"), Australia, and 100% interest in Sichuan Tianqi Shenghe Lithium Company Limited ("Tianqi Shenghe"), which owns the Cuola Lithium (or Spodumene) Project ("Cuola Project") in Yajiang County, Sichuan Province, in the People's Republic of China ("PRC" or "China") (Figure 1). Tianqi has requested that Behre Dolbear Australia Pty Limited ("BDA") undertake an independent technical review and prepare a Competent Persons Report ("CPR") in compliance with the requirements of Chapter 18 of the Stock Exchange of Hong Kong ("SEHK") Listing Rules. The Listing Company is a company incorporated in the PRC and is the entity to be listed on the SEHK.

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously worldwide since 1911, with offices or agencies in Denver, New York, Toronto, Hong Kong, London and Sydney. Behre Dolbear specializes in mineral evaluations, due diligence studies, independent expert reports, independent engineer certification, valuations, and technical audits of Mineral Resources, Ore Reserves, mining and processing operations and project feasibility studies.

Summary of Valuation

BDA's review of the Greenbushes Mine in Western Australia and Cuola Project in Sichuan Province in China covers the geology, exploration, and Mineral Resource estimates and to the extent relevant, Ore Reserve estimates, mining, processing, infrastructure, environmental and social aspects of the projects, project approvals, life of mine production plans, project implementation, capital and operating costs and project risks.

BDA has carried out a technical review of the projects and prepared this CPR, consistent with the requirements of the Rules Governing the Listing of Securities on the SEHK ("the Listing Rules"), specifically Chapter 18 and Rule 18.09. The review has been undertaken in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves—Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2012 ("the JORC Code") and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("the VALMIN Code") as issued in 1995 and updated in 2012. BDA confirms that the requirements of Chapter 18 pertaining to project details that can be stated by an independent expert are detailed in this report. Mr Peter Ingham, Mr Malcolm Hancock and Mr John McIntyre are the Competent Evaluators for the Technical and Market Values presented in the CPR. They meet the SEHK Listing Rule requirements for Competent Evaluators of (i) having at least ten years relevant and recent general mining experience, (ii) having at least five years relevant and recent experience in the assessment and/or valuation of Mineral Assets and (iii) holding all necessary licenses.

BDA has reviewed the project Mineral Resources and Ore Reserves in accordance with Australian industry standards and for compliance with the JORC Code.

Tianqi proposes to prepare a prospectus to be issued in support of an initial public offering ("IPO") for a listing on the main board of The Stock Exchange of Hong Kong Limited (SEHK).

As part of the review of the Tianqi, BDA has prepared a valuation of the Greenbushes operation and assets in which Tianqi has an interest, including the hard-rock mining and processing operation and the TSF1 tailings treatment project which are owned 100% by Talison, as shown in summary in Table 1.1. Tianqi has a 26% interest in Talison. These valuations are considered Market Value for the Greenbushes Operations based on the definitions of the VALMIN Code. No value was assigned to Cuola project as it has no Ore Reserves.

Table 1.1

Valuation of Greenbushes Operation

Project	Low Valuation US$B	Most Likely US$B	High Valuation US$B
Talison Mining and Processing Assets (100%)	**5.6**	**6.8**	**8.2**
Talison Mining and Processing Assets (26% Tianqi Share)	1.5	1.8	2.1
Total Tianqi Share Mining & Processing Assets	**1.5**	**1.8**	**2.1**

The metric system is used throughout this report. The currency used in the Greenbushes Mine review is Australian dollar ("A$") with an exchange rate conversion from Australian dollars to US dollar of 0.75.

Greenbushes Mine

According to industry commodities research expert Wood Mackenzie (Asia Pacific) Pty Ltd ("Wood Mackenzie"), Greenbushes Mine is the world's largest lithium mine, supplying around 38% of all hard rock lithium globally in 2021 and 22% of all lithium production globally. The workforce at the Greenbushes Mine currently comprises around 660 employees and permanent contractors and an additional 270 persons involved in construction projects and maintenance shutdowns. Talison is owned by the Joint Venture company (51%) and Albemarle Corp Inc (49%) ("Albemarle"); the Joint Venture is owned by Tianqi (51%) and IGO (49%).

Talison produces lithium mineral concentrates from its operations at Greenbushes located 90 kilometers ("km") southeast of the port of Bunbury, a major bulk-handling port in the southwest of WA (Figure 2). The lithium mining operation is close to the Greenbushes town site, located in the Shire of Bridgetown-Greenbushes (population 4,700). Greenbushes has a population of approximately 370 people and is serviced by the larger town of Bridgetown. It is connected to the regional center of Bunbury and the capital of WA, Perth, by the South Western Highway.

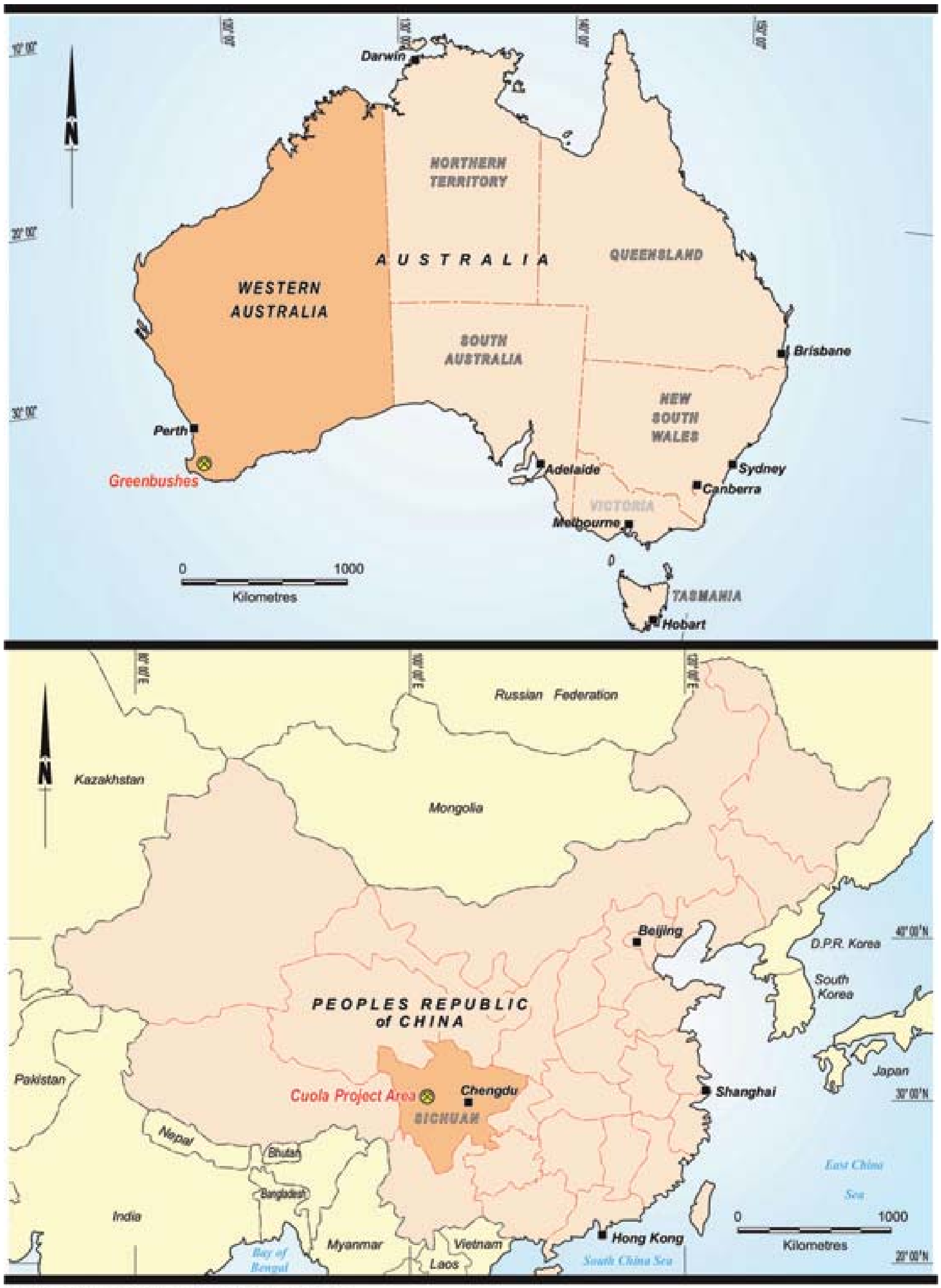
The Greenbushes Central Lode and Kapanga lithium deposits contained a Mineral Resource of 341.9 million tons ("Mt") at 1.6% lithium oxide ("Li_2O") and an Ore Reserve of 169.6Mt grading 2.0% Li_2O as at August 31, 2021, with a mine life of approximately 21 years at a projected plant throughput rate of 4.3 million tons per annum ("Mtpa") increasing to 9.5Mtpa over the project life with the construction of two further Chemical Grade ("CG") plants giving four CG plants in total (CGP1, 2, 3, and 4) and the Technical Grade Plant ("TGP"). All production to meet current demand is sourced from the Central Lode open pit mining operations. The processing operations include two crushing plants, three processing plants and associated administrative facilities, workshop, laboratory and other infrastructure, all located adjacent to the open pit mining operation. The three existing plants, the TGP and the two CG plants (CGP1 and CGP2) produce mineral concentrates containing a range of lithium grades with varying iron impurity levels. Low iron technical grade ("TG") concentrates are produced in the TGP but CG ore can also be fed to the TGP; chemical grade (CG) concentrates which contain higher levels of iron are produced in CGP1 and CGP2. The main use for low iron concentrates is as feedstock for the glass and ceramic industries. The CG concentrates are supplied to Tianqi and Albemarle for processing into lithium chemicals. The essential difference between the two ores is the lower iron content of the spodumene in the TG ore.

In the period from September 1 to December 31, 2021 Talison processed 1.4Mt of ore at 2.4% Li_2O. Taking the August 31, 2021 Mineral Resource and Ore Reserve and deducting the ore quantities subsequently processed, the depleted Mineral Resource totals 340.5Mt at 1.6% Li_2O and the Ore Reserve contains 168.1Mt at 2.0% Li_2O at December 31, 2021.

The lithium processing operations have been progressively upgraded to the current ore treatment capacity of 4.3Mtpa. Lithium concentrate production is dependent on ore grade, lithium recovery, overall lithium concentrate grade and the amenability of the ore to processing. As at the end of December 2021 TGP and CGP1 plants are operating at 100% of capacity while CGP2 is ramping up to full production. Construction of the Tailings Retreatment Plant ("TRP") was completed in the first quarter of 2022, with commissioning underway; the plant will treat 2Mtpa of reclaimed tailings. Talison has announced Board approval for further expansion through the construction of CGP3, taking annual lithium concentrate production capacity to 2.1Mtpa post commissioning, currently planned to be operating in 2025. A further processing plant CGP4 is also planned with construction beginning in 2025. Talison received Ministerial Approval for the Lithium Mine Expansion (CGP3 and CGP4) by way of published Ministerial Statement No. 1111 on August 19, 2019.

In addition to the Central Lode and Kapanga Ore Reserves Talison has undertaken drilling, resource modeling and planning for the extraction of material contained within the original tailings storage facility ("TSF1"), which pre-dates lithium extraction at Greenbushes. This tailings facility contains the waste product from the older tantalum primary treatment plant that had no lithium recovery circuit and which contains significant lithium grades. A Probable Ore Reserve of 10.1Mt at 1.4% Li_2O has been estimated from the upper part of TSF1, and a feasibility study has been undertaken based on a new stand-alone process plant with a treatment rate of 2Mtpa, planned with a five year mine life. Mining is scheduled to start in January 2022, while construction of the tailings treatment process plant is nearing completion, with plant hand-over due in January 2022, to be followed by a four month commissioning period.

BDA has previously undertaken several reviews of Talison's Greenbushes Mine dating as far back as 2009; these reviews were undertaken in an independent capacity and BDA confirms that it is independent of all parties in the transaction. A site visit was conducted in March 2018 by Messrs Dan Greig and Peter Ingham, Competent Persons for the Greenbushes Mine; that visit included a review of the then current in-house Talison JORC Mineral Resource and Ore Reserve estimates (including Table 1), as well as inspection of the open pit operations, processing and related aspects of the operation and detailed discussions with the Talison staff on the preparation of the Mineral Resource and Ore Reserve estimates. Messrs Greig and Ingham again visited the site in January 2020 on an independent technical review assignment. A further visit was paid by Mr Greig in November 2021 to inspect open pit operations, recent plant and infrastructure construction activities and other operational aspects.



Tianqi Lithium Corporation

Figure 1 PROJECTS LOCATION PLAN

BDA - 201 (03) November 2021 Behre Dolbear Australia Pty Ltd

Tianqi Lithium Corporation — *Greenbushes Lithium Operations*

Figure 2 — **LOCATION PLAN**

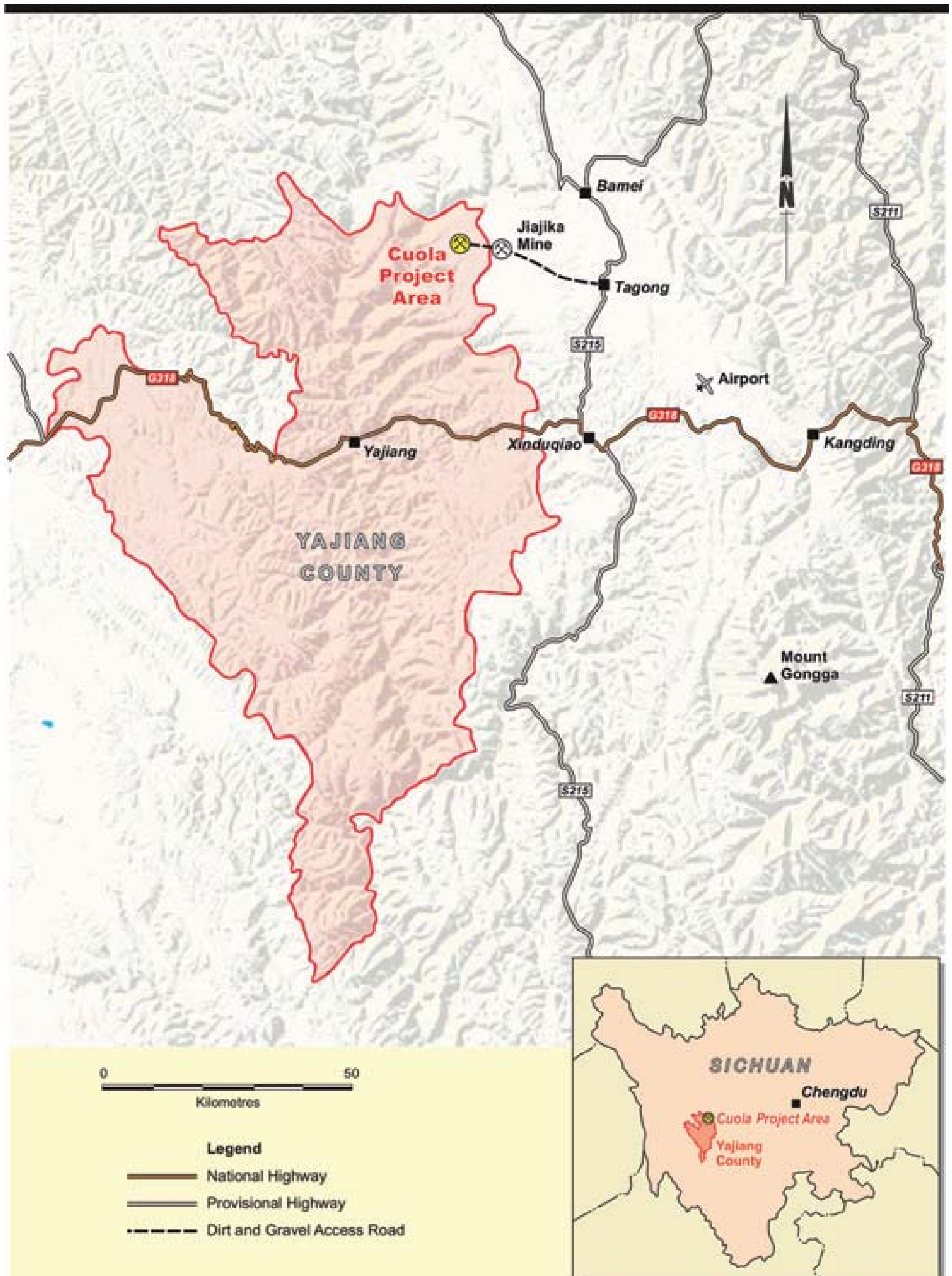
BDA - 201 (03) November 2021 — Behre Dolbear Australia Pty Ltd

Cuola Project

The Cuola Project is located in Yajiang County, Sichuan Province, in China, approximately 500km west of the city of Chengdu, the capital of the Sichuan Province (Figures 1 and 3). The project is located at the southeastern edge of the Qinghai-Tibet plateau at an altitude ranging from 4,100m to 4,900m. The Cuola Project site is approximately 38km northeast of the Yajiang County seat. A 4km long dirt-and-gravel road links the Cuola Project site to the Jiajika Lithium (or Spodumene) Mine ("Jiajika Mine") owned and operated by a third party in the east and within the administration area of Kangding City, with a further 33km dirt-and-gravel road east connecting to the town of Tagong in Kangding City. Tagong is located on provisional highway S215, which connects to the G318 national highway in the south over a distance of 108km to Kangding and 477km to Chengdu.

No material development has been undertaken on the Cuola Project since the last BDA visit in April 2018. BDA has not made a further site visit on this occasion due to the travel restriction caused by the Covid 19 pandemic, but BDA has reviewed a drone video taken in October 2021 by Tianqi to confirm the status of the project. Discussion on the Cuola Project in this report is mostly based on the 2018 BDA review and report. Tianqi Shenghe currently holds a mining license covering an area of 2.069 square kilometers ("km^2") over the Cuola Project. An extensive exploration program was carried out on the project from 2009 to 2011 by Tianqi Shenghe, which defined a lithium Mineral Resource hosted by a series of spodumene pegmatite veins totalling 14.2Mt of Indicated Resource with an average Li_2O grade of 1.3% and 5.5Mt of Inferred Resource with an average Li_2O grade of 1.3%. A feasibility study for a Phase I 600 thousand tons per annum ("ktpa") mining operation with traditional open-pit/underground mining and crushing-grinding-flotation-magnetic separation processing was completed in February 2012; an initial engineering design study was completed in July 2012, followed by the start of project construction. However, construction was suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013 due to an alleged environmental incident related to the neighboring Jiajika Mine, which is not owned by Tianqi (refer to Section 5.8). Although regulatory approval to recommence construction and subsequent production was granted for the Cuola Project and the Jiajika Mine in 2019, Tianqi Shenghe has not yet resumed the development of Cuola Project. The Company is currently sourcing all the spodumene concentrate for its processing plants from Talison's Greenbushes Mine in Western Australia and the concentrate production from the Greenbushes Mine can satisfy all of Tianqi's needs at this stage. Tianqi Shenghe is currently considering when and how it should resume the development of the Cuola Project.

BDA conducted a site visit to the Cuola Project in Yajiang County and to Tianqi Shenghe's head office in Chengdu from April 14-21, 2018. Dr. Qingping Deng, Competent Person for the Cuola Project, reviewed the project geology and Mineral Resource estimation. A preliminary review of the feasibility study and the initial engineering design study was also carried out during the visit. It was found that both the project feasibility study and the initial engineering design study used all the Indicated and Inferred resources for mine planning and that some of the economic parameters used for these studies were not up to date. BDA considers that JORC Code compliant Ore Reserves have not yet been defined for the Cuola Project, and this BDA report therefore only reviews the Mineral Resources for the Cuola Project. Ore Reserves, mine planning, mining and processing operations, capital and operating costs, and project economic analysis of the project are not discussed in this report as it is not considered that the relevant work has yet progressed to an appropriate standard. These aspects can be further reviewed by BDA in the future when a feasibility study or an initial engineering design study conforming with the JORC Code and based on current economic conditions is completed by Tianqi Shenghe.



Tianqi Lithium Corporation

Cuola Lithium Project

Figure 3

LOCATION PLAN

BDA - 201 (03) November 2021

Behre Dolbear Australia Pty Ltd

2.0 QUALIFICATIONS OF BEHRE DOLBEAR AUSTRALIA

BDA is the Australian subsidiary of Behre Dolbear & Company Inc., an international minerals industry consulting group which has operated continuously worldwide since 1911, with offices or agencies in Beijing, Chicago, Denver, New York, Toronto, Hong Kong, London and Sydney. Behre Dolbear specializes in mineral evaluations, due diligence studies, independent expert reports, independent engineer certification, valuations, and technical audits of resources, reserves, mining and processing operations and project feasibility studies.

BDA's project team for this independent technical review consisted of senior-level professionals from Behre Dolbear's Sydney office in Australia and BDA associates. BDA professionals contributing to the study and to this CPR include:

- **Dr. Qingping Deng** (BS, MS and PhD, CPG AIPG, MMSA), is a Director of BDA. Dr Deng is a geologist and a mining specialist with over 35 years of worldwide professional experience in the minerals industry, specializing in geology, exploration, deposit modeling and mine planning, estimation of resources and reserves, geostatistics, resource/reserve auditing, strategic planning, economic analysis, project evaluation and valuation, feasibility studies, competent person's reports for securities filing, and due diligence studies for financing and acquisition for various metals and industrial minerals, coal, dimension stones and fertilizers in North, Central and South Americas, Asia, Australia, Europe, and Africa. He is a Certified Professional Geologist with AIPG, which is a Recognized Professional Organization under the Australasian JORC Code. He meets all the requirements for 'Competent Person' as defined in the Australasian JORC Code and the SEHK Listing Rules for the purpose of Mineral Resource/Ore Reserve estimation and reporting. In recent years, Dr Deng has managed a number of CPRs to support successful IPOs or acquisitions for the SEHK and other securities exchanges. He was the formerly President and Chairman of Behre Dolbear Asia, Inc.. Dr Deng also managed Behre Dolbear's Ore Reserve and Mine Planning section for over 10 years and is a well-recognized ore reserve specialist. Dr. Deng is fluent in both English and Chinese.

- **Mr Dan Greig** (BSc (Hons) Geology, MAIG) is a Senior Consultant for BDA and a graduate geologist with over 35 years of experience in the mineral industry in Africa, Australia, SE Asia, Europe, the USA and South America. His experience includes a broad range of activities, including generation and management of grass-roots exploration, detailed drilling programs, project evaluation and acquisition, resource estimation and feasibility studies and mine development. Specialities include QA/QC evaluation of resource databases for reporting under the JORC Code and Canadian Instrument NI 43-101. He has experience in a range of commodities including gold, copper, nickel, lithium, mineral sands and uranium.

- **Mr Peter Ingham** (BSc (Min), MSc, DIC, G.Dip. App.Fin. (Sec. Inst.), CEng, FAusIMM, MIMMM, MAIMVA (CPA)) is General Manager Mining of BDA and is a graduate mining engineer with more than 30 years in the mining industry in Europe, Africa, Australia and Asia. His experience includes operations management, mining contract management, strategic planning, project assessment and acquisition, cost estimation and operational audits and trouble-shooting. He is experienced in a range of commodities, including gold, copper, nickel, base metals, lithium and platinum, in both surface and underground mining.

- **Mr Roland Nice** (BSc, FAusIMM, Life MCIM, MAIME, MIEAust, Chartered Engineer) is a Senior Associate of BDA with more than 45 years as a professional metallurgist. He has extensive experience in process engineering and operations, project evaluation, technical design and analysis. He has held senior management positions, including General Manager, Metallurgy and Concentrator Manager. Mr Nice has been closely involved with the process plant design, development and construction of gold, copper, nickel, non-ferrous and base metal mines, industrial minerals, uranium and graphite projects. He has worked principally in Australia, Canada, Africa and Southeast Asia.
- **Mr Richard Frew** (BE Civil, MIE Aust) is a Senior Associate of BDA with more than 40 years' experience as a planning, estimation and contracts engineer. He is experienced in contract management, feasibility study review, financial modeling, capital cost estimation, infrastructure, project controls and implementation. He has worked on a large number of projects providing management and project services to the owners or financiers, including major projects in Australia, Indonesia, the Philippines, Argentina, Mauritania, New Zealand and Romania.
- **Mr Adrian Brett** (BSc (Hon) Geol., MSc, MEnvir.Law, FAusIMM, MAIMVA(CMV)) is a Senior Associate of BDA with more than 40 years' experience in environmental and geo-science, including the fields of environmental planning and impact assessment, site contamination assessments, environmental audit, environmental law and policy analysis and the development of environmental guidelines and training manuals. He has worked in an advisory capacity with several United Nations, Australian and overseas government agencies. He has completed assignments in Australia, Indonesia, Thailand, Laos, the Philippines, the Middle East, Africa and South America.
- **Mr Malcolm Hancock** (BA, MA, FGS, FAusIMM, MIMM, MMICA, CP(Geol), MAIMVA(CMV)) is a Principal and Executive Director of BDA. He is a geologist with more than 40 years of experience in the areas of resource/reserve estimation, reconciliation, exploration, project feasibility and development, mine geology and mining operations. Before joining BDA, he held executive positions responsible for geological and mining aspects of project acquisitions, feasibility studies, mine development and operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground operations, on gold, base metal, light metal and industrial mineral projects, and has undertaken the management and direction of many of BDA's independent engineer operations in recent years.
- **Mr John McIntyre** (BE (Min) Hon., FAusIMM, MMICA, CP (Min), MAIMVA(CMV)) is a Principal and Managing Director of BDA. He is a mining engineer who has been involved in the Australian and international mining industry for more than 40 years, with operational and management experience in copper, lead, zinc, gold, uranium, industrial minerals and coal, in open pit and underground operations. He has been involved in numerous mining projects and operations, feasibility studies and technical and operational reviews in Australia, West Africa, New Zealand, North and South America, PNG and South East Asia. He has been a consultant for more than 20 years and has been Managing Director of BDA since 1994, involved in the development of the independent engineering and technical audit role. He is a Member of the VALMIN Committee.

BDA's project team has visited the two sites. Mr Dan Greig visited Greenbushes Mine in November 2021 while Mr Peter Ingham and Mr Greig visited the site in January 2020 and in March 2018. Mr Richard Frew and Mr Adrian Brett have also previously visited the site in April 2017 on an independent technical review assignment. Dr. Qingping Deng visited the Cuola Project and Tianqi Shenghe's office in Chengdu in April 2018.

3.0 DISCLAIMER

This assessment has been based on data, reports and other information made available to BDA by Tianqi and Talison and referred to in this report. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to Tianqi and Talison for comment as to any material errors of fact, omissions or incorrect assumptions.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise relevant to the various technical aspects. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct and the interpretations reasonable.

BDA does not accept any liability other than its statutory liability to any individual, organization or company and takes no responsibility for any loss or damage arising from the use of this report, or information, data, or assumptions contained therein. With respect to the BDA report and use thereof, Tianqi agrees to indemnify and hold harmless BDA, its shareholders, directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions.

BDA has not undertaken an independent audit of the data or re-estimated the resources or reserves. BDA has not undertaken any legal due diligence on the status of the tenements but has viewed copies of the tenement documentation. Tianqi has advised that all tenements are in good standing. All mine operations, processing plants, mine infrastructure, waste dumps and tailings dams are sited within the granted mining lease for the Greenbushes Mine and all defined Mineral Resources are located within the granted mining license for the Cuola Project.

This report contains forecasts and projections based on data provided by Tianqi. BDA's assessment of the production schedule, the projected capital and operating costs and the estimate of remaining mine life are based on technical reviews of project data and discussions with technical personnel from Tianqi and Talison. BDA has reviewed the relevant data to assess the reasonableness of such projections. However, these forecasts and projections cannot be assured and factors both within and beyond the control of Tianqi and Talison could cause the actual results to be materially different from BDA's assessments and any projections contained in this report.

4.0 GREENBUSHES MINE

4.1 Operations Overview

Location

Talison produces lithium mineral concentrates from its operations at Greenbushes, approximately 250km south of Perth, at latitude 33° 52′ S and longitude 116° 04′ E, 90km southeast of the port of Bunbury, a major bulk-handling port in the southwest of WA (Figure 2).

The lithium mining operation is in close proximity to the Greenbushes town site located in the Shire of Bridgetown-Greenbushes (population 4,700). Greenbushes has a population of approximately 370 people and is serviced by the larger town of Bridgetown.

About 55% of the tenements held by Talison are covered by State Forest which is under the authority of the Department of Biodiversity, Conservation and Attractions ("DBCA"). The majority of the remaining land is Private Land which covers about 40% of the surface rights. The remaining ground comprises Crown Land, Road Reserves and other miscellaneous reserves.

Access to the Greenbushes Mine is via the sealed South Western Highway between the regional center of Bunbury and Bridgetown to Greenbushes Township and via Maranup Ford Road to the Greenbushes Mine.

History and Ownership

Mining in the Greenbushes area has continued almost uninterrupted since tin was first discovered in 1886. Greenbushes is recognized as the longest continuously operated mine in WA.

Tin

Since cassiterite mineralisation was first discovered in 1886, tin has been mined almost continuously in the Greenbushes area, although in more recent times lower tin prices and the emergence of lithium and tantalum as major revenue earners have relegated tin to the position of a by-product. Tin was first mined at Greenbushes by the Bunbury Tin Mining Co in 1888. There was a gradual decline in tin production between 1914 and 1930. Vulcan Mines carried out sluicing operations of the weathered tin oxides between 1935 and 1943, whilst between 1945 and 1956, modern earth moving equipment was introduced and tin dredging commenced. Greenbushes Tin NL was formed in 1964 and open cut mining of the softer oxidized rock commenced in 1969.

Tantalum

In the 1940s, tantalum mining at Greenbushes started concurrently with advancements in electronics.

Tantalum hard rock operations commenced in 1992 with an ore processing capacity of 800,000tpa. By the late 1990s demand for tantalum peaked, and the existing high grade Cornwall Pit was nearing completion (Figure 4). In order to meet increasing demand a decision was made to expand the mill capacity to 4Mtpa and develop an underground mine to provide higher grade ore for blending with the lower grade ore from the Central Lode pits (C3 and C1).

An underground operation was commenced at the base of the Cornwall Pit in April 2001 to access high-grade ore prior to the depletion of the available open pit high-grade resources. In 2002 the tantalum market collapsed due to a slow-down in the electronics industry and subsequently the underground operation was placed on care and maintenance. The underground operation was restarted in 2004 due to increased demand but again placed on care and maintenance the following year; it is now closed and flooded. The tantalum primary treatment plant that processed mined ore to produce tantalum and tin concentrates was put on care and maintenance in 2006 and is now being dismantled.

The open pit lithium operations have continued throughout recent times but in 2009 the mineral rights were separated, with Talison retaining the rights to lithium in the tenements whereas the tantalum and other mineral rights were retained by Global Advanced Metals Ltd ("GAM").

Lithium Minerals

The mining of lithium minerals is a relatively recent event in the history of mining at Greenbushes with Greenbushes Limited commencing production of lithium minerals in 1983 and commissioning a 30,000tpa lithium mineral concentrator two years later in 1984/85. The lithium assets were acquired by Lithium Australia Ltd in 1987 and by Sons of Gwalia in 1989. Plant capacity was increased to 100,000tpa of lithium concentrate in the early 1990s and to 150,000tpa of lithium concentrate by 1997, which included the capacity to produce a spodumene concentrate for the lithium chemical processing market.

Tianqi Lithium Corporation *Greenbushes Lithium Operations*

Figure 4 **SITE LAYOUT PLAN**

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In 2007, Talison purchased the Greenbushes Mine from Sons of Gwalia Limited ("SOG") and in 2009 Talison and Global Advanced Metals Ltd (GAM) entered into a mineral rights agreement (Reserved Mineral Rights Agreement) to coordinate the exercise of the parties' respective mineral rights on the tenements. Under the agreement, GAM retained the exclusive right to conduct exploration and mining operations for all minerals other than lithium on the tenements. The tenements are held and controlled by Talison, and Talison has the rights to all lithium exploration and mining.

The Greenbushes pegmatite hosts the world's largest known reserve of lithium minerals as reported in 2021 (*source Wood Mackenzie*). While the overall lithium grade of the pegmatite (2% Li_2O) is above the typical average of 1.0-1.3% Li_2O of other lithium-rich orebodies, the Greenbushes orebody also contains large zones of spodumene-rich ore where the average resource grade increases to over 3% Li_2O.

Currently, three lithium processing plants recover and upgrade spodumene using grinding, classification, gravity, flotation and magnetic processes, producing a range of lithium concentrates for bulk or bagged shipment. The three plants, the TGP, CGP1 and CGP2, produce mineral concentrates containing a range of lithium grades with varying iron impurity levels according to market requirements. Low iron technical grade concentrates are produced in the TGP; chemical grade concentrates which contain higher levels of iron are produced in CGP1 and 2. The main use for low iron TG concentrates is as feedstock for the glass and ceramic industries. The CG concentrates are supplied to the Tianqi/IGO Joint Venture (51%) and Albemarle (49%) for processing into lithium chemicals.

The lithium processing operations have been progressively upgraded to the current ore treatment capacity of 4.3Mtpa of ore feed from the three plants, the TGP, CGP1 and CGP2 at full capacity; lithium concentrate production is dependent on ore grade, lithium recovery and overall lithium concentrate grade. CGP1 previously operated at around 60% capacity based on market demand, but production was increased to full capacity in 2016 as demand improved; CGP2 is now ramping up to full design capacity. The TGP plant also currently operates at 100% of capacity. The tailings retreatment plant (TRP) has commenced commissioning and will treat 2Mtpa of reclaimed tailings. Talison has announced Board approval for further expansion through the construction of CGP3, taking annual lithium concentrate production capacity to 2.1Mtpa post commissioning, currently planned for 2025, although timing, which is based on market demand, is under review.

Lithium concentrate production has been carried out on the Greenbushes site for over thirty years. A summary of ore processing and concentrate produced by the plants over the period from 2015 to 2021, is shown in Table 4.1.

Table 4.1

Recent Lithium Production History

Year	Lithium Ore Processed kt	Lithium Concentrates Produced kt	Total Lithium Production (kt LCE)
2015	1,001	438	63
2016	949	494	71
2017	1,629	646	98
2018	2,181	724	111
2019	2,408	765	115
2020	1,914	580	88
2021	3,573	954	144

Note: kt = thousand tons; "LCE" = lithium carbonate equivalent; Talison only produces a lithium spodumene concentrate but its contained lithium in concentrate is quoted on an industry standard 'lithium carbonate equivalent' basis; the derivation of lithium carbonate equivalent is tons x (% Li_2O/100) x 2.473 = tons LCE

Project Status

The Greenbushes Mine has a history of production of lithium concentrates from Central Lode extending over more than thirty years. Talison's projections of future production levels are based on progressive increases in demand for lithium concentrates and the progressive expansion of site concentrate capacity. These increases are justified by market research which predicts continued growth in consumption of lithium, driven primarily by the lithium secondary (rechargeable) battery market which includes batteries for consumer applications and the developing markets for electric and hybrid vehicles, electricity grid storage and renewable energy storage.

The Measured and Indicated Mineral Resources at Central Lode have progressively increased over time with additional drilling and as a consequence of changing commodity prices, exchange rates and economics. Despite on-going mining, total Mineral Resources increased from 22Mt at a grade of 3.7% Li_2O in 2010 to 342Mt at 1.6% Li_2O at the end of August 2021 with extensions to the Central Lode and discovery of a new resource at Kapanga. An additional Indicated resource of 18Mt at 1.3% Li_2O has been reported by Talison in the upper part of TSF1. Talison is continuing to undertake drilling and other exploration activities to determine the potential for additional resources in the Greenbushes landholding.

Ore Reserves for Central Lode and Kapanga at August 31, 2021 were 169.6Mt at 2.0% Li_2O, with a further Ore Reserve of 10.1Mt at 1.4% Li_2O contained within TSF1. In the period from September 1, 2021 to December 31, 2021 Talison processed 1.4Mt of ore at 2.4% Li_2O. Taking the August 31, 2021 Ore Reserve and deducting the ore quantities subsequently processed the depleted Ore Reserves for Central Lode and Kapanga were 168.1Mt at 2.0% Li_2O at December 31, 2021.

Talison plans to increase production in line with an anticipated increase in demand, through a series of simple, modular, low cost expansions, based on existing proven technology. The currently planned expansion of capacity is intended to reach design levels of production over the next six years to match forecast demand growth, while there is further scope to increase production through technological improvements.

Worldwide Lithium Production and Markets

BDA is not a marketing expert and has used detailed lithium market reports provided by Wood Mackenzie (Asia Pacific) Pty Ltd (Wood Mackenzie), a reputable international marketing research company for the market analysis. Global production of lithium is highly concentrated by geography, corporate ownership and source of lithium (salars or hard-rock mineral deposits). Wood Mackenzie estimated the total global lithium production in 2021 to be approximately 575,700 LCE with 337,500 LCE from hard rock minerals and 238,200t LCE from brine production. Wood Mackenzie reports that in 2021, Talison was the world's largest producer of lithium, with approximately 22% market share and the highest producer of hard rock minerals, with 38% of hard rock production; Sociedad Quimica y Minera de Chile SA ("SQM") was the world's second largest producer, with approximately 18% market share and the highest producer of lithium brine production, with 42% of brine production (see Figure 5).

The major global producers of lithium from hard rock mineral deposits are:

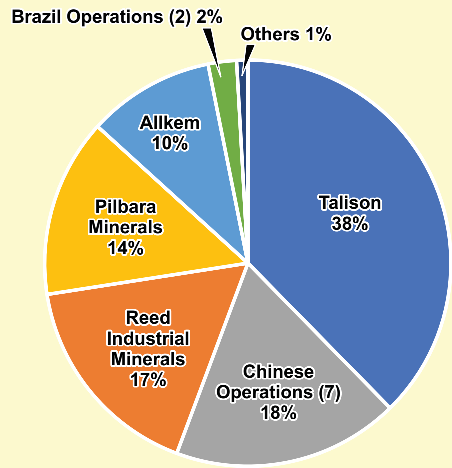
- Talison—Greenbushes Mine, WA, Australia
- Reed Industrial Minerals—Mt Marion, WA, Australia
- Pilbara Minerals Ltd ("PLS")—Pilgan, WA, Australia
- Allkem Limited—Mt Cattlin, WA, Australia
- Yichun TaNb—414 Mine, China

Lithium minerals are converted into lithium chemicals, predominantly in China. The majority of these chemicals are consumed domestically in China; however, lithium carbonate, lithium hydroxide and high purity lithium chemicals are also exported by the Chinese chemical converters. In recent years lithium carbonate and lithium hydroxide plants have been constructed in other centers, including Australia and more plants, particularly producing lithium hydroxide, are planned.

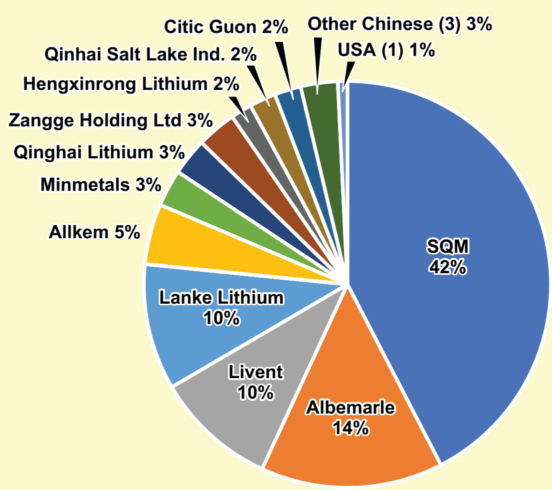
The major global producers of lithium from salars or brine deposits are:

- SQM—Salar de Atacama region in Chile
- Albermarle Corporation—Salar de Atacama region in Chile adjacent to SQM's Salar de Atacama facility, and the Silver Peak plant in Nevada, United States of America
- Livent—Salar del Hombre Muerto, in northwestern Argentina
- Lanke Lithium - Qarhan Salt Lake, Qinghai, China
- Allkem—Salar de Olaroz, Jujuy Province in northwestern Argentina

Most of the lithium production from brines is used in the chemicals market, with a small amount used in the glass and ceramics technical markets. However, the lower price per unit of hard rock lithium minerals compared to lithium chemicals from brines as well as the inherent benefits of the alumina and silica content makes hard rock minerals the preferred feedstock in the glass and ceramics market.



Mineral Lithium Production Share of 338kt LCE in 2021



Lithium Brine Production Share of 238kt LCE in 2021

Source: Wood Mackenzie

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Figure 5 **PRIMARY LITHIUM OUTPUT SHARE - 2021 %**

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4.2 Geology and Mineralisation

Regional Geology

The Greenbushes area is underlain by rocks of the Balingup Metamorphic Belt ("BMB"), which forms part of the Western Gneiss Province within the Archaean Yilgarn Craton in WA (Figure 6).

The Greenbushes pegmatites are intruded into a 15-20km wide, north to north-west trending lineament known as the Donnybrook-Bridgetown Shear Zone (Figure 6 inset), characterized by sheared gneiss, orthogneiss, amphibolite and migmatite. The pegmatites have been dated at approximately 2,525 million years ("Ma"), and appear to have been intruded during shearing, which would account for the fine grain size and internal deformation of the pegmatites. The pegmatites have been further affected by subsequent deformation and/or hydrothermal re-crystallization, the last episode being dated at around 1,100Ma.

Local Geology

The Central Lode deposit consists of a main, rare-metal zoned pegmatite body, with a number of smaller footwall pegmatite dykes and pods. The main pegmatite strikes in a north to north-westerly direction (Figure 7) and dips moderately to steeply towards the west-southwest (Figure 8). Well-developed mylonitic fabrics occur, particularly along host rock contacts.

In general, the hanging wall is composed of amphibolite (meta-basalt and sub-volcanic intrusive bodies), whereas the footwall is granofels, dominantly of metasedimentary origin (Figure 8). The mine sequence has been intruded by Proterozoic dolerite dykes and sills (Figure 7). The main dolerite sill is intruded along the hanging wall contact zone. The dykes trend east-west and vary in width from a few centimeters to tens of meters.

The Kapanga deposit is situated some 300m east-northeast of Central Lode and comprises a series of sub-parallel stacked lodes and smaller pods of variable thickness, lying approximately 200m stratigraphically below Central Lode.

All rocks have been extensively lateritised during Tertiary peneplain formation, with resultant leaching of lithium; the laterite profile locally reaches depths in excess of 40m below the original surface.

Pegmatite Zoning

The main Greenbushes pegmatite is about 3.5km in length and up to 300m in width. Internally, it consists of five mineralogically defined zones: the Contact Zone, Potassium Feldspar (Potassium) Zone, Albite (Sodium) Zone, Mixed Zone and Spodumene (Lithium) Zone. These are shown schematically in Figure 8; in detail they display complex zoning both along strike and at depth.

The zones occur as a series of thick layers commonly with a Spodumene Zone on the hanging wall or footwall, a Potassium Zone towards the hanging wall and a number of central Albite Zones. High-grade tantalum mineralisation (>420ppm) is generally confined to the Albite Zone, whereas the Spodumene and Potassium Feldspar Zones generally have tantalum-tin grades below the cut-off. However, in places the pegmatite may contain economically recoverable levels of both lithium and tantalum.

Zonation within the Kapanga pegmatites is broadly similar, with particular concentration of spodumene towards the upper part of the sequence.

Deposit Geometry

The Central Lode pegmatite deposit extends over a strike length of 3.5km north-south (local mine grid) and has previously been sub-divided for practical purposes into four sectors representing past and present open pit operations, known as (from north to south) the Cornwall (tantalum only), C3, C2 and C1 pits (Figure 7).

However, recent drilling has demonstrated broad continuity at depth over the entire strike length and it can be considered as a single entity for resource and reserve modeling purposes. The overall pegmatite zone dips grid west at approximately 40º, has an overall thickness approaching 300m, and has been interpreted to a depth of over 600m below surface.

The Kapanga deposit lies some 300m east of Central Lode. It has been interpreted over 1.8km of strike and trends sub-parallel to Central Lode, dipping typically at 40-50º to the west-southwest, but steepening to 60º in the south. It comprises several stacked sub-parallel lodes of varying thicknesses, as well as smaller pods, with an overall thickness of approximately 150m, including intervening wallrocks. Mineralised pegmatite has been intersected by drilling to a depth of 450m below surface.

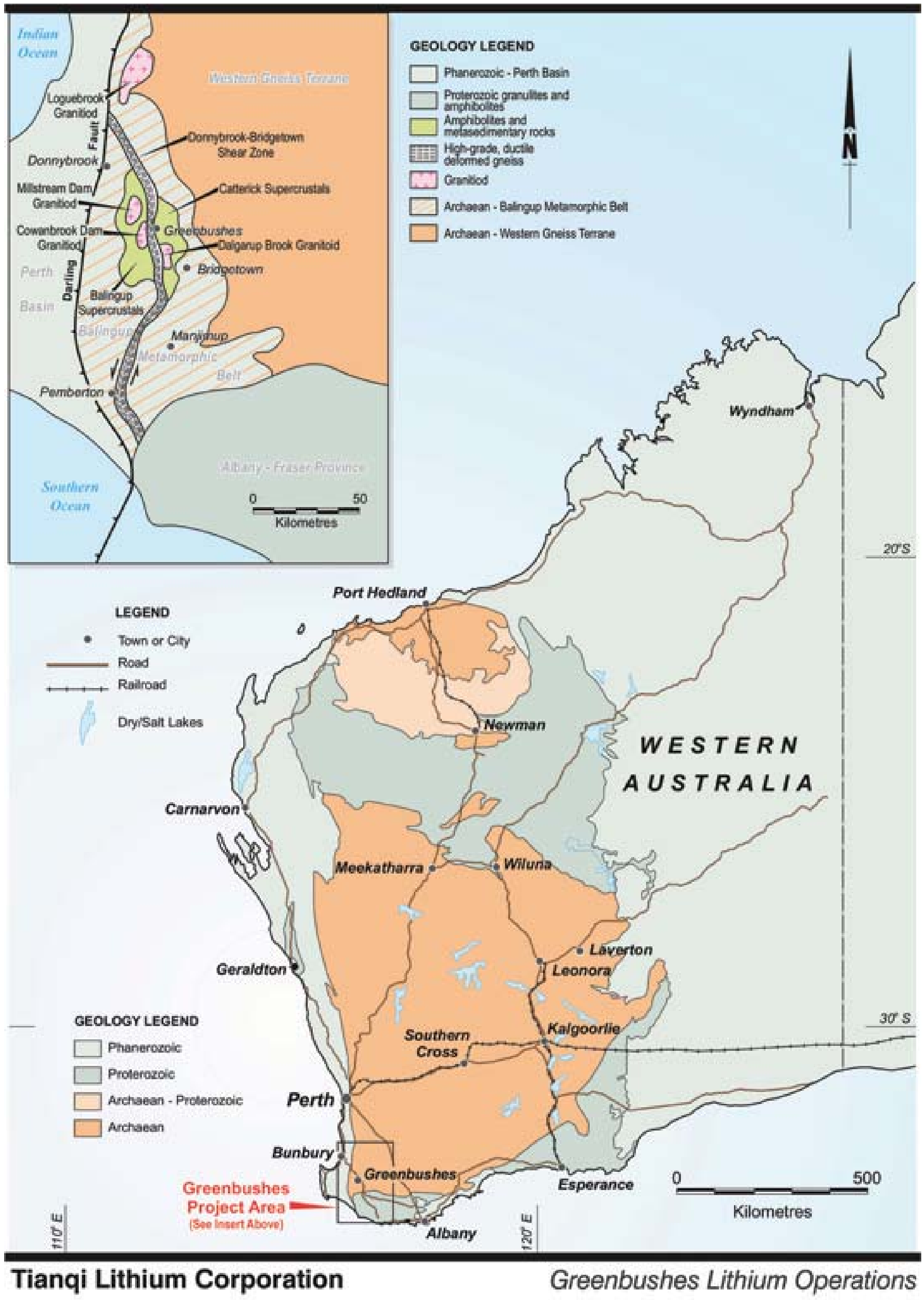

Figure 6

REGIONAL GEOLOGY

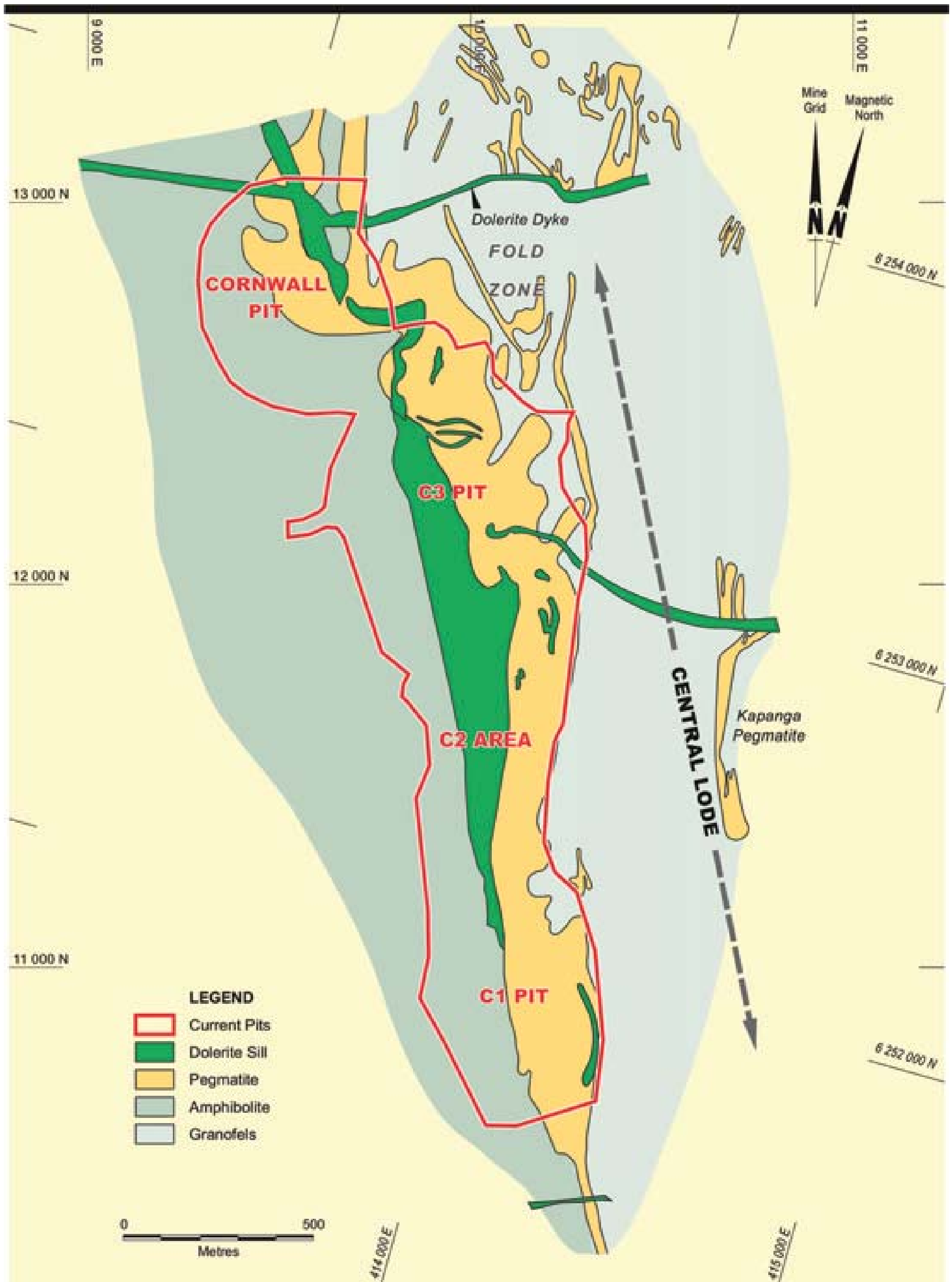

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Figure 7 **MINE GEOLOGY**

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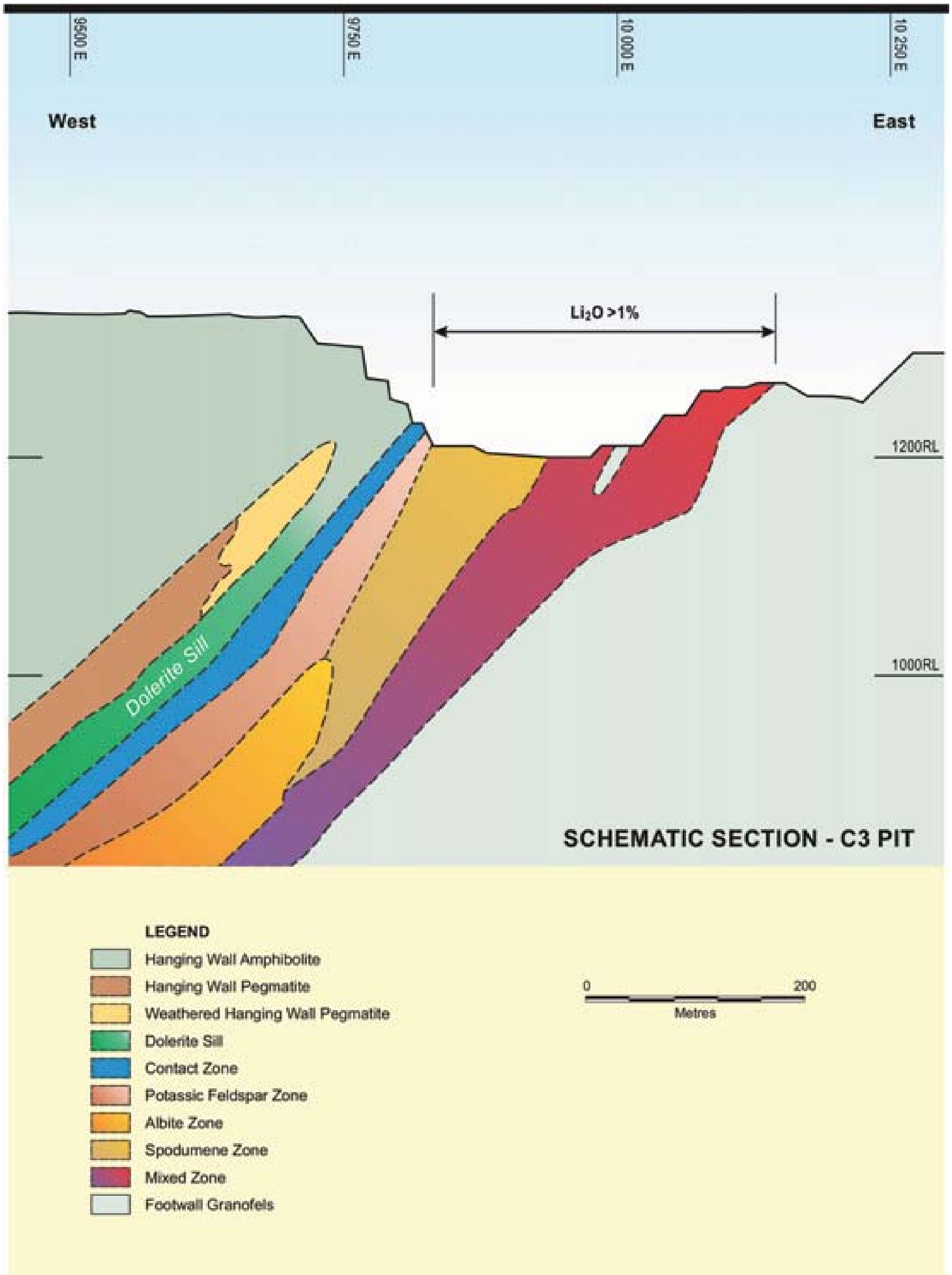

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Greenbushes Lithium Operations

Figure 8

CROSS SECTION - C3 PIT AREA

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Mineralogy

The main lithium-bearing minerals are spodumene (containing approximately 8% Li_2O) and varieties kunzite and hiddenite. Minor to trace lithium minerals include lepidolite mica, amblygonite and lithiophilite. Lithium is readily leached in the weathering environment and thus is virtually non-existent in weathered pegmatite.

Conclusions

BDA considers the Greenbushes geology and mineralisation to be generally well-defined and understood, supported by extensive mining and pit exposures. Exploration drill spacing is not sufficiently close to fully define internal variations within the pegmatite swarm, but is considered adequate for definition of Mineral Resources at the Indicated level.

4.3 Exploration, Geological and Resource Data

Introduction

Lithium production from the Greenbushes Mine has been undertaken continuously for over 30 years, during which time a comprehensive picture of the geology, geological controls and distribution of mineralisation has been developed, largely through drilling and from pit mapping. A majority of the exploration drilling was reported in detail in a NI 43-101 report prepared for Talison in 2012; additional drilling (196 drill holes out of a total database of 1,177 exploration drill holes on the Central Lode pegmatite, and 240 drill holes at Kapanga – refer Figure 9) has been completed since 2012 to delineate the Kapanga deposit, confirm continuations of the Central Lode deposit at depth and infill areas of lower confidence (Inferred) resources for the August 2021 resource model. Resource models were revised by Talison on a two-yearly basis from 2012, but the basic processes behind this work have varied little over that time. Reconciliation between various resource models, and mining and mill production has been consistently good since at least 2012, providing confidence in the geological understanding, validity of the resource database and the resource modeling approach.

The Greenbushes Mine Mineral Resources and Ore Reserves as of August 2021 have been developed by Talison and its consultants in compliance with the JORC Code 2012 Edition. The Greenbushes Mineral Resources and Ore Reserves Statement's Check List of Assessment and Reporting Criteria, referred to as Table 1 under the JORC Code, prepared by Talison for the Central Lode, Kapanga and TSF1 Mineral Resources and Ore Reserves is appended to this CPR. BDA has reviewed Greenbushes as an operating mine under the 2012 JORC Code. An outline of the exploration, geological and resource data is provided below.

Exploration

Exploration relevant to the current lithium resources, reserves and mining operations has been undertaken on the property since the mid-1980s, first by Greenbushes Limited, then by Lithium Australia Ltd and by Sons of Gwalia prior to the acquisition of Greenbushes by Talison in 2007. Initial exploration focussed largely on tantalum, with the emphasis changing to lithium from around 2000. Information regarding exploration prior to that time is limited and incomplete, although data quality appears to have been sufficient to support profitable mine operations.

While surface exploration has proved useful in locating pegmatite bodies, weathering and associated leaching means that economic lithium mineralisation does not occur at surface. Consequently, diamond drilling ("DD") and reverse circulation ("RC") percussion drilling have been the primary tools for identifying lithium resources.

Exploration has also located several nearby pegmatite targets within the Greenbushes landholding, but currently defined in situ lithium resources are restricted to the Central Lode and Kapanga deposits, which still remain partly open at depth and along strike.

Geological Data Acquisition

Data from a total of 1,177 drill holes totalling 194,375m of drilling form the basis for the August 2021 Central Lode lithium resource model. The drill database is made up of 560 RC holes, the remainder being either diamond drill holes or a combination of RC holes with DD tails. This total includes 228 underground diamond drill holes that targeted high grade tantalum mineralisation below the Cornwall pit. Figure 9 displays surface drill hole collars in relation to the pegmatite, highlighting the holes completed since 2012, which lie mainly within and to the west (down-dip) of C3, C2 and C1 pits.

A further 240 exploration drill holes (24 DD and 216 RC) for a total of 47,219m have been completed at Kapanga, all but one of which were drilled since 2017.

Geological and sample information is derived from a mixture of diamond drilling and RC drilling dating back over more than 30 years, although most of the drilling used to define lithium (as opposed to tantalum) resources has taken place since the year 2000. Drilling and sampling records, practices and procedures have varied over time, and there is a higher level of information available in the database for the more recent work.

Drilling is spread relatively uniformly along the Central Lode deposit, with the mineralisation defined on drill sections approximately normal to the strike of the pegmatites and 25m to 50m apart; irregular spacings occur within the open pits due to access issues. Drilling at Kapanga is largely on sections 50m apart with drilling at 40m intervals.

RC drilling mainly utilized 4.5 to 5.2 inch diameter face-sampling hammers, and samples were routinely collected over 1m intervals. Samples were largely dry and recoveries were reportedly high. Randomly selected RC holes had sample recoveries recorded by weight over the full length of the hole at the rig in Quality Assurance/Quality Control ("QA/QC") programs to confirm this observation.

DD holes varied between BQ, NQ and HQ core sizes, with triple tube used when coring through broken ground to maximize recovery. Some triple tube HQ drill holes have been completed for geotechnical purposes, with material sampled and results included in the resource database. Core recoveries were measured between core blocks for each drill run; recoveries were typically greater than 95%.

Drill cores were logged geologically and geotechnically in detail throughout their length, recording mineralogical and structural features. Logging was both qualitative and quantitative, depending on the sample characteristics being described. All core was photographed in the tray after mark-up and prior to sampling. RC holes were geologically logged at 1m intervals over their full depths and all logging information since 2001 was recorded electronically utilizing Excel logging templates.

Collars were surveyed by differential GPS, accurate to 10cm, and down-hole surveys were completed using an Eastman single-shot camera in earlier holes and later by gyroscopic or Reflex survey tool. Topographical control is excellent, as the mine site is covered with detailed and high quality survey datum controls as part of mine operations.

All of the above geological and survey information is captured in the site acQuire Technology Solutions Pty Limited ("acQuire") database.

Sampling, Sample Preparation and Analysis

Most drill core was cut in half with a diamond saw, although HQ core was sometimes quartered and one quarter used for assay analysis, another quarter used for mineralogical or metallurgical research and half retained as a record. Sampling was typically over 1m intervals, while honoring geological boundaries as required.

RC samples were collected at 1m intervals via a cyclone and split to approximately 3-4kg with either a riffle splitter, stationary cone or rotary cone splitter. The vast majority of RC samples were collected dry. More recent RC programs had 5% of the samples routinely duplicated at the drill rig. Field residues were collected in plastic storage bags and held to allow further sampling if necessary. Further sub-samples were split to provide duplicates for assay during the sample preparation process in the laboratory.

The lithium-bearing spodumene mineral generally represents between 15-55% of the mineralised portions of the pegmatite within the resource areas, averaging around 25% by weight. Both RC and diamond core samples are considered appropriately sized for the disseminated nature and relatively fine mineral grain size being sampled.

Sample preparation and analytical work have been undertaken at Talison's on-site laboratory since the inception of the mine, although a small number of early samples were tested off-site. The laboratory is part of the site-wide Quality Management System which is ISO 9001 certified through to September 2022.

The sample preparation flow sheet can be summarized as follows: all samples are dried for 12 hours at a nominal 110ºC; thereafter samples are passed through primary and secondary crushers to reduce them to minus 5mm. A rotary splitter is used to separate an approximate 1kg sub-sample, which is ground in a ring mill to minus 100 microns ("-100μm"). Since 2011 tungsten carbide ring mill pulverization of samples was employed to minimize iron contamination.

All resource drilling sample pulp residues are retained in storage. Coarse sample rejects are normally discarded unless specifically required for further test work.

Due to the long history of operations at Greenbushes, the meta-data regarding early assaying is incomplete; however, the recording of analytical data has been at the current standard since at least as far back as 2006. As far as can be determined, all assaying of drill samples has been by X-Ray Fluorescence ("XRF") and Atomic Absorption Spectroscopy ("AAS"). Sodium peroxide dissolution and AAS is used for Li_2O determination, while a 36 element/oxide suite is analyzed by XRF following fusion with lithium metaborate.

Assay Quality Control

QA/QC systems at Greenbushes have developed over time and vary across the datasets used for resource estimation. However, since at least January 2007 a rigorous QA/QC program has been in place, with the results captured in the acQuire database. Geological consulting group SRK Consulting (Australasia) ("SRK") (2021) noted that 40% of Central Lode data and essentially all of the Kapanga data are covered by this QA/QC program.

RC sampling practice involves collection of a duplicate field sample for every 20 RC samples submitted. Two samples of custom Certified Reference Material ("CRM"), i.e. known standards, made from run-of-mine ("ROM") Greenbushes feed targeting relevant grade values are submitted with each sample batch. Routine quality control for diamond core samples relies on internal laboratory controls (standards and blanks); duplicate core samples are not analyzed on a regular basis.

The laboratory's internal quality systems include replicate (pulp repeat) laboratory analyzes, analysis of known standards, and round-robin interaction with other laboratories. These systems are run on each batch of drill samples. Li_2O is not analyzed in replicates; instead, the AAS machine is recalibrated before every batch of samples, and standards and blanks are included in each batch.

The QA/QC data is assessed by Talison in terms of results for CRMs and blanks, scatter plots of duplicate and replicate RC sample assays, quantile-quantile ("Q-Q") plots and plots for half absolute relative difference ("HARD"). These show acceptable accuracy and sampling error. As examples, charts showing CRM lithium results for one of the standards accompanying drilling and a scatter plot of RC field duplicate analyzes are included (Figure 10).

All geological and sampling data post-2001 has been recorded in electronic format, utilizing Excel logging templates. The data is uploaded into the acQuire database, recording the data in tables covering survey, geology, sampling, assay and collar information. Data from earlier drill holes has been added to the database manually where available. The database procedure rejects invalid log codes on import as part of the built-in validation. Assay data is provided in electronic form from the laboratory and merged with the sampling information. A random selection of historical data has been compared to database records by Talison and by specialist resource consulting group, Quantitative Group Pty Ltd ("QG") to confirm the validity of historical data entry. Modern geological data is logged directly into spreadsheet templates and electronically imported into the database to avoid transcription errors. Modern assay data and some survey data is output by instruments in electronic format and imported into the database to avoid transcription errors. The database has a number of built-in logical checks to prevent invalid depth entries. Further validation of collar locations, hole orientations and comparisons of analytical results with geological logging is carried out by site geologists using a validation template.

An independent review of data quality was undertaken by QG as part of its December 2012 NI 43-101 Technical Report, from which it concluded that data quality at that time was adequate for estimation of lithium Mineral Resources and Ore Reserves. QA/QC procedures have been maintained for subsequent drill programs and have continued to produce reliable results, as noted by SRK in its review of available QA/QC data. This is confirmed by examination of QA/QC plots and also by the close reconciliation between resource models and mine/mill production (see Section 4.4).

Density

Dry bulk densities ("BD") have been determined for a total of 2,071 samples of drill core from Central Lode, using water immersion techniques (Table 4.2). Three-quarters of these determinations were for pegmatite samples ranging in grade from 0 to 5.5% Li_2O (Figure 11, upper), with the remainder representing granofels, amphibolite and dolerite wallrocks. Average grades for the latter have been used in the resource and reserve models, but the regression relationship BD = 2.59 + (Li_2O x 0.071) was determined for pegmatites and used within the resource and reserve models for both Central Lode and Kapanga.

Table 4.2

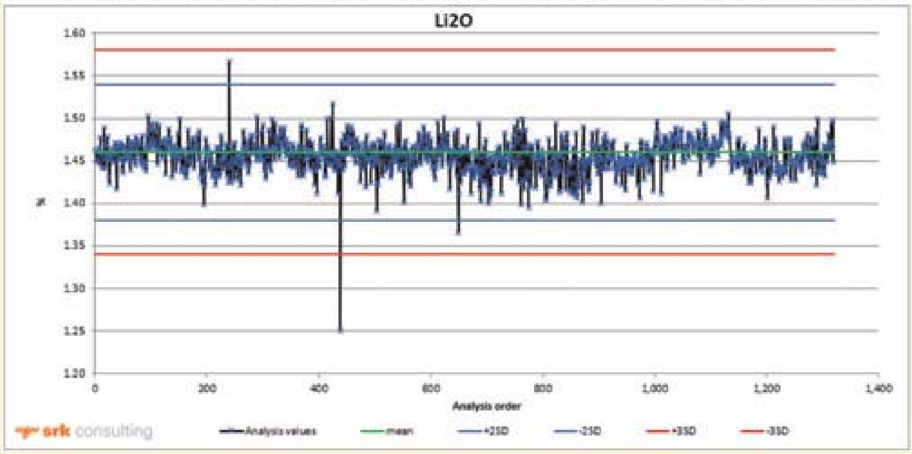
Bulk Density Determinations—Central Lode

			Dry Bulk Density (t/m³)		
Lithology	**Samples**	**Mean**	**Std Dev**	**Minimum**	**Maximum**
Pegmatite	1528	2.76	0.14	1.59	3.79
Amphibolite	254	3.03	0.13	2.38	3.98
Granofels	91	2.93	0.17	2.60	3.17
Dolerite	198	2.98	0.15	2.53	3.71

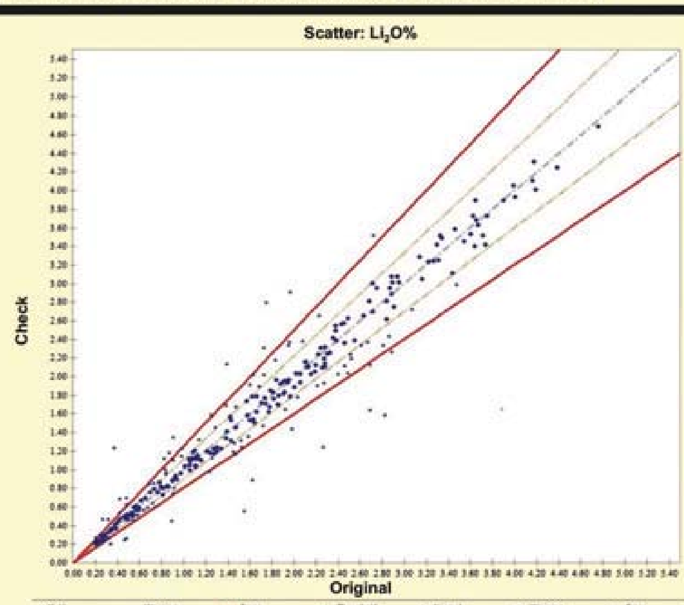
Note: source of data: SRK 2021

Lithium resources lie beneath the weathered (oxidized) zone. Oxide waste material has been assigned a bulk density of 1.8t/m³, which is supported by past site mining records in the form of production truck counts versus survey measurements.

Certified Reference Material				SORE2. CRM prepared by ORE in 2014					
CRM ID	Analyte	Expected Value	Standard Deviation	Failure Rate		Mean		Bias	
SORE2	Li2O (%)	1.46	0.04	# samples	1,319				
	Acceptable Range (+/- 3SD)	From	To	# failure	1	All	1.46	All	0.003
		1.34	1.58	% failure	0%	Within 3SD	1.46	Within 3SD	0.003



TALISON ASSAY QA/QC:
Time Plot of Results of Standard Sore2, Post-2012 Resource Drilling



CENTRAL LODE RC DRILLING QA/QC:
Scatter Plot of Field Duplicate Sample Analyses, Post-2012 Resource Drilling

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Figure 10 **DRILL SAMPLING QA/QC**

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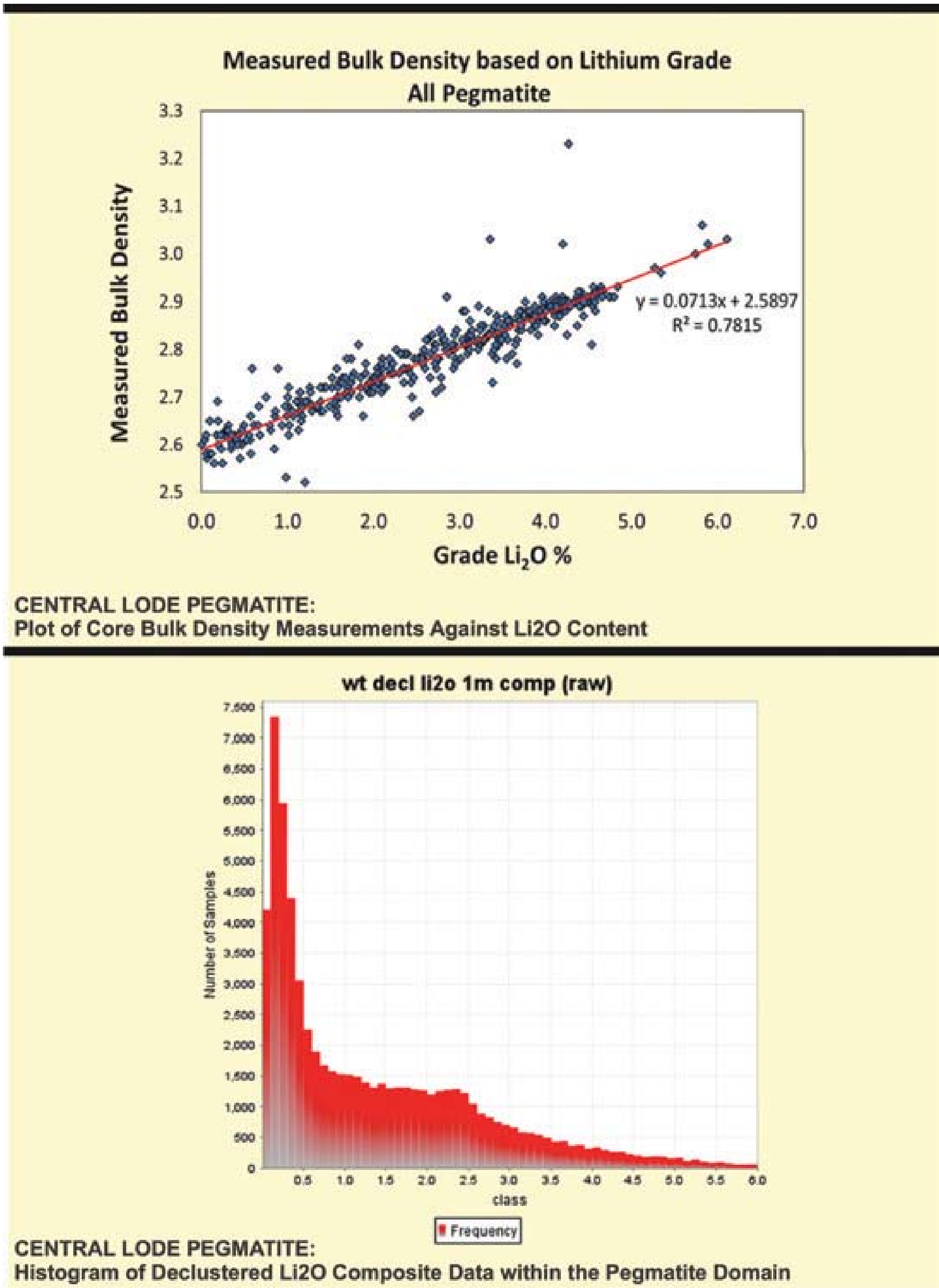

CENTRAL LODE PEGMATITE:
Plot of Core Bulk Density Measurements Against Li2O Content

CENTRAL LODE PEGMATITE:
Histogram of Declustered Li2O Composite Data within the Pegmatite Domain

Tianqi Lithium Corporation — Greenbushes Lithium Operations

Figure 11 — CENTRAL LODE MODELLING - PART 1

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Conclusions

BDA has not undertaken an audit of the geological, survey, density and assay data as part of this review. However, BDA has reviewed data acquisition and quality control procedures and QA/QC *results presented by QG in its 2012 NI 43-101 report, by SRK in the most recent resource estimate (2021), and by Talison, including results from recent drilling programs, and concludes that database quality is appropriate and adequate for estimation of Mineral Resources and Ore Reserves under the JORC Code. The historical close agreement between estimated resources, mining and mill tonnages and grades provides significant support to data quality and accuracy.*

However, SRK identified an apparent positive bias for Li_2O in RC samples from Kapanga compared to adjacent diamond drill hole samples, from what was a relatively small dataset. This has potential to affect the resource estimate and requires additional investigation, particularly at Kapanga where RC drilling provides the bulk of the resource database. A similar bias has been noted by Talison from grade control (blast hole) samples, and a 5% reduction is applied when predicting mill head grades.

4.4 Mineral Resource and Ore Reserve Estimation

JORC Definitions

The Tianqi Mineral Resources and Ore Reserves have been classified according to the definitions of the JORC Code. A summary of the principal sections follows; for a full description see the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves—The JORC Code—2012 Edition—Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia.*

Mineral Resources

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such a form, grade (or quality) and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

- A *Measured Mineral Resource* is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. The nature, quality, amount and distribution of data are such as to leave no reasonable doubt that the tonnage and grade of mineralization can be estimated to within close limits and that any variations from the estimate would be unlikely to significantly affect potential economic viability. A Measured Mineral Resource may be converted to a Proved Ore Reserve (or to a Probable Reserve where circumstances other than geological confidence suggest that a lower confidence level is appropriate).
- An *Indicated Mineral Resource* is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. The nature, quality, amount and distribution of data are such as to allow confident interpretation of the geological framework and to assume continuity of mineralization. An Indicated Mineral Resource may be converted to a Probable Ore Reserve.

- An *Inferred Mineral Resource* is that part of a Mineral Resource for which quantity and grade (or quality), are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply, but not to verify, geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Confidence in the estimate of Inferred Mineral Resources is not sufficient to allow the application of technical and economic parameters to be used for detailed planning studies. An Inferred Mineral Resource must not be converted to an Ore Reserve.

Ore Reserves

An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

Modifying Factors are considerations used to convert Mineral Resources to Ore Reserves and include mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

- A *Proved Ore Reserve* is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors (and the geological factors).
- A *Probable Ore Reserve* is the economically mineable part of an Indicated Mineral Resource (or in some circumstances a Measured Mineral Resource). The confidence in the Modifying Factors applying to a Probable Reserve may be lower than that applying to a Proved Ore Reserve.

Tianqi's Ore Reserves represent those portions of the Mineral Resources which can be mined economically under the defined parameters, and which are planned to be mined within a designed open pit. The Ore Reserves are included within the overall Mineral Resources (i.e. the Mineral Resources are stated inclusive of resource material used in the Ore Reserve estimate). Measured and Indicated Mineral Resources that are not included in Ore Reserves do not have demonstrated economic viability or are excluded due to other Modifying Factors. Tianqi's Proved and Probable Ore Reserves are based on Measured and Indicated Mineral Resources respectively.

Mineral Resource Modeling and Estimation Procedures

The August 2021 resource model was created by SRK with input from Talison, but is built on the approach developed by Talison and QG over several iterations between 2007 and 2018, plus a comprehensive 2020 resource modeling exercise completed on Central Lode by SRK (North America) ("SRK (NA)") in 2020.

In summary, geological models were developed separately for Central Lode and Kapanga using Leapfrog Geo to define coherent pegmatite, amphibolite, granofels and dolerite bodies using exploration drilling, logging and geochemical data, augmented, where available, by grade control samples and pit mapping data. Envelopes of continuous mineralisation above a nominal 0.7% Li_2O cut-off grade were identified within the pegmatites and grade modeling of Li_2O was undertaken using

Ordinary Kriging ("OK") for both mineralised and low grade pegmatite domains. Density was calculated or assigned for each cell based on lithology and Li_2O grade in the case of pegmatite cells, as described in Section 4.3. The resource model was constrained by a mine survey surface as of August 31, 2021 for reporting of resources within a breakeven pit shell determined by Whittle optimisation.

In more detail, resource modeling involved the following activities and assumptions:

- A chart of raw drill sampled lengths plotted against corresponding Li_2O assays showed the whole range of Li_2O grades across all sample lengths, i.e. there was no spike of short, high grade intervals. One meter was by far the dominant sampling interval used in RC drilling and for much of the diamond core within pegmatite away from geological contacts, so drill data was subsequently composited on 1m intervals.

- Comparison between RC and diamond drill sample results showed no significant difference in overall grade distributions for Central Lode. However, based on results from a small database of eight adjacent DD and RC holes at Kapanga, SRK noted a potential positive bias towards higher Li_2O and Fe_2O_3 values and lower SiO_2 values in the RC results, which could be ascribed to selective loss of lighter elements such as quartz. This remains to be confirmed.

- Geological wireframing of the Central Lode pegmatites, and other lithologies was originally completed by SRK (NA) in 2020 using Leapfrog Geo implicit modeling techniques. The model utilized the exploration drilling geological database, with guidance from pit mapping, and from grade control and blast hole drill information. Talison reviewed the resultant wireframes against cross-sectional interpretations and was satisfied with the final product. SRK updated the model to include an additional 14 holes completed in 2021 and made minor revisions to the wireframes to allow merger with the Kapanga model and a stockpile model into a single resource model.

- The Kapanga geological model was initially developed by Talison in 2020, again using the exploration database and Leapfrog Geo to define pegmatite, granofels, dolerite and amphibolite domains. SRK revised the model in 2021 to include data from an additional six drill holes, and the model was checked and approved by Talison. It should be noted that the Kapanga pegmatite swarm comprises several individual pegmatite lenses, with inclusions of country rock, compared to the one of two massive pegmatite bodies present through Central Lode. In addition, as Kapanga is unmined, highly weathered and slightly weathered domains with different grade characteristics have been defined by surfaces within the geological model.

- A histogram of declustered Li_2O composite data for Central Lode pegmatites for the 2018 model showed a low grade Li_2O population and a less distinct higher grade Li_2O population (Figure 11, lower). A grade of 0.7% Li_2O was chosen as an effective grade domain boundary to separate the two populations for Central Lode. This boundary value was re-assessed by SRK and deemed to be appropriate. Wireframes were developed by SRK within the pegmatite domains to constrain the most continuous zone of lithium mineralisation >0.7% (Figure 12, upper), using an indicator approach. The results were checked by Talison against drill hole data and sectional interpretations. The 0.7% Li_2O value was examined for Kapanga composite data by SRK and was again found to be appropriate for interpretation of mineralised pegmatite wireframes.

- Samples were coded by the lithology and mineralisation wireframes and then composited to 1m lengths for use in statistical and geostatistical analysis.
- A histogram of declustered Li_2O composite values within the mineralisation wireframe (Figure 12, lower) showed a relatively normal population, which was deemed suitable for grade estimation by OK.
- A 20m x 20m x 20m cell block model was created for both the Central Lode and Kapanga deposits, with 5m x 5m x 5m sub-cells to improve geometric definition of domain boundaries. These dimensions take account of the drill hole spacing, sampling interval and interpreted geometry and thickness of the mineralisation. Central Lode drill hole spacing varies from 25 x 25m up to 50 x 50m, except locally in the north where underground drilling into the dominantly tantalum ore-body was on closer spacing. At Kapanga, drilling is on an approximate 50 by 40m grid. All planned future mining is by open pit, with minimum mining widths of 5m.
- The upper topographic surface used for the model was provided by Talison and is understood to be from December 2008.
- SRK elected to re-composite the pegmatite sample data to 3m for further statistical and geostatistical analysis. Comparison of raw and 3m composite data for Li_2O showed no statistical difference between the two populations.
- Log probability plots indicated that top-cutting of outlier values was unnecessary. Instead SRK elected to restrict the range of influence of values >5.5% and 3.0% Li_2O during grade estimation for the mineralised and unmineralised pegmatites, respectively.
- A variographic study of Li_2O and six other elements[2] was undertaken using industry standard Supervisor software to determine grade continuity in each pegmatite domain on Central Lode. Variography used normal-score transforms of the 3m composites with back-transforms applied to the theoretical models which were then imported into Leapfrog Edge for use in grade estimation.
- A similar approach was adopted for Kapanga, although 1m composites were used in variography and grade estimation, both of which were undertaken using Studio RM.
- SRK observed very good Li_2O variogram definition in the mineralised pegmatite domain at Central Lode with a very low nugget value, a practical range in the order of 100m (80% of the sill) and a total range of approximately 350m (Table 4.3). Mid and Minor ranges are approximately 70% and 25%, respectively, of the Major range. Variogram definition is poorer in the non-mineralised, i.e. < 0.7% Li_2O domain with a higher nugget, a practical range of approximately 50m and a total range of 100m. Figure 13 shows the variogram models for the mineralised domain and Table 4.3 provides the variogram parameters.

[2] Statistical and geostatistical analysis was also undertaken for Ta_2O_5, SnO_2, Fe_2O_3, MnO, Na_2O and K_2O on Central Lode and for the first three oxides at Kapanga, but these were not reported in the resources and reserves, and are not considered further in this report

Table 4.3

Variogram Parameters - Li_2O - Central Lode Pegmatite

Domain	Direction				Structure 1				Structure 2			
	Dip	Dip Dir	Pitch	Nugget	a1	a2	a3	C1	a1	a2	a3	C1
Mineralised	45	260	5	0.05	66	41	63	0.48	360	250	85	0.47
Low Grade	45	260	5	0.08	25	3	20	0.48	122	95	22	0.18

Notes: a = range in meters, C = proportion of variance

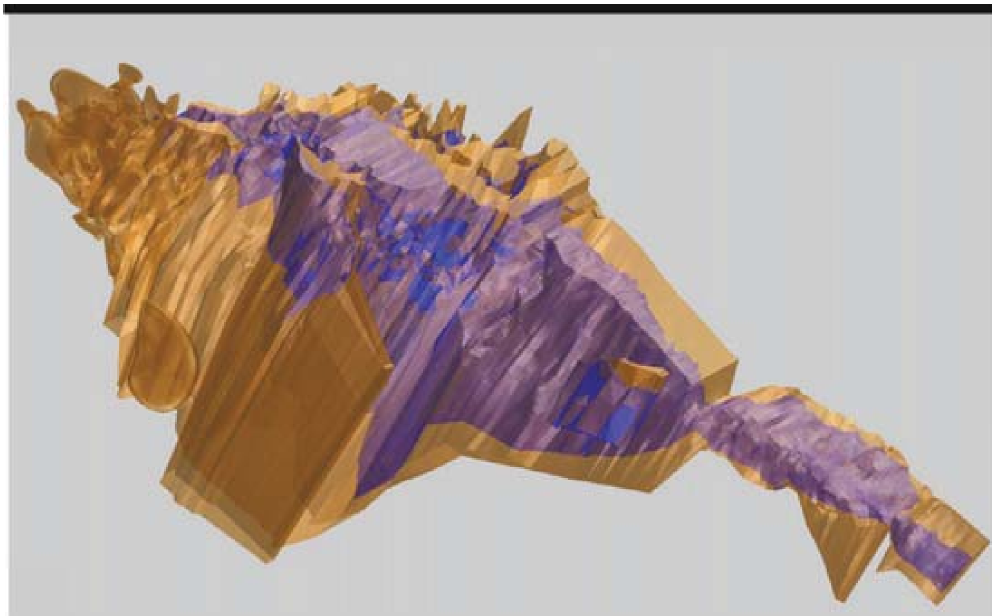
- Similar results of variographic analysis for Li_2O were reported for the main pegmatite zones at Kapanga, although the nugget was appreciably higher, which was believed to reflect the change from 3m to 1m composites at Kapanga. Variogram parameters are provided for the two main pegmatite domains, identified by SRK as 309 and 319, in Table 4.4, and model variograms are shown in Figure 13 (lower).

Table 4.4

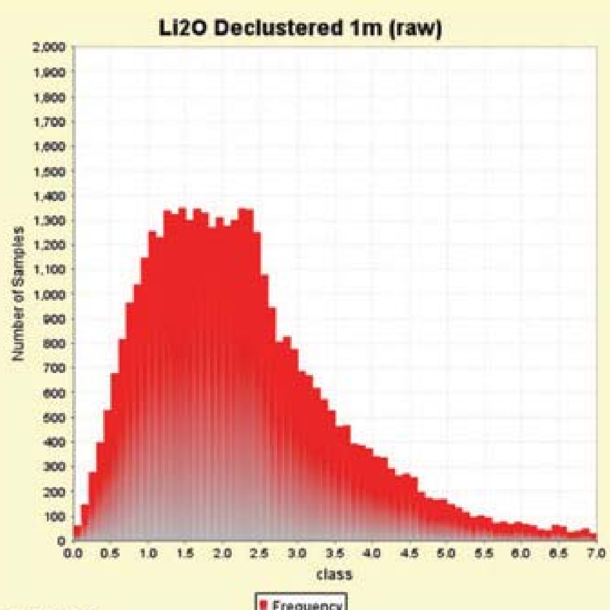
Variogram Parameters - Li_2O - Kapanga

Domain	Direction				Structure 1				Structure 2				Structure 3			
	Major	Mid	Minor	Nugget	a1	a2	a3	C1	a1	a2	a3	C1	a1	a2	a3	C1
309	-50/270	00/180	40/270	0.36	87	85	28	0.38	174	512	68	0.11	215	855	94	0.15
319	-50/270	00/180	40/270	0.27	21	33	30	0.22	93	61	72	0.26	367	270	82	0.25

Notes: a = range in meters, C = proportion of variance



CENTRAL LODE DEPOSIT:
Wireframe of >0.7% Li2O Material within the Pegmatite Wireframe



CENTRAL LODE DEPOSIT:
Histogram of Declustered Composite Li2O Values within >0.7% Li2O Wireframe

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Figure 12 **CENTRAL LODE MODELLING - PART 2**

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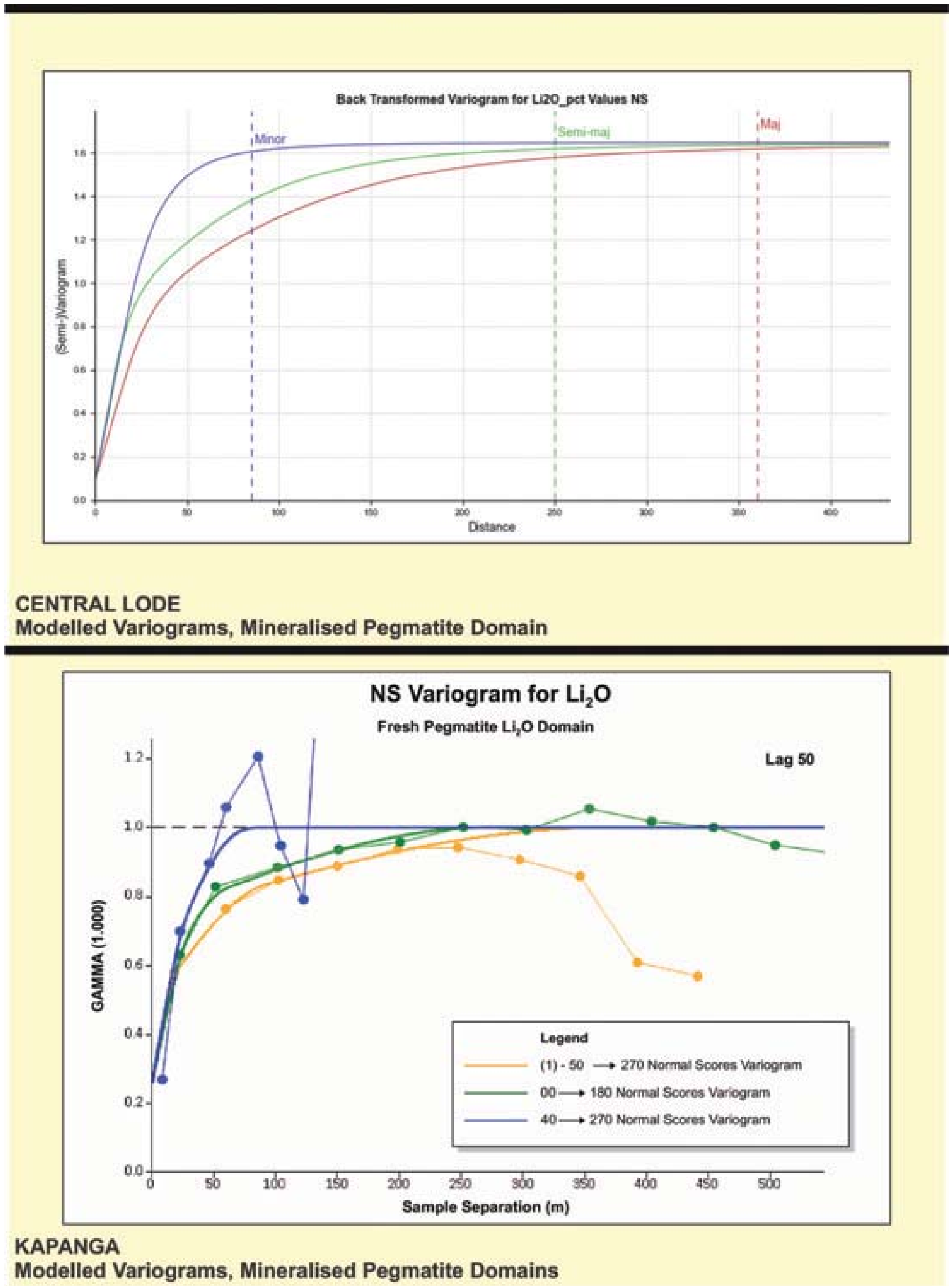

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Figure 13 **VARIOGRAPHY – MODELLED VARIOGRAMS**

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- OK was used for Li_2O grade estimation into discretised (3x3x3) parent cell locations in both deposits, using different estimation parameters derived from the variographic studies of the two databases. Mineralised and low grade pegmatite domain contacts were treated as soft boundaries at Central Lode allowing composites a short distance outside the contacts to inform cells within the domain. However, hard boundaries were employed for Kapanga. Variable orientation searching was applied to Central Lode, whereby, for each model cell, the search ellipsoid was oriented to match the orientation of the pegmatite. However, for Kapanga the search ellipsoid was oriented parallel to the general orientation of the lithological units.

- A two-pass search strategy was used for Central Lode with the first pass search distances approximately corresponding to the distance at which 80% of the sill was reached. The second pass was approximately equivalent to the variogram range, which was roughly twice as long as the first pass. The search distances for outlier values were limited to 5% of the ellipsoid range.
- For Kapanga a three pass strategy was adopted, the first extending approximately to the distance at which 80% of the variogram sill was reached, the second doubling the distance and the third tripling it. Sample selection criteria were also loosened for the second and third passes.
- A summary of the estimation parameters used are provided in Table 4.5 and Table 4.6 for Central Lode and Kapanga, respectively.

Table 4.5

Estimation Parameters - Li_2O Central Lode Pegmatites

Domain	Pass	Search Distance			No. Samples		Quadrants		Max Samples per Hole	Threshold Grade
		Max	Mid	Min	Max	Min	Max Sample	Min Sector		
Mineralised	1	180	150	25	15	5	5	3	2	5.5
	2	360	250	50	15	1	—	—	2	5.5
Low Grade	1	180	150	25	15	5	5	3	2	3
	2	360	250	50	15	1	—	—	2	3

Table 4.6

Estimation Parameters - Li_2O Kapanga Pegmatite Domains 309 and 319

Domain	Rotation			S1 distance			S1 samples		S2 samples		S3 samples		Samples per Hole
	Z	X	Z	Main	Mid	Minor	Min	Max	Min	Max	Min	Max	
309	-90	50	-90	100	100	20	8	20	7	20	2	15	3
319	-90	50	-90	100	100	20	8	20	7	20	2	15	3

- Density values were calculated for each pegmatite cell based on a regression formula applied to Li_2O estimates for the cell, while average values were applied for all other lithologies as described in Section 4.3. Identical methods were used for Kapanga.
- The resultant resource block models were validated visually to confirm that all blocks had been estimated and that block cell grades generally conformed to adjacent drill hole composite values. Figure 14 provides example cross-sections through Central Lode and Kapanga, showing block and drill Li_2O grades. A series of swath plots through both deposits confirmed good correlation between average composite and block grades across the deposits. Generally, the estimated block grades were close to, but lower than the composite grades. Local grade trends were confirmed in the model, with an expected and acceptable degree of smoothing of input data. Statistical analysis demonstrated that there was acceptable correspondence between sample composite and model grades.

- SRK also examined estimation performance data in terms of search pass, number of samples informing the estimate, average distance and slope of regression. Results for the mineralised domains at Central Lode are included in Table 4.7, indicating that over 90% of blocks defined as Indicated were informed in the first pass. Moreover, approximately 95% of the mineralised blocks had a slope of regression above 0.6, which is typically considered the norm for definition of Indicate Resources.

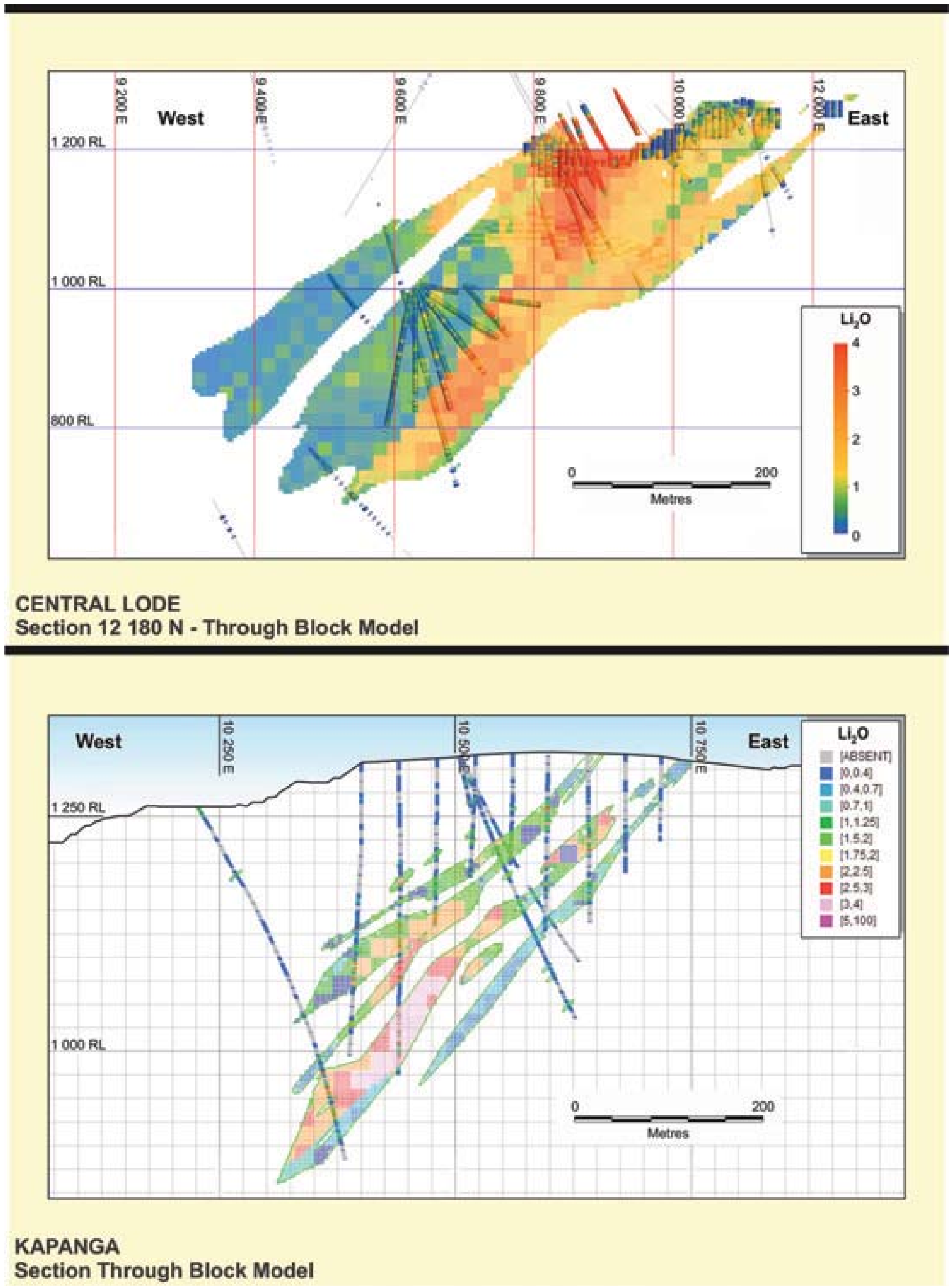

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Figure 14

RESOURCE MODELLING
CROSS-SECTIONS THROUGH BLOCK MODEL

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Table 4.7

Estimation Performance Data for Li_2O Estimates—Central Lode Pegmatites

Domain	Class	Pass	% Tons	Average Number of Samples	Average Distance (m)
Mineralised	Indicated	1	93	8	48
	Indicated	2	7	15	101
	Inferred	1	40	6	90
	Inferred	2	60	12	141
Low Grade	Indicated	1	98	8	28
	Indicated	2	2	15	33
	Inferred	1	31	8	74
	Inferred	2	69	12	173

Similar outcomes were observed for estimation performance data at Kapanga (Table 4.8)

Table 4.8

Estimation Performance Data for Li_2O Estimates—Kapanga Pegmatites

Domain	% Resource Estimated in Each Pass				Average Number of Samples		
	Pass 1	Pass 2	Pass 3	Default	Pass 1	Pass 2	Pass 3
Indicated							
309	91.3	8.7	0	0	17	20	14
319	97.6	2.4	0	0	18	20	15
Inferred							
309	15.3	80.5	4.2	0	10	17	15
319	28.8	64.5	6.7	0	10	19	15

Mineral Resource and Ore Reserve Classification

Resource classification was undertaken by SRK in accordance with the JORC (2012) Code, taking account of confidence in the geological interpretations, data quality, estimation techniques and likely economic viability. For Greenbushes, the largest uncertainty was considered to be the reliability of the local grade estimate and the accuracy of lithological interpretations, both being influenced by drill hole spacing. The average sample distance, number of informing samples and slope of regression data were used to assign a preliminary classification for each cell in the model as either Indicated or Inferred, and this information was used to define and wireframe coherent broad areas of like classification which were then used to determine the final classification coding. In this way, local occurrences of Indicated Resource cells were reassigned to the Inferred category and vice versa. Figure 15 includes classification coding on example cross-sections through Central Lode and Kapanga.

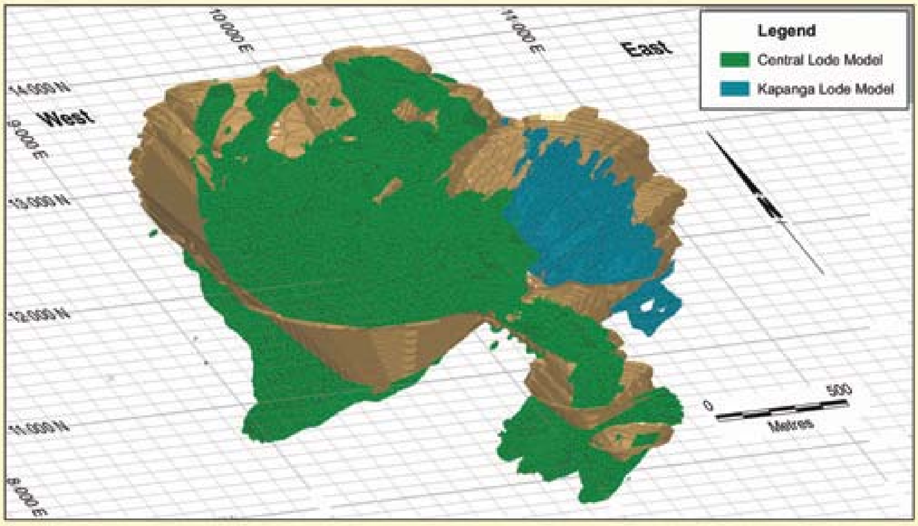
The Measured Mineral Resource classification was restricted to surface ROM and fine ore stockpiles. Surface stockpiles comprising non-ROM material that is used for blending or as storage for lower grade material were classified as Indicated and, occasionally, Inferred resources.

The Indicated Resource classification for the in situ mineralisation took account of good geological understanding of the deposit, as well as confidence in the quantity, distribution and quality of the data, grade continuity and the modeling approach. Inferred Resources were restricted to peripheral parts of the deposit where wider drill spacing reduces the certainty of lithological interpretation and local grade estimates.

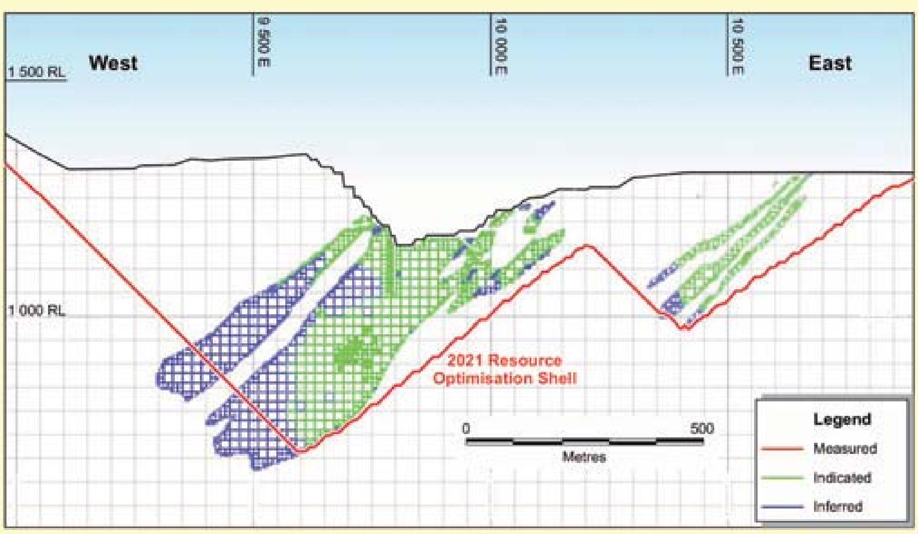
Mineral Resource Reporting

The reported Mineral Resources are almost entirely in situ. These lie within the Central Lode and Kapanga pegmatites and have been constrained within a single, break-even optimized pit shell (Figure 15, upper) using the latest mining parameters, costs, process recoveries and revenues. The reporting cut-off grade for Mineral Resources is 0.5% Li_2O, which is approximately the economic break-even grade for the existing plants. The reported resources are on a dry tonnage basis and make no assumptions about selective mining within blocks.

For this BDA review, Mineral Resources are reported as of December 31, 2021 (Table 4.9). The Mineral Resources for Central Lode and Kapanga were calculated to August 31, 2021 by Talison and its consultants as 342Mt at 1.6% Li_2O based on the 2021 resource block model cut by the surveyed surface from the end of August 2021. This total includes 4.9Mt of stockpile material at surface. In the period from September 1, 2021 to December 31, 2021 Talison processed 1.4Mt of ore at 2.4% Li_2O and the Indicated Resources have been depleted for this production. The ore mining over the period September to December 2021 totalled 1.2Mt at 2.4% Li_2O, 0.2Mt below the processed amount requiring some drawdown of stockpiles for plant feed. Resources at TSF1 are not considered as part of this total.



Break-Even Pit Shell for Resource Reporting



Section Through Resource Pit Shell Showing Resource Classification

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Figure 15 **RESOURCE MODEL REPORTING**

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Table 4.9

Greenbushes Lithium Mineral Resources at December 31, 2021

Resource Category	Tonnage (Mt)	Li_2O Grade (%)	LCE (Mt)
Measured Resources (Stockpiles)	0.5	3.2	0.04
Indicated Resources (in situ plus minor stockpiles)	229.7	1.8	10.3
Inferred Resources (in situ plus minor stockpiles)	110.3	1.0	2.7
Total Mineral Resources	**340.5**	**1.6**	**13.1**

Note: the resources are based on the 2021 resource model as of August 31, 2021 and the Indicated Resources have been depleted for the subsequent production through to December 31, 2021; there may be some rounding errors in totals; a cut-off grade of 0.5% Li_2O was used for reporting resources; the derivation of lithium carbonate equivalent is tons x (% Li_2O/100) x 2.473 = tons LCE; Indicated resources are largely in situ, constrained within pegmatite and lying within a break-even optimized pit shell; no allowance has been made for subsequent mining and processing; the summary above excludes Mineral Resources in TSF1

At Central Lode as of August 31, 2021, the Indicated Resources were 189.9Mt at 1.8% Li_2O and Inferred Resources were 104.6Mt at 1.0% Li_2O giving a total Mineral Resource at Central Lode of 294.5Mt at 1.5% Li_2O. After depleting the Indicated Resources for subsequent production the Central Lode Indicated Resources are 188.5Mt of ore at 1.8% Li_2O giving a total Mineral Resource at Central Lode of 293.1Mt at 1.5% Li_2O. For Kapanga, the Indicated Resources are 38.6Mt at 1.8% Li_2O and Inferred Resources are 3.9Mt at 1.9% Li_2O giving a total Mineral Resource at Kapanga of 42.5Mt at 1.8% Li_2O. The remainder of the total Mineral Resource shown in Table 4.9 (4.9Mt) is contained within existing surface stockpiles.

Ore Reserve Reporting

Ore Reserve classification is dependent on the underlying Mineral Resource classification, once mining, processing, economic and other parameters have been taken into account. Measured Mineral Resources in stockpiles have been converted to Proved Ore Reserves, while Indicated Mineral Resources become Probable Ore Reserves where appropriate mining, processing and economic parameters are satisfied. All Ore Reserves are contained within the Mineral Resources.

At the outset, it should be noted that all Mineral Resources reported for the Central Lode lie directly below or immediately along strike from the existing open pits which, themselves, have been mined continuously for over 30 years. Further, there is no indication that the geology, grade distribution, mining or processing characteristics will change materially as production continues into these areas. Although Kapanga displays some differences in geology in the sense that the pegmatite swarm is less regular and contains local wallrock inclusions, the mineralogy and grade distribution characteristics are similar, while metallurgical testwork has demonstrated its amenity to treatment in the existing plants.

As described in Sections 4.5-4.10 of this document, additional geotechnical, mine design and scheduling studies have been completed, and existing plant capacity and planned plant expansions will be available to treat the proposed mine production. Capacity is provided in existing and planned waste rock and tailings dams and other infrastructure to match the proposed schedule, although further planning will be required to better define the extensions of waste dump and tailings capacities for the LOM.

Financial analysis has been undertaken to demonstrate that identified parts of the Mineral Resource can be mined and treated profitability. All the above information was reviewed and confirmed by BDA for the purpose of this report. Consequently, BDA considers that the 2021 Ore Reserves developed from the 2021 Mineral Resources conform to the JORC Code.

As described in more detail in Section 4.5, Ore Reserves were determined by Talison, based on Whittle 4-X optimisation of the August 2021 resource model, using current overall pit wall and mining criteria, the latest mining and processing costs and process recoveries, and predicted product pricing. A block cut-off grade of 0.7% Li_2O was applied; such material is economic to treat through the existing plant, although lower grade material is currently stockpiled in favor of treating more profitable ore.

Using the selected pit shell as a guide, established pit design criteria were used to determine mine designs. The mine schedule was developed based on predicted future mill performance and capacity, and projected sales of TG and CG product at that time. No allowance was made for ore loss or dilution, based on historically close reconciliation between earlier resource models and past mine production, although previously a 5% reduction in grade was applied to all resource block grades when reporting reserves. The ore zones within the Kapanga pit are not as wide as found in Central Lode and the dilution parameter may need to be reviewed when mining commences.

Ore Reserves totalled 169.6Mt at 2.0% Li_2O, containing 8.3Mt LCE, as of August 30, 2021, including 0.5Mt of Proved ore reserves in run-of-mine (ROM) and fine ore stockpiles and 2.6Mt of non-ROM stockpile material classified as Probable ore reserves. An additional 10.1Mt at 1.4% Li_2O exists within TSF1 (Section 4.13).

In the period from September 1, 2021 to December 31, 2021 Talison processed 1.4Mt of ore at 2.4% Li_2O. Taking the August 31, 2021 Ore Reserve and deducting the ore quantities processed from the Probable Reserves the depleted Ore Reserves, including the stockpiles, were 168.1Mt at 2.0% Li_2O at December 31, 2021 (Table 4.10).

Table 4.10

Greenbushes Lithium Ore Reserves at December 31, 2021

Reserve Category	Tonnage (Mt)	Li_2O Grade (%)	LCE (Mt)
Proved Ore Reserves (Existing Stockpiles)	0.5	3.2	0.04
Probable Ore Reserves	167.6	2.0	8.2
Total Proven and Probable Ore Reserves	168.1	2.0	8.3

Note: there may be some rounding errors in totals; all tons are dry tons; Probable Ore Reserves are largely derived from the 2021 resource block model and within an optimized pit shell with a Mine Cost Adjustment Factor (MCAF) of 0.30 and adjusted for the production between September and December 2021; a block cut-off grade of 0.7% Li_2O has been applied; the derivation of lithium carbonate equivalent (LCE) is tons x (%Li_2O/100) x 2.473 = tons LCE; Proved Ore Reserves comprises the Run of Mine and Fine Ore stockpiles; Probable Ore Reserves include a small proportion of non-ROM stockpile material, plus the in-situ reserve; no adjustment has been made to allow for subsequent mining and processing activities; Reserves exclude Probable Reserves at TSF1.

The 2021 Ore Reserve represents an approximate increase of 27% in tonnage over the previous, internally reported (March 2018) reserves, despite mining of over 8.9Mt in the intervening period. This increased tonnage comes partly as a result of exploration drilling which led to delineation of the Kapanga deposit while further drilling has located or firmed up confidence in extensions to the Central Lode mainly at the northern end of C3 and down-dip at C2.

Mine Reconciliation

Reconciliation between the previous (March 2018) resource block model, mine production and mill reconciled data in the years 2015 to 2020 demonstrated significant short-term (monthly) variation as would be expected, given the relatively small scale of production and the spacing of exploration drilling. However, reconciliation on a yearly basis was extremely close (within 5%) in terms of both tonnage and contained metal.

Talison provided reconciliation data for 2021 (to the end of September), between both the new resource model, the 2018 model and mill reconciled production. On this basis the new model appears to overestimate tonnage, while underestimating grade, with a closer approximation to the mill's contained metal than the earlier model, but the time period is too short and there are too many uncertainties in mill production related to stockpile movements and teething problems with the CG2 weightometers to form any firm conclusions.

SRK (NA) undertook reconciliation between a slightly earlier version of the 2021 model – which employed the same methodology as the 2021 model, but did not include results from ten peripheral, recently completed drill holes included in the SRK model – and reconciled mine production data based on truck counts and blast hole drill sampling for the years 2017 to 2019 (Table 4.11). SRK (NA) noted "very reasonable performance of the current mineral resource estimation against the reconciled production periods", although there appears to be a tendency for the model to predict approximately 5% more tons at a very slightly higher grade over this period. However, there is inevitably some doubt in the accuracy of the reconciled mine production figures.

Table 4.11

Reconciliation of Central Lode Mineral Resource and Ore Mined—Years 2017-2019

	2020 Resource Model			Mine Reconciled Production			% Difference	
Year	Tonnage Mt	Grade Li_2O %	LCE kt	Tonnage kt	Grade Li_2O %	LCE kt	Ore Tons %	LCE %
2017	1.67	2.88	119	1.63	2.79	112	97	95
2018	2.17	2.86	153	2.10	2.77	144	97	94
2019	2.72	2.80	188	2.53	2.83	176	92	93

Notes: source SRK (NA) from an earlier version of the 2021 model; reconciled mining numbers are the grade-controlled drill and blast material excavated from the open pit, including stockpile movements, the latter introducing some potential errors

Mineral Resource and Ore Reserve Upside Potential

Potential remains to increase resources as extensions at depth and along strike from the known resources on Central Lode and Kapanga. However, the potential economic value of the depth extensions to Central Lode, in particular, is considered relatively low, with the 2021 break-even resource pit-shell already impacting slightly on existing plant and other infrastructure. Underground mining could, perhaps, be contemplated, but no such investigations have been undertaken.

Potential also exists at several nearby prospects extending south along strike from C1 for well over a kilometer, and including the Vulcan, Ladybird, Teddy Boy and White Wells prospects (Figure 16). These have not yet been drill-tested, but they assume some importance as they lie in areas designated for development of additional waste and tailings storage capacity in the relatively near term.

There are indications of northern extensions of the pegmatite swarm for at least 3000m from Cornwall North through to New Zealand Gully (Figure 16). These remain largely unexplored, although much of this zone lies under or very close to Greenbushes townsite and undoubtedly would impact the community.

Drilling of the original Greenbushes tailings disposal area, TSF1, located adjacent to CGP2 and the C1 pit (Figure 4) and used prior to the start of lithium operations, has confirmed a more or less continuous zone of >1% Li_2O grades in the upper part of the tailings facility. Geology, drilling, resource estimation and Resource and Reserve reporting are described in Section 4.12. There is at best very limited potential to add to the identified tailings reserves, should the lithium price or operating costs improve and part of the DZ become economic.

Independent Review of Mineral Resources and Ore Reserves

Talison recently commissioned RSC Consulting Services ("RSC") to undertake a high level "fatal flaw" review of the 2021 Mineral Resources and Ore Reserves, based on SRK's draft report and discussions with SRK and Talison. A site visit was made as part of this work.

RSC concluded that the work had been undertaken to a high technical standard and that no fatal flaw exists. Its report did point to a low to moderate concern regarding a) the potential RC Li_2O grade bias noted at Kapanga; b) potential sensitivity of the resource model to the use of 0.7% Li_2O as the basis for defining mineralised pegmatite wireframes; and c) the geometrical consistency between composite sizes and the geometry of the models.

Conclusions

From its review, BDA considers that database compilation for the Central Lode and Kapanga deposits has been undertaken by suitably qualified and experienced Talison staff, under the supervision of a Competent Person under the JORC code with over five years of experience on the site. Data validation has been completed, confirming generally acceptable database quality, and the geological definition of the deposits is considered to be well-founded. One exception to this is the indication that RC drilling at Kapanga returned higher Li_2O grades compared to adjacent diamond drilling. Both SRK and RSC recommended that this potential bias should be further investigated, as it has potential to lead to over-estimation of Li_2O grades in this part of the Mineral Resource and Ore Reserve model.

The drill data gives acceptable coverage of the lithium mineralised zones and provides a suitable basis for Mineral Resource estimation. The Mineral Resource modeling approach and Mineral Resource classification procedures have been undertaken by a well-credentialed consulting group under the supervision of a highly experienced professional who is considered a Competent Person under the JORC Code.

An independent review confirmed that the Mineral Resource modeling methodology was appropriate, in accordance with industry standards, and in compliance with the JORC Code. The 2021 Mineral Resources have been independently estimated for Talison by SRK Consulting (Australasia) Pty Ltd and supervised by Daryl Baker, Talison Geology Superintendent[3] who is a suitably qualified and experienced professional as required by the JORC Code.

3 *Daryl Baker is a member of the AusIMM (Membership number 221170)*

BDA considers that the 2021 Mineral Resource model complies with the 2012 JORC Code and forms an acceptable basis for mine planning and generation of Ore Reserves. In turn, the Mineral Resources reported as of the end of August 2021 are considered a reasonable estimate of the remaining Mineral Resources within the modeled area at that time. However, BDA considers there would be value in undertaking further comparisons between the performance of the 2021 Mineral Resource model, the previous (2018) model and mine production since 2015.

BDA has reviewed the 2021 Ore Reserve estimate for Central Lode and Kapanga, and has found it to have been completed in accordance with industry standards, and in compliance with the JORC Code. The 2021 Ore Reserves have been prepared by Mr Andrew Payne, Talison Mine Planning Superintendent[4] who is a suitably qualified and experienced professional as required by the JORC Code and a Competent Person under the Code. BDA considers the mine design for the open pits to be appropriate and supported by over 30 years of past mining practice at the deposit. The mining schedule is considered to be achievable but it is noted that further optimisation of the schedule is ongoing. BDA does not consider the Ore Reserves will be materially affected by foreseeable permitting, title, environmental, or metallurgical issues, based on the information supplied by Talison.

Overall BDA considers the 2021 Proved and Probable Ore Reserves to be an appropriate representation of the recoverable tons and grade, and suitable for use in financial modeling of the project. However, the removal of a 5% grade reduction for Mineral Resource blocks in arriving at the Ore Reserve model (as used in previous Ore Reserve models) could lead to a slight over-estimation of recoverable spodumene concentrates.

4 *Andrew Payne is a member of the AusIMM (Membership number 308883)*

There are Indicated and Inferred Mineral Resources lying between the break-even pit shell used for reporting Mineral Resources and the mine design pit shell. These have some potential economic value and could eventually be added to the Ore Reserves depending on lithium markets, prices, product specifications, plant performance, and plant operating costs. Additional potential exists to expand the Mineral Resources to include deeper pegmatite mineralisation, although open pit extraction is unlikely as the final pit limits of the 2021 mine plan are very close to existing process infrastructure.

Exploration is planned to cover the northern and southern extensions to the pegmatite swarm, with emphasis on areas identified as required for future waste rock, tailings or other infrastructure. However, no significant mineralisation has been intersected to-date.

4.5 Mining

Overview

Open cut mining of lithium ore is currently from the Central Lode open pits, south of the Cornwall Pit which was mined up to 2003 predominantly for tantalum ore before mining went underground via a decline. The higher grade lithium ore is mined from a distinct zone within the pegmatite on the hanging wall side of the C3 (North) zone and from the large zone within the C1 (South) zone (Figure 7).

The mining plan involves a series of stages, including eastern and western cutbacks of the C1 and C3 pits. The eastern cutback of C3 pit, which has commenced, is in two parts, Central and East, with the Central cutback of the east wall being taken down initially before moving to the southern wall and taking out the saddle between the C3 and C1 pits, within the area referred to as the C2 pit. During the 21-year period scheduled, the overall Central pit will have a number of staged cutbacks involving both the east and west walls as well as the mining of the Kapanga pit to the east of the C1 pit.

The existing Central pit area extends around 2,000m north-south with C3 pit being around 700m east-west and C1 being around 350m east-west. Kapanga pit extends approximately 1,300m north-south and 700m east-west. C3 pit bottom is currently at 1150mRL (around 175m deep) and C1 pit bottom is at 1180mRL (around 85m deep). Final pit floor at completion of the current mine design is 870mRL in C3 pit and 1120mRL in C1 pit, with the final depth of the pit at 455m (Figures 17 and 18). The Kapanga final pit is 1012mRL, around 300m deep.

Current mining at Greenbushes is based on open pit extraction using conventional hydraulic excavators and haul trucks; mining is at a rate of approximately 4.5 million bank cubic meters per annum ("Mbcmpa"). The mining activities of load and haul are carried out by mining contractor, SG Mining Pty Ltd ("SGM"), and drill and blast activities are contracted to Action Drill and Blast Pty Ltd ("ADB"); Talison provides grade control and overall pit management.

The underground tantalum mine, accessed from an adit within the Cornwall pit, was placed on care and maintenance from 2005 until 2014 when the pumps were withdrawn. The southern limit of the former underground development extends beneath the central area of the C3 pit, and will be exposed in the LOM pit.

Mine planning is undertaken by Talison. Mine scheduling is done by Greenbushes' mining staff based on directions from Talison Corporate office and Talison's owners, setting the product volume and quality requirements each year.

Pit Optimisation and Designs

The design of the Central Lode and Kapanga open pits which contain the hardrock lithium Ore Reserves is based on optimisation work undertaken by Talison using commercial inputs and processing criteria, and was reviewed by BDA in 2021. Several of the inputs are commercially sensitive but all parameters are in line with the current operations and cost structure. No dilution factor was applied to the grade and a mining recovery factor of 100% were assumed in the optimisation analysis. Whittle software based on the Lerch Grossman algorithm was used to create optimized pit shells from the Mineral Resource block model run in Surpac.

The geotechnical parameters used in the 2021 optimisation were drawn from recommendations from geotechnical consultant, PSM Consult Pty Ltd ("PSM"). Allowances for haul road segments were included in the design parameters. The designs are consistent with current operating practices for the Central Lode pits. Ramp width was set at 18m single lane and 26m for two-way traffic. Haul road gradient was set at 1:10 or approximately 6º. The final C3 pit floor is at 870mRL, with a high wall of approximately 455m; the final C1 pit floor is at 1120mRL, with a high wall of approximately 160m and the final Kapanga pit floor is at 1012mRL, with a high wall of approximately 300m. The east wall of Kapanga will require some of the Floyd's waste dump to be cut back to provide sufficient distance between the pit limit and the toe of the waste dump.

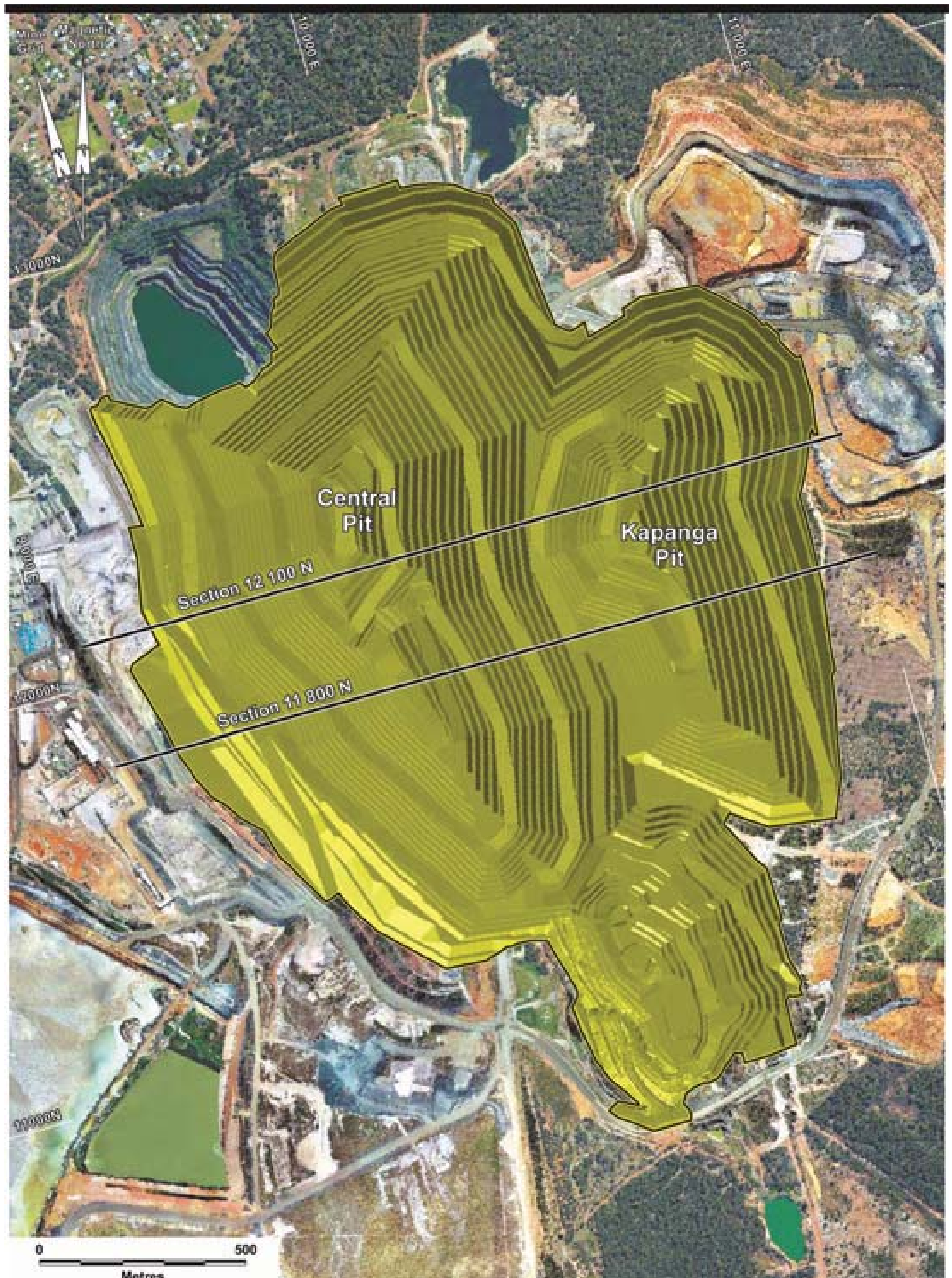

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Figure 17 **OPEN PIT RESERVE DESIGN**

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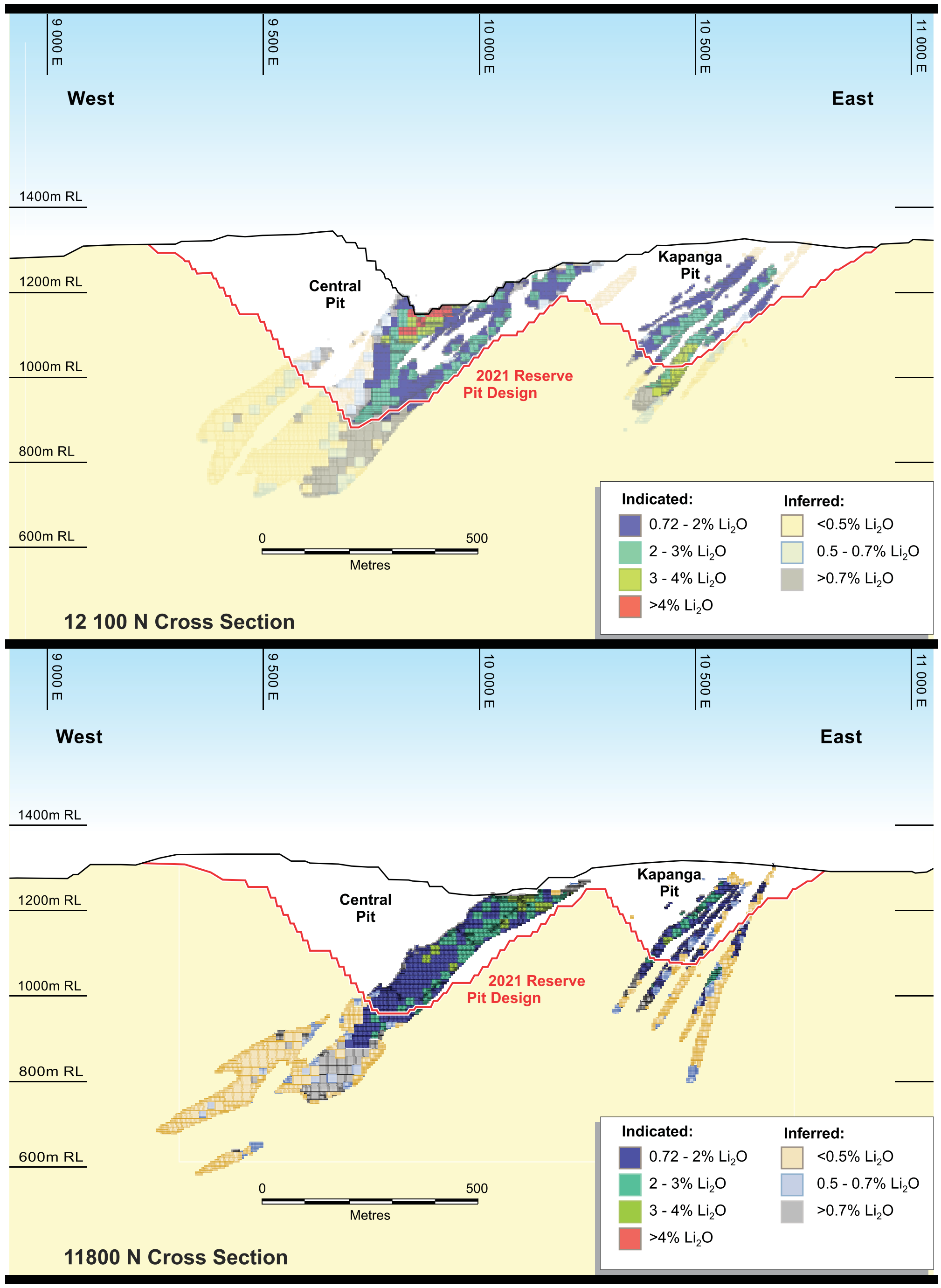

Tianqi Lithium Corporation *Greenbushes Lithium Operations*

Figure 18 **CROSS SECTIONS 12 100N and 11800N**

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The selected Whittle shells from the Ore Reserve optimisation modeling were used to design mineable pits that satisfied the design criteria of the site Slope Stability Management Plan, utilized parts of the existing ramps, minimized narrow mining widths and met the required bench mining widths. The final reserve pit has been designed with 20m bench heights, with 8 to 8.5m bench widths and overall wall angles between 37º and 44º in the west and between 25º and 34º in the east (Figures 17 and 18). Local batter angles vary with local ground conditions as summarized in Table 4.12.

The voids of the former underground development within the open pit design in the Central Lode have not been extracted from the reserve but the size is estimated to be around 200kt which is not material to the estimation.

There is no distinctive pit floor at C2 pit; the pit provides access into the C3 pit (refer Figure 7).

Table 4.12

Pit Wall Design Parameters for Ore Reserves Estimation

Pit	Wall Orientation	Lithology	Maximum Batter Angle (Degrees)	Maximum Bench Height (meters)	Minimum Berm Width (meters)
C1	East	Weathered to Moderately Weathered	45	10	10.5
	West	Weathered to Moderately Weathered	45	10	10.5
	East	Pegmatite and Granofels	65	20	9.3
	West	Dolerite, Amphibolite and Pegmatite	70	20	8
	North and South	Pegmatite/ Amphibolite	70	20	8
C3	N/E/W	Weathered Zone <30m	40	Single Batter	
	N/E/W	Weathered Zone>30 to <45m	40	20	11
	East (Northern)	Pegmatite and Granofels	55	20	8.5
	East (Southern)	Pegmatite and Granofels	60	20	8.5
	West	Dolerite, Amphibolite and Pegmatite	75	20	8.5
	North	Pegmatite/ Amphibolite	70	20	8.5
Kapanga . .	N/S/E	Weathered Zone <30m	40	Single Batter	
	N/S/E	Weathered Zone>30 to <50m	40	20	11
	East (Northern)	Pegmatite/ Amphibolite	50	20	8.5
	East (Southern)	Pegmatite/ Amphibolite	55	20	8.5
	West	Amphibolite/ Granofels	75	20	8.5
	North and South	Amphibolite/ Pegmatite	75	20	8.5

Note: N=north, S=south, E=east, W=west; there is no west wall weathered zone at Kapanga as it breaks into Central pit

Open Pit Cutbacks

Talison has designed a series of cutbacks and the ultimate pit design using the optimisation data. The cutbacks are designed with minimum mining widths between 80 and 100m. The schedule of the volumes mined are shown in Figure 19 and volumes of the various cutbacks are shown in Table 4.13; further optimisation of the schedule may vary the timing of the various cutbacks shown. While the LOM cutback is relatively large, BDA anticipates that there may be opportunities to further stage the final pit cutback as the mine progresses.

Table 4.13

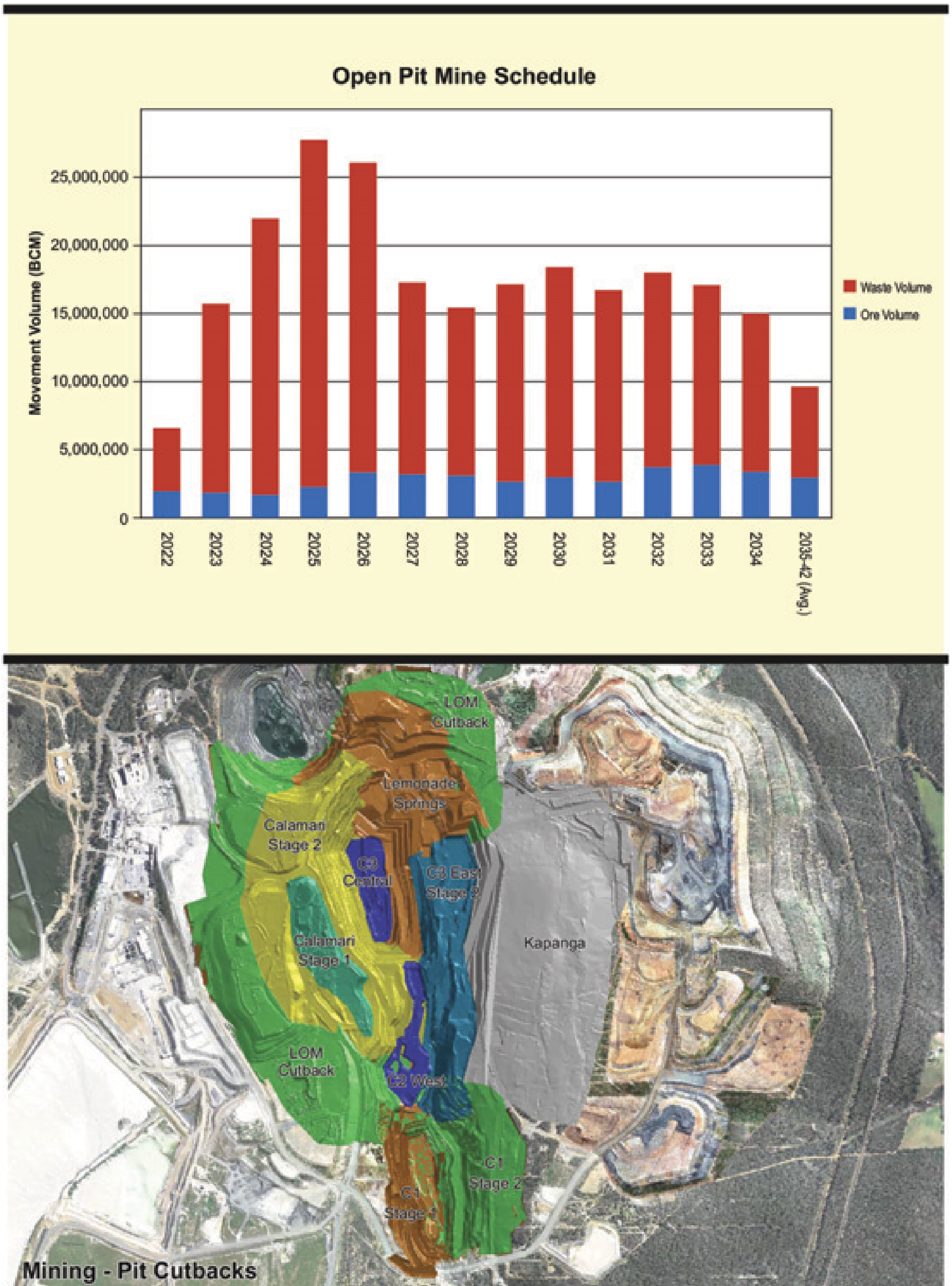
Open Pit Cut Backs (Mbcm)

Cut Back	Commence	Complete	Volume (Mbcm)
C1 Stages 1 and 2	Ongoing	2037	7
C2 West	Ongoing	2022	1
C3 Central	Ongoing	2024	1
C3 East Stages 2	Ongoing	2027	4
C3 Calamari Stage 1 &2	2022	2034	37
Lemonade Springs	2023	2038	36
Kapanga	2023	2037	82
LOM	2024	EOML	145
Total	—	—	**311**

Note: EOML = end of mine life; Mbcm = million bank cubic meters; some rounding error in total

Waste Dump

The Floyd's waste dump (Figure 4) was planned to be the depository of all waste rock from the Central Lode pit and is to be extended south, parallel to the highway to the east and south of the open pits. With the inclusion of the Kapanga pit in the reserve, further planning is required to determine the waste storage for the additional waste with the potential for some in-pit waste dumping. Further land acquisition and approvals would be required for any additional waste depositories. The details of the approvals are discussed in Section 4.8.



Tianqi Lithium Corporation *Greenbushes Lithium Operations*

Figure 19 **AUGUST 2021 RESERVE - MINING MOVEMENT AND MINING - PIT CUTBACKS**

BDA - 201 (03) November 2021 Behre Dolbear Australia Pty Ltd

Geotechnical and Hydrological Aspects

The geotechnical parameters used in the 2021 optimisation were drawn from recommendations in various PSM reports and subsequent site design reviews. Allowances for haul road segments were included in the design parameters. The designs are consistent with current operating practices for the Central Lode pits.

The Cornwall pit which is adjacent and to the north of the C3 pit was mined to a depth of 270m between 1992 and 2003 using the same overall slope angles and its walls remain stable. The overall rock strength at Greenbushes is considered generally good with limited structural weaknesses; pit slope parameters have been refined to manage risk of failures over an extended period of mining. Some earlier batter failures have necessitated adjustments to bench heights and a number of other measures including a small quantity of meshing to ensure pit working areas are safe, although no recent meshing has been required. A recent annual geotechnical review in October 2020 by geotechnical consultants, PSM, concluded that the overall geotechnical performance was satisfactory and within expectations.

Talison uses a radar monitoring system to monitor movements on the C1 west pit wall which is planned to be further expanded; in addition continuous prism monitoring theodolites with plans to four or five systems provide further important components of pit wall monitoring, particularly for C3 pit when the mining operation significantly increases in production rate as well as pit size, as envisaged in the LOM schedule.

A geotechnical drilling program was carried out on the west wall of C3 pit during 2015/16 and the data reviewed by geotechnical consultants who have confirmed design parameters. Some further drilling in 2018 has improved geotechnical knowledge and included the limiting of a fault zone that proved to be not as significant as initially thought. Further geotechnical assessment has been carried out since 2018 with 13 geotechnical drill holes into the Kapanga area and a further six geotechnical holes in the C1 east wall to provide assessment of design pit slopes for the extensions of the pit reserves.

As the pit depth increases Talison is increasing its knowledge of the hydrological conditions. A network of vibrating wire piezometers ("VWP") has been constructed with 15 VWPs hosted in 9 boreholes; monitoring depths ranges from 50m to 370m within the pit area. Hydrological modeling has been carried out by PSM. The work has shown that there is generally low to low/medium hydrological risk within the pit but PSM has noted that more data needs to be collected including the monitoring of abstraction rates from in-pit sumps and the estimation of groundwater inflow contributions to these rates

Based on the larger rainfall catchment area as the 'footprint' approaches the final pit design, additional pit pumping capacity may be required. Talison has drilled a 200m hole from close to the pit floor in C3 into the underground mine, allowing drainage of the pit floor. The underground workings can now be pumped when required. Prior to the installation of the drain hole, around 12 liters per second ("L/s") of water was pumped from the pit; it is estimated that groundwater ingress into the Cornwall pit and underground workings is approximately 25L/s. The operating levels are rarely affected by high rainfall events. Once the pit floor reaches the old workings an alternate approach will be required for dewatering C3 pit.

There is a relatively low occurrence of seismic activity in the southwest of WA. The Australian Geological database from 1955 shows that the maximum recorded earthquake within 200km was a magnitude 5.4 in 1969, 200km north-northeast of Greenbushes. There is no evidence of seismic activity having any material impact on pit slope stability at Greenbushes.

Grade Control

For grade control purposes, Talison drills 133mm diameter RC holes on a 10 x 15m pattern to a length of 15m vertically with 2.5m samples taken. A local block model is then developed for lithium grades and proxy iron values to guide short term mine planning; the proxy iron values are based on a formula developed from local experience. Final definition of ore blocks and differentiation of ore types is based on grab samples from blast hole drilling on a spacing of approximately 2.5m x 3m. Duplicate RC and grab samples are collected at a ratio of approximately 1:20 and submitted for analysis for QA/QC purposes.

Ore outlines are based on interpretation of blocks above the Li_2O cut-off grade, which, for Ore Reserves, is presently set at 0.7% Li_2O, taking account of practical mining limitations, with TG blocks being identified from >3.5% Li_2O cut-off and with low proxy iron values. Predicted mining tons and grade are calculated using Surpac software.

Mining Operations

The open pit operation uses conventional mining methods with drilling and blasting of both ore and waste; the contractor is currently using a Gardner Denver GD5000 drill and an Atlas Copco D65 which can drill both blastholes and RC holes for grade control. Within ore, the blast hole drill pattern is either 2.3 x 2.7m or 2.5 x 2.9m for 5m benches with nominal 115mm diameter blast holes. Within the greenstone waste the drill pattern is 4.1 x 4.8m for 10m benches with nominal 127-165mm diameter blast holes. Emulsion explosives are used for blasting.

The load and haul fleet consists of four 125/140t hydraulic excavators, fifteen 100t dump trucks, four blast hole drill rigs and 18 ancillary items of plant including loaders. Ore is taken to the ROM pad where it is stockpiled according to ore type, mineralogical characteristics and grade. Tantalum mineralisation mined as a consequence of lithium mining is stockpiled separately. Waste is trucked to the Floyd waste dump to the east of the pits; currently road access to the dump is from the northeast corner of C3 pit and from the south from C1 pit. Total material movement is around 4.3Mbcmpa and the schedule and costs recognize the annual haulage distances required.

SGM took over the mining contract in 2009 and to date has met the requirements of the contract. The contract was to expire in June 2019 but agreement was made to extend the contract to early 2023. This revised contract date was planned to coincide with the establishment of the new Mining Services Area ("MSA") to the north of the Central pit mining area and the steep increase in annual mining volumes. Talison has indicated that a new contract is planned to be put out for tender in 2022 and the contract to commence in early 2023.

The MSA is planned to provide new suitably sized, equipped and fit for purpose facilities including heavy haulage workshop, drill and blast workshop, technical services offices and diesel tankage. The MSA will replace the current workshops and facilities which are situated on the north wall (ramp) cutback which commences in 2023.

The contractor currently operates two twelve hour shifts per day, seven days per week, to achieve the current production rate. Planned movement in 2022 is 5.5Mbcmpa, which is about 90% of the 2021 rate. In 2023, the production rate is scheduled to increase to around 15.7Mbcmpa, further increasing to 27.7Mbcmpa by 2025. The new mining contract will have a mining fleet of 45 140t dump trucks, six 260t excavators, 16 blast hole drill rigs and a likely ancillary fleet of 20. Figure 19 shows the scheduled material mined from 2022 for the LOM.

Mining vertical advance assumed in the mine schedule by Talison is limited to three benches per year on the various cutbacks, which BDA considers is appropriate.

The mine management, including geological staff, has appropriate experience at Greenbushes Mine. Personnel numbers are relatively low, which is typical of a mining operation such as Greenbushes Mine with contract mining. Talison uses external consultants to assist the operation when required. The increase in mining volumes will require additional labor resources and while the operation has had sufficient local labor in the past to meet requirements there is potential for some short term labor shortage during the ramp up of the mine production.

Conclusions

Mining operations are well established and mine designs are appropriate and have taken into account geotechnical recommendations. Planned mining rates are reasonable and considered to be achievable with the larger fleet under a new contract. Planned mining recovery of 100% with resource block grades at 100% appears reasonably in line with recent reconciliation results; BDA considers these parameters provide an acceptable basis for future planning but further review of dilution at Kapanga where ore zones are smaller than the Central Lode is recommended.

The general geotechnical conditions are good. Localized batter failures have been managed without any impact on the overall Ore Reserves. The current work program of the geotechnical consultant is aimed towards ensuring the final wall is designed appropriately.

The mine contractor has been operating on site since 2009 and has met the requirements of the contract; the fleet has been updated and increases to mine production are being achieved, but there will be significant increases in requirements as the mining volumes increase. The plan to adjust mining fleets through changes to the mining contract is considered appropriate and provides the required flexibility.

4.6 Processing

Introduction

The Greenbushes processing operations have been treating lithium ores for over 30 years. The metallurgical process required to produce concentrates from Greenbushes spodumene ore is well understood. Metallurgical test work is undertaken on a routine basis for the purposes of continued optimisation and improvement, with specific objectives that include improving the knowledge of ore characteristics, assessing and optimizing the process performance, assessing circuit changes and evaluation of new equipment and technologies. The majority of such test work can be carried out in the operating plant to provide a direct real measure of performance. Where necessary, either the Greenbushes laboratory or outside laboratories or supplier facilities are also used.

Talison personnel have developed a model to predict the iron content of the lithium concentrate that would be produced from a particular ore block. The model has been extensively tested against plant performance and is considered to be reliable.

Routine test work on core and drill cuttings is not carried out, as the application of the iron grade predictive model to analyzes obtained from core and drill cuttings provides a more comprehensive and reliable method for assessment of plant feed type. However, iron analyzes of spodumene grains from drill core samples are conducted by microprobe to determine the metallurgical characteristics of future ores. These analyzes are used to confirm the reliability of the iron grade predictive model on the ore stream in the mine plan.

Greenbushes Lithium Plant Operations

The three lithium mineral processing plants currently operating, CGP1, CGP2 and the TGP, are located adjacent to the open pits (Figure 4). For the calendar year 2021, CGP1 processed around 1.83Mt of ore, CGP 2 processed around 1.39Mt whilst the TGP processed around 0.35Mt, with total production of technical and chemical grade concentrates being 954kt. This level of concentrate production is scheduled to increase further as the CGP2 plant ramps up with the three plants achieving full capacity in 2023.

The lithium recovery process for the chemical grade plants and for the TGP includes:

- crushing and ball milling to reduce the size of coarse ore
- heavy media separation ("HMS"), to separate lithium minerals from lower density minerals; HMS at Greenbushes uses a slurry of fine ferrosilicon suspended in water
- classification, to separate a stream into several size fractions using screens or a hydraulic sizing method
- wet high intensity magnetic separation ("WHIMS"), to remove minerals which have the potential to contaminate concentrates with iron
- regrind ball milling, to grind the ore stream finer, improving the liberation of the contained minerals, so that a physical separation can be made
- flotation, to separate lithium minerals from gangue minerals
- thickening, to increase the pulp density of the tailings and concentrate, and to produce clean water for recirculation as the process water supply
- filtration, to dewater the concentrate to a suitable level for shipment.

The processing route, involving heavy medium separation and flotation, is analogous to that generally used in coal processing, and analysis of the plant performance is generally carried out in a similar manner to the way in which coal processing is assessed, with the mass yield to concentrate being the critical variable.

Talison defines yield as the percentage of the feed to a plant which reports to the concentrate. In 2021, TGP, CGP1 and CGP2 yields were 43.5%, 31.1% and 16.5% respectively. The higher yield from the TGP plant is largely due to the higher spodumene content, and hence higher lithium grade (pure spodumene grades 8.1% Li_2O), and the lower iron grade of the ore fed to that plant, rather than from any significant difference in the processing route. Yields in CGP2 reflect the lower grades of ore currently fed to the plant and the ramp up stage of the plant. The CGP1 plant has been operating reasonably well, equal to or even above the theoretical yield curve.

The CGP2 plant ramp up is scheduled to be completed at the end of 2022. However, plant throughput of 307 tonnes per hour ("tph"), which is in line with design throughput, has already been achieved for 2021 and has continued for January 2022. Product grades averaged 5.9% Li_2O in 2021 but more recently in January 2022 product grades of 6.0% Li_2O have been achieved. The average recovery for CGP2 for 2021 was reported at 50.5% with yield at 16.5% at a plant feed grade of 2.0% Li_2O. The forecast yield for 2022 is 15.8% in January, progressively increasing to 21.8% by December. The head grade to CGP2 for 2022 is budgeted at 1.8% Li_2O, remaining at this level in the 5-year plan. Talison advises that the yield ramp up will be a particular focus during 2022. Several plant investigations have been initiated including optimisation of various plant circuits including high pressure grinding roll performance, WHIMS magnetic separation, classification, and flotation as well as tracking hour-by-hour plant feed variations. Other variables being investigated include plant mass balances, sampling and plant measuring points. One further area of investigation is plant utilisation. BDA notes that with a large and complex plant, the optimisation of metallurgical performance is dependent on steady-state operation and any unplanned shutdowns can severely impact on performance. Site personnel are working to reduce the number of unplanned shutdowns to assist in the optimisation of metallurgical performance.

Talison plans to increase production of chemical grade concentrate by bringing three additional plants (CGP3 and 4 and TRP) into production. The flowsheets for the two CG plants will be similar to that of CGP1 and 2, although the new plants will be configured to process lower grade ore than CGP1, more in line with CGP2 feed grades. The decision to construct CGP3 has been announced and geotechnical assessment of the site, next to the CGP2 plant, is underway and engineering designs are well advanced. CGP3 will be capable of increasing the annual output of chemical-grade lithium concentrate by approximately 520,000t when fully constructed and operational. Lycopodium Ltd has been awarded the EPCM contract; first production is planned in 2025. The proposed CGP4 plant, which is planned to be similar to CGP3, is planned to begin construction in 2025 and to be in operation in 2027. The throughput capacity of the new plants will be the same as CGP2 at 2.4Mtpa of ore.

The TRP construction was completed in the first quarter of 2022 with commissioning now underway. This plant will process tailings from previous tantalum ore processing operations which will be reclaimed from TSF1 at a rate of around 2Mtpa. Testwork has shown that this tailings material contains sufficient recoverable lithium to justify a treatment operation and the treatment process also makes possible the re-use of some of the capacity of TSF1. The treatment process includes scrubbing, attrition and desliming to remove clayey fines, magnetic separation to remove iron, flotation of the non-magnetic stream, and filtration of the final concentrate. This is essentially the same process as that used in the primary treatment plants, without the heavy medium separation stage.

The three existing plants, the TGP and CGP1 and 2, produce lithium concentrates with a range of lithium and iron grades as shown in Table 4.14. Chemical grade concentrates from the new plants are planned to be of a similar grade to the concentrate from CGP1 and 2.

Spodumene concentrate SC6.0 is a chemical grade concentrate with a minimum grade of 6% Li_2O and relatively high iron content, produced from CGP1 and 2. The remaining four concentrates (SC5.0, 6.5, 6.8 and 7.2 Standard and Premium) are produced from the TGP and have significantly lower iron levels.

Table 4.14

Specifications of Talison Lithium Concentrates—Chemical Grade (CG) and Technical Grade (TG)

Item	Products											
	SC5.0 (TG)		SC6.0 (CG)		SC6.5 (TG)		SC6.8 (TG)		SC7.2S (TG)		SC7.2P (TG)	
% Li_2O	5.0	Min	6.0	Min	6.5	Min	6.8	Min	7.2	Min	7.2	Min
% Fe_2O_3	0.13	Max	1.0	Max	0.25	Max	0.20	Max	0.17	Max	0.12	Max

Note: SC is spodumene concentrate; numerals in product name indicate guaranteed Li_2O level; Max is maximum level; Min is minimum level; S=standard; P=premium

The relatively low grades of the lithium concentrates reflect the generally low lithium content of lithium minerals. Pure spodumene contains 8% Li_2O, about twice the grade of other significant lithium minerals which are exploited on a commercial basis. Talison's SC7.2S and 7.2P concentrates are premium high-grade concentrates containing around 90% spodumene and are produced in the TGP.

In the past, processed Greenbushes lithium ore has contained around 4% Li_2O, equivalent to around 50% spodumene. Processed CG ore grade is forecast to fall over the next few years to an average of around 2% Li_2O from 2026 onwards. The mineral suite in the ore includes spodumene (lithium aluminum silicate), quartz, sodium and potassium feldspars, micas (muscovite, biotite and lepidolite), phosphates (apatite, amblygonite and lithiophilite), minor carbonates, tantalum minerals, cassiterite (tin oxide) and arsenic minerals.

The pegmatite ore processed at Greenbushes is generally very predictable and Talison staff assess processing characteristics and future product quality from comprehensive chemical analysis of the ore. Whilst the ore is relatively abrasive, designs which control wear rates to acceptable levels have been developed in high-wear areas such as chutes in the crushing and grinding circuits.

Laboratory-scale testwork on ore samples is generally only carried out when potential improvements to the process, such as alternative flotation reagents, are being evaluated. Talison has found that the processing characteristics of the Central Lode pegmatite ore can be determined accurately from the comprehensive chemical analysis which is carried out on ore samples. This methodology has proven to be very successful on the ore mined to date and the ore reserve planned to be mined is known to be mineralogically very similar, though of lower lithium grade.

Talison considers that the lower grade ores to be mined in future years are generally similar in their mineralogical characteristics to the tailings material on which testwork has been carried out and which is planned to be reprocessed. BDA has discussed the methodology used to predict process plant performance with Talison staff and considers that in this case it is appropriate to use the chemical assays carried out on the drill core samples to predict metallurgical performance. Experience to date on site has indicated that the risk involved is low.

Crushing Plant Operations

The crushing plant, CR1, is used to feed CGP1 and the TGP. This plant has been the crushing plant for lithium ore until 2018 when there was a hiatus for a period when hire crushing was used. The CR1 plant is now again fully operational. The CGP2 plant is fed from crushing plant CR2 with a capacity of around 500tph. The planned CGP3 plant will be fed from a new crusher plant, CR3, with a planned capacity of 500tph.

General

The three operational lithium plants include gravity separation stages comprised of shaking tables and/or spirals for recovery of tantalum. The tantalum concentrate is transferred to GAM.

Tailings are discharged to the TSF without the need for any neutralization process. Chemical addition to the plant is restricted to minor amounts of flotation reagents and flocculants for use in the thickening processes. Other consumables include crusher and ball mill liners, ball mill media, and ferrosilicon for use in the HMS plants.

Talison has advised that levels of spare parts holdings are assessed as part of a critical continuity plan which is an insurance requirement. Major spares holdings include mill motors, girth gears and pinion shafts for the ball mills and a spare gear box and girth gear for the WHIMS. Other spares holdings include screen panels, flotation machine agitators, pump liners, filter belts and conveyor belts. The location of the operation, within three hours driving time from Perth, ensures that a wide range of spare parts is available at short notice.

Conclusions

Talison plans to increase ore processing capacity at the Greenbushes site to around 9.5Mtpa by construction of two additional chemical grade plants. When the operation ramps up to full capacity, currently scheduled to occur in 2028, the operation will produce around 2.2Mtpa of lithium concentrate.

CGP3 is planned on a site adjacent to the existing CGP2 and engineering design is progressing. Scoping studies have been completed for CGP4. The two new CG plants will use similar flowsheets to that of the existing CGP2.

The TRP plant construction was completed in the first quarter of 2022 and uses a flowsheet similar to the fines end of the existing plants. The ramp up to full production late in 2022 should be relatively straightforward.

Talison has developed significant expertise in managing production of a range of lithium concentrates and has been active in utilizing new technology to improve the performance of the two existing plants. BDA considers that the planned expansion of the ore processing area is practical and achievable at low risk and notes that it consists largely of replication of existing facilities.

4.7 Infrastructure

General

Access to the Greenbushes mine is via the sealed South Western Highway between Bunbury and Bridgetown to Greenbushes Township and via Maranup Ford Road to the Greenbushes mine site.

Existing infrastructure on site includes power and water supply facilities, a laboratory, administrative offices, occupational health/safety/training offices, dedicated mines rescue area, stores, storage sheds, workshops and engineering offices.

Water Supply

Water for mineral processing is sourced from rainfall and stored in several process water dams located on site, with the majority of the water used being recovered and recycled. Surface water quality is measured and reported on a monthly basis.

Process water supply facilities for CGP2 have been established from the clear water pond including new pumps, piping and a dedicated power supply. At this stage some temporary shortfalls of available water for the CGP3 and CGP4 plants in 2025 are anticipated. Talison has advised that further water harvesting, possibly on the eastern side of the lease around the Floyd waste dump, is being considered with funds in the capital forecast in 2022 for investigations to expand water storage capacity by an extra 50%.

Talison has recently completed construction of a Water Treatment Plant ("WTP") to reduce dissolved lithium and improve water quality in the mine water circuit and discharge waters.

Power Supply

Talison purchases its power from Alinta Energy; power is delivered by Western Power's distribution system and reticulated and metered within the site by Talison. Power for CGP2 is supplied from an existing 22 kilovolts ("kV") switchboard via a new circuit breaker. Merz Consulting has been awarded the engineering, procurement and management ("EPC") contract for the project to upgrade the power supply facilities including installation of a 132kV power line to provide additional power from the local grid for the further expansion. The project is scheduled for completion in Q2 2023.

Workforce Accommodation

A 250 room accommodation camp was established for the CGP2 construction workforce. The camp was initially established by the engineering contractor but was handed over to Talison at the end of 2019. The camp is planned to be maintained for the construction workforce for CGP3 and CGP4.

Talison has a policy that all employees must live within 30 minutes' drive of the site.

Expansion Infrastructure

With the construction of CGP2 and the increased production, Talison completed a number of infrastructure developments including:

- a storage shed and associated materials handling facilities, known as the Berth 8-8 Shed, at the port of Bunbury
- the water treatment plant at the mine site

Other infrastructure proposed to be expanded in the period 2022 to 2023 includes:

- the warehouse and workshop
- the laboratory
- new access road to avoid the Greenbushes town.

Conclusions

The existing and proposed infrastructure is generally adequate and appropriate to support the existing operations and the proposed expansion of TRP, CGP3 and CGP4, although further planning and investigations are required to ensure the future water demand for CGP3 and CGP4 is met.

4.8 Mineral Tenements, Royalties and Regulatory Approvals

Mineral Tenure

BDA has not undertaken legal due diligence on the status of the mineral tenements. The following tenement details (Table 4.15 and Figure 20) are based on information provided by Talison at the end of 2021. The mineral tenements are held and controlled by Talison.

Table 4.15

List of Mineral Tenements held and/or Controlled by Talison[4]

Tenement	Grant Date	Expiry Date	Area (ha)
L01/01	19-Mar-1986	27-Dec-2026	9
M01/02	28-Dec-1984	27-Dec-2026	969
M01/03	28-Dec-1984	27-Dec-2026	1000
M01/04	28-Dec-1984	27-Dec-2026	999
M01/05	28-Dec-1984	27-Dec-2026	999
M01/06	28-Dec-1984	27-Dec-2026	985
M01/07	28-Dec-1984	27-Dec-2026	998
M01/08	28-Dec-1984	27-Dec-2026	999
M01/09	28-Dec-1984	27-Dec-2026	997
M01/10	28-Dec-1984	27-Dec-2026	1000
M01/11	28-Dec-1984	27-Dec-2026	999
M01/16	06-Jun-1986	05-Jun-2028	18
M01/18	28-Sep-1994	27-Sep-2036	3
G01/01	17-Nov-1986	05-Jun-2028	10
G01/02	17-Nov-1986	05-Jun-2028	10
M70/765	20-Jun-1994	19-Jun-2036	70.4
E70/5540	08-Mar-2021	07-Mar-2026	*

*Note: G01/01 and G01/02 are linked to Mining Lease M01/16 and are General Purpose Leases; "G" denotes General Purpose Lease; "L" denotes Miscellaneous License, "M" denotes Mining Lease, "E" denotes Exploration License; under the Western Australian Mining Act 1978, the term of a mining lease may be renewed for further terms; a renewal of term (Form 9) can be lodged during the final year of the initial 21 year term on any mining lease and for further periods of 21 years; *— the exploration license covers an area of two blocks (one block = one graticule which is one minute of latitude by one minute of longitude); Talison has an application pending for a prospecting license P01/2 which lies within M01/02*

Approximately 55% of the tenement area is covered by State Forest which is under the authority of the Department of Biodiversity, Conservation and Attractions (DBCA). The majority of the remaining area is private land (representing approximately 40% of the surface area), and the balance comprises Crown Land, road reserves and other miscellaneous reserves.

[4] *The list of Mineral Tenements was as of December 31, 2021.*

Tianqi Lithium Corporation — Greenbushes Lithium Operations

Figure 20 — TENEMENT PLAN

BDA - 201 (03) November 2021 — Behre Dolbear Australia Pty Ltd

The tenements cover a total area of approximately 10,000ha and include the historic Greenbushes tin, tantalum and current lithium mining areas. The operating lithium mining and processing plant area covers approximately 2,000ha comprising Mining Leases M01/06, M01/07 and

M01/16. These three leases contain the entire lithium Measured, Indicated and Inferred Mineral Resource. All lithium mining activities, including tailings storage, processing plant operations, open pits and waste rock dumps, are currently carried out within the boundaries of Mining Leases M01/06, M01/07 and M01/16 plus General Purpose Leases G01/01 and G01/02. Note, there is a sublease agreement between Talison and GAM who owns the rights to non-lithium minerals on the tenements.

In order to keep the granted tenements in good standing, Talison is required to spend a yearly minimum of A$1.02 million ("M") for all the permits. Annual rates of approximately A$69,000 and rent of approximately A$162,000 are also payable to the Shires of Bridgetown-Greenbushes and Donnybrook-Balingup, and the WA Department of Mines and Petroleum, respectively. A condition of grant of a mining lease is the contribution of an annual levy to the new statutory Mining Rehabilitation Fund ("MRF") under the Mining Rehabilitation Fund Act 2012; ("MRF Act") this annual levy replaces the previous lodging of an environmental bond. Participation in the MRF was made compulsory from July 1, 2014. On July 1, 2014 the pre-existing bonds were released back to Talison in their entirety and the annual MRF financial contribution, totalling A$281,402 in 2017 which is related to the area of land disturbance, was made to the MRF; pursuant to the MRF Act, Talison is required to make this contribution to MRF annually. The legal onus on tenement holders for mine rehabilitation and mine closure is not altered by implementation of this annual MRF levy.

Mining Rehabilitation Fund

The Mining Rehabilitation Fund is a pooled fund that is to be used to rehabilitate abandoned mine sites in the State of Western Australia. Interest earned on fund contributions will be able to be spent on the rehabilitation of legacy abandoned mines. The Mining Rehabilitation Fund Act 2012 (MRF Act), which provides the framework for the MRF, was enacted in 2012. All tenement holders operating on Mining Act 1978 tenure (with the exception of tenements covered by State Agreements not listed in the regulations), are required to report disturbance data and contribute annually to the fund. Tenements with a rehabilitation liability estimate below A$50,000 will report disturbance data but will not be required to contribute to the fund. As the MRF is a special purpose account under the Financial Management Act 2006, funds must be spent in accordance with the purpose stated in the MRF legislation.

Royalties

In Western Australia, a royalty of 5% of the royalty value of concentrate sales is payable for lithium mineral production as prescribed under the Mining Act 1978 (WA). The royalty value is the difference between the gross invoice value of the sale and the allowable deductions on the sale. The gross invoice value of the sale is the Australian dollar value obtained by multiplying the amount of the mineral sold by the price of the mineral as shown in the invoice. Allowable deductions are any costs in Australian dollars incurred for transport of the mineral quantity by the seller after the shipment date. For minerals exported from Australia, the shipment date is deemed to be the date on which the ship or aircraft transporting the minerals first leaves port in WA.

Talison has advised BDA that no private royalties apply to the Greenbushes property.

Regulatory Approvals

Mining and mineral processing activities at the Greenbushes lithium project operate under a number of State government approvals and approved variations under the WA Environmental Protection Act 1986 (WA) ("Environmental Protection Act") and Mining Act 1978 (WA) ("Mining Act").

The mining Notice of Intent ("NOI") dated April 1991 (Gwalia Consolidated, 1991) is the main development approval which provides for current lithium and tantalum production activities at Greenbushes. A subsequent mining NOI dated August 2000 (Department of Minerals and Energy, 2000) was approved for underground mining on Mining Lease M01/06.

In April 2014 Talison submitted a revised Mining Proposal covering the continuation of hard rock mining at Greenbushes from 2014 to 2035 for both the lithium and tantalum businesses which was approved by the DMP on April 23, 2014. The proposal was based on a 22 year mine life from current lithium Ore Reserves taking into account plant expansion to 3.3Mtpa.

In August 2019 Talison received Ministerial Approval No. 1111 to undertake Stage 3 and Stage 4 expansion of the existing Greenbushes Lithium Mine. This approval includes the following changes;

- developing an expanded open pit
- establishment of two additional chemical grade processing plants, a plant for treatment of tailings, an additional crusher and expansion of a centralized ROM
- establishment of a new Mine Services Area (MSA) and explosives storage and handling infrastructure
- expansion of the existing Floyds waste rock dump
- construction of an additional Tailings Storage Facility (TSF4)
- establishment of additional linear infrastructure corridors (bypass road, powerline, pipeline and road corridors).

Various Works Approvals under the Environmental Protection Act 1986 have also been granted over time to provide for various process plant upgrades. Greenbushes also operates under Environment Protection Licenses Nos. L4247/1991/13 (Talison) and L8501/2010/2 (GAM) which were issued by the Department of Environment and Conservation ("DEC") under the Environmental Protection Act. A list of the more recent Mining Proposals since 2005 which were previously termed Works Approvals is provided in Table 4.16.

Talison has achieved accreditation by Bureau Veritas for International Standards ISO 9001:2015 Quality Management System Requirements and ISO 14001:2015 Environmental Management System Requirements.

Table 4.16

Regulatory Approvals Since 2005

Year	Regulatory Approvals
2005	Greenbushes Tailings New Cell Approval October 2005
2006	Greenbushes Tailings Facility at 3Cs Approval April 2006
2008	Greenbushes Lithium Mineral Plant Upgrade Approval May 2008
2011	Works Approval 4927-2011-1 DEC Project 640 Aug 1 2011 REG ID 30733 UPB LETTER_20110624104326_DMP
2014	Greenbushes Operation 2013_Mining Proposal ID 45382
2016	Greenbushes Tailings Storage Facility Expansion 2015, Mining Proposal ID 56542
2016	Greenbushes Operations Expansion of Mine Waste Rock Dump Commonwealth EPBC Act 2013/6904
2019	Greenbushes Lithium Mine Stage 3 and Stage 4 Expansion Ministerial Statement No. 11August 11, 2019
Pending:	
2022	Greenbushes 'Ten Year' Mining Proposal (planned for Q1 2022) submission to DMIRS

Note: DEC Operating Licenses are now issued by Department of Water and Environmental Regulation (DER)

Mining Proposal

The Mining Proposal is required to detail all matters relating to the environmental management of the proposed project as set out in the DEC's environmental approval guidelines. The Mining Proposal must provide a detailed description of both the proposed project and the existing environment in which it will take place. Besides the natural environment, the description should include relevant aspects of the social environment such as Aboriginal sites, heritage issues, community values and other existing land uses. Using this information, the Mining Proposal must then assess the environmental impacts arising from the project, determine which are likely to be significant, and then present the environmental management commitments the company will undertake to manage and ameliorate all these significant effects.

At present, a "10-year" Mining Proposal is being prepared, so as to align with the current capacity of the Floyds Waste Dump. Submission of this Mining Proposal is planned to occur in Q1 2022.

Other Regulatory Approvals and Licenses

In addition to the DMP's written approval to commence mining under the Mining Act, other statutory environmental approvals or licenses may also be required by other Government agencies. For example, Talison operates under various Permit to Clear Native Vegetation and a DEC Operating License No. L4247/1991/11 (Talison) which are issued by the WA Department of Environment and Conservation.

Talison received Commonwealth Environment Protection and Biodiversity Conservation Act approval (Referral 2013/6904) for the Greenbushes expansion of mine waste dump in November 2016.

Talison currently operates under a WA Department of Environment Regulation License (No. L4247/1991/13. This license was last amended in May 2017 and includes several improvement requirements to be completed as part of the license amendment in July 2016 to raise the embankment for TSF 2 to RL1,280m. An amendment to this licence is to be sought in Q1 2022 to facilitate commissioning and operating of the Tailings Retreatment Plant (TRP).

Talison has an approved Mine Closure Plan in-place, "Talison Lithium Australia Pty Ltd - Greenbushes Operations Mine Closure Plan 2016" approved by Department of Mines and Petroleum (DMP). An updated Mine Closure Plan is currently being prepared by Talison for submission to the regulating authority in Q1 2022.

Chemical Grade Plant CGP3 and CGP4 Expansion Approvals

Ministerial Approval No. 1111 granted in August 2019 enables Talison to develop the Stage 3 and Stage 4 expansion of the existing Greenbushes Lithium Mine which includes the establishment of two additional chemical grade processing plants, a plant for treatment of tailings, an additional crusher and expansion of a centralized ROM.

Talison will require operations approvals for the proposed Chemical Grade Lithium Production Plant (CGP3 and CGP4) expansion. These approvals will be similar to those applied for and received for the CGP 2 expansion.

Tailings Storage Facility (TSF4) Approval

The TSF4 project, although ready for execution, was delayed concerning insufficient supporting information being raised as an issue by the regulating agencies (Department of Water and Environment Regulation ("DWER") and Department of Mines, Industry Regulation and Safety). Regulatory approval of TSF4 is now anticipated in Q1 2022, with the TSF4 design modified to include a clay lined floor of the whole TSF4 footprint to meet the regulator's hydrogeological concerns.

Kapanga Pit Development

The latest Ore Reserve, August 2021, includes the development of the Kapanga open pit. This development will require the design of additional waste and tailings storage as the capacities of the current planned storages will be exceeded under the new LOM plan. Talison will require further statutory approvals for any new waste or tailings storage facilities.

Conclusions

BDA has not undertaken a title search or legal due diligence on the status of the tenements or regulatory approvals held by Talison. Talison has advised BDA that there are no material tenement issues relating to title to any of Greenbushes' assets.

BDA has completed a review of tenements and approvals. The approvals process for gaining variations to the original development approvals at Greenbushes appears relatively straightforward and all necessary approvals appear valid and appropriate for the operations. BDA can foresee no reason why any future development approval applications or variations would not be forthcoming.

Talison has engaged consulting firm GHD to support the company in gaining the necessary environmental approvals required for expansion of the Greenbushes Lithium Mine.

4.9 Environmental and Community

BDA has reviewed those environmental aspects and social/community issues which are considered a material part of the project and which may have significant implications for the ongoing viability of the operation. The issues discussed below cover the main environmental and social risk areas identified from BDA's review of the project's documentation and site visit to the Greenbushes project area.

Biophysical Setting

The Greenbushes site is situated at approximately 300m above mean sea level ("AMSL") (or 1300mRL). The operations area lies on the Darling Plateau and is dominated by a broad ridgeline which runs from the Greenbushes township (310m AMSL) towards the southeast (270m AMSL) with the open pits located along this ridgeline (300m AMSL). The current operating waste rock dump is located on an east facing hill slope which descends to 266m AMSL and adjoins the South Western Highway, whilst the process plant area is located on the west facing hill slope which descends to 245m AMSL. The tailings storage areas are located south of the mining and plant areas at 265m AMSL.

The Greenbushes area has a temperate Mediterranean climate, with distinct summer and winter seasons. The mean minimum temperatures range from 4°C to 12°C, whilst the mean maximum temperatures range from 16°C to 30°C. The hottest month is January (mean maximum temperature 30ºC), whilst the coldest month is August (mean minimum temperature 4ºC). There is a distinct rainfall pattern, with most of the rain occurring between May and October. The area averages about 970mm per annum with a range of about 610mm to 1,680mm. The evaporation rate for the area is calculated at approximately 1,190mm per annum.

The area is surrounded by vegetation broadly described as open jarrah/marri forest with a comparatively open understorey. Mining and processing operations at Greenbushes operate throughout the year.

Environmental Liabilities

Mine Closure Cost

Talison's Greenbushes mining leases cover State Forest (administered by DBCA) and privately owned land. Mining in the area has been carried out for over 100 years leaving a legacy of areas that current operators are required to rehabilitate. Rehabilitation programs for historical and inactive mining sites are being managed with the assistance of local regulators. Relinquishment of rehabilitation liability criteria have been established with regulators and require that Talison re-establishes a self-sustaining native forest whilst maintaining recreation, conservation, landscape and hydrology objectives.

In 2015 Talison submitted a revised Mine Closure Plan to the DMP which was approved in February 2017. On the basis of this plan, the closure (rehabilitation liability) cost estimate for 2016 has been estimated at A$32.1M (Talison 82%, GAM 18%) based on the current disturbed areas totalling 1,590ha covering infrastructure areas, tailings storage facilities, overburden and waste rock dumps and open pits. This estimated closure cost does not include the expected estimated asset recovery value of around A$4M.

Talison is currently compiling an updated Mine Closure Plan which is planned to be submitted to DMIRS (the regulating authority) in Q1 2022.

Land Disturbance

The active mine site area has been highly disturbed by over 100 years of mining and forestry activity. The mining tenement conditions define the area as "totally disturbed by mining" by reference to an agreed map. The ongoing mine development is contained within this envelope, except for 28.82ha of remnant vegetation being in Good to Very Good condition that is required to be cleared for the expansion of Floyds waste dump. The clearing of this remnant vegetation enables the storage of waste on the nearby disturbed areas to be maximized, thus reducing the need for further clearing.

Under the current Mining Proposal, ongoing mine development which entails changes in mine pit development and waste dump expansion compared to the earlier land disturbance includes 130.7ha of current operational areas being used for alternate purposes, re-disturbance of 36.4ha of previously rehabilitated land, 52.7ha of land previously disturbed by mining (as per tenement condition #9) but currently not utilized and 31.5ha of forest that require compensation to be paid to DBCA (as per tenement condition #9).

Waste Rock Storage

The site's main waste rock dump is located east of the open pits (Figure 4) and is an approved facility. Under a recent approval Talison has commenced three 10m lifts to the existing Floyd waste dump which will provide a further 11Mbcm storage.

The Floyds dump was to reach the current approved extent in 2014. A development plan for the ongoing expansion of this dump has been produced which involves a further 30m vertical height on the current footprint plus an extension to the south (Figure 4) through an area that has predominately been disturbed by previous mining activity. The projected LOM volume of waste rock will require approximately an 85ha extension to the dump, which requires the disturbance of up to 75.2ha of remnant and regrowth vegetation over the next 11 years. This will require approval for clearing and access to DBCA land, however a large portion of this area has previously been disturbed by mining. A Mining Proposal for the proposed plant expansions to cover both the increased height on the existing dump and the waste rock dump extension of 85ha has been submitted and approved.

Tailing Storage Facilities

Tailings are stored on site in tailings storage facilities TSF1, TSF2 and TSF3 (Figure 4). These three TSFs are located to the south of the plant with subaerial deposition from the peripheral embankments; water released from the tailings is returned to the plant through a centrally located pump-out decant. A fourth tailings storage facility TSF4 is planned with construction targeted to commence in Q1 2022.

TSF construction has been carried out under a mining approval and in accordance with DMP guidelines.

TSF1 remains inactive and there are no plans for it to be reinstated at present, a covering of grassy weeds ensures that TSF1 is not a source of dust during summer. TSF3, the tailings rehabilitation trial area, has been rehabilitated and can no longer receive tailings; the rehabilitation is well-established and no dust is generated from TSF3. TSF2 is the only facility currently accepting tailings and occupies an area of about 35ha.

An embankment raise to TSF 2 to 1,275mRL is currently under construction, together with a planned buttress to also be constructed along the south and west embankments once ground stability works are complete.

Construction of TSF4 is planned to commence in Q1 2022, with the design now modified to include a clay lined floor of the whole TSF4 footprint to meet the regulator's hydrogeological concerns.

The volume of tailings produced from the mine will increase from the current rate of 3.1Mtpa to approximately 9Mtpa. The additional TSF4 is planned to accommodate the 133Mt of tailings with a further TSF or extensions required to accommodate all the life of the project tailings. TSF4 is to be constructed to the south of the existing tailings storages (TSF 1-2) to accommodate the additional tailings.

Water from tailings is returned to the processing circuit via the Clear Water Pond. A series of toe drains and sumps are maintained to collect TSF seepage which is also returned to the water circuit. GHD is commissioned to undertake an independent inspection of tailings facilities and the 2017 annual inspection found all three TSFs and clear water pond to be in a satisfactory condition.

Environmental Management

Talison's Greenbushes operation has stringent environmental operating conditions which are managed through an Environmental Management System ("EMS") which is certified under ISO 14001:2015 Environmental Management Standards.

Water Management

Water for processing is sourced from rainfall and stored in several site process dams, with the majority of the water used being recovered and recycled throughout the site. Surface water quality is measured and reported on a monthly basis. Water quality monitoring bores located around the process plant and tailing dams are monitored quarterly to ensure the operation has minimal impact on ground water quality.

Water management on site aims to recycle and reuse as much water as possible. The main process water flows circulate between the lithium plants, the TSF and Austin's/Southampton Dams (Figure 4). Additional flows exist between other constructed water storage facilities (including Cowan Brook Dam, the site's largest water storage), the tantalum secondary plant and the mining pits. Water storage works to increase the current capacity of Austin and Southampton dams are planned to begin in Q1 2022. Talison is proactively managing the water quality leaving the site and has constructed a water treatment plant to reduce lithium levels in the discharge waters. While the levels are not considered to impact deleteriously on the environment, Talison consider that reducing the levels is prudent.

Social and Community

Talison maintains a close and co-operative relationship with the local community. This includes the provision of financial and other support to community groups and participation in local community activities which includes community programs and projects, tourism, environmental activities, schools and educational programs. These proactive community relations programs help provide additional economic and social benefits for the communities and regions surrounding Talison's lithium operations.

Conclusions

BDA has reviewed those environmental aspects which are considered a material part of the project and which may have significant implications for ongoing mine operations, costs and timing, with particular reference to the TSFs and mine closure and rehabilitation estimates.

Based on the information provided by Talison and from site visits, BDA considers that the strategies for environmental protection, pollution control and monitoring are appropriate. The ISO 14001 Environmental Management Systems deployed at Greenbushes provide an excellent environmental management base, setting out the numerous statutory obligations, policy statements and management objectives and targets, and standard operating procedures. The socio-economic benefits which positively impact on the Greenbushes community are an important driver to ensuring continuing community support for mining in the area.

4.10 Greenbushes Lithium Production Schedule

The production schedule summarized in Table 4.17 is based on the financial model provided by Talison and reflects proposed expansion of the Greenbushes lithium production. Production is planned to be expanded from the current three plants, TGP CGP1 and CGP2, crushing around 4.6Mtpa, up to 9.5Mtpa with the construction of two additional CG plants over the period to 2027 and a tailings retreatment plant (TRP).

Table 4.17

Forecast Production Schedule

Year	Ore Mined Mt	Mined Ore Grade % Li2O	Ore Crushed/Processed Mt	Tailings Retreatment Mt	Lithium Concentrate Mt
2022	5.4	2.2	4.5	1.6	1.40
2023	5.1	2.1	4.7	2.0	1.48
2024	4.7	2.0	4.7	2.0	1.48
2025	6.2	2.0	6.6	2.0	1.88
2026	9.2	1.9	7.0	2.0	1.96
2027	8.8	2.1	9.2	0.4	2.19
2028	8.5	2.1	9.5		2.18
2029	7.2	1.7	9.5		2.01
2030	8.1	1.7	9.5		2.01
2031	7.2	1.8	9.5		1.95
2032	10.2	1.7	9.5		1.92
2033	10.5	1.7	9.5		1.88
34-42	73.4	2.0	74.4		15.41
Total	**164.6**	**2.0**	**168.1**	**10.0**	**37.74**

Note: figures in the table may not sum due to rounding; the lithium concentrate production includes product from both ore crushing/processing and tailings retreatment

The Greenbushes LOM production plan is based on a life of around 21 years under the assumption of expanded production to 9.5Mtpa (which includes CGP3 and CGP4), based on the Ore Reserves at September 30, 2021. The LOM average grade of ore mined is 2.0% Li_2O based on a cut-off grade of 0.7% Li_2O. The LOM strip ratio is projected to average 4.4:1 (waste:ore).

The total material moved under the proposed mine production schedule will increase from around 3Mtpa of ore to a peak of 10.5Mtpa. The current fleet uses four 125/140t excavators and a fleet of 15 haul trucks and is conducted by mine contractors. The increase in production will necessitate higher mining rates which will be achieved with a new mining contract with six 260t excavators, up to 45 140t haul trucks and 16 blast hole drill rigs from 2023.

The main production source is the C3 pit; CG ore can be mined from C1, C2 and C3 pits while the TG ore type is presently limited to the C3 pit; Kapanga pit will also be available for CG ore once ore mining commences in 2024. The schedule leads to a stockpile of around 8Mt of ore as the TG plant and the four CG plants achieve full production of approximately 9.5Mtpa. With these stockpiles there is generally a low risk in maintaining ore feed to the crushers. Talison has noted that approximately 5.8Mbcm or 15Mt of Inferred resources lie within the pit design; further drilling could improve the confidence in some of these resources to provide additional feed to the mill but at this stage they are not included in the Ore Reserves.

The Measured, Indicated and Inferred Mineral Resources at December 31, 2021 total around 340.5Mt at 1.6% Li_2O at the Central and Kapanga lodes and the Ore Reserves total 168.1Mt at 2.0% Li_2O at December 31, 2021.

Table 4.17 provides a forecast production schedule based on the Proven and Probable Ore Reserves contained within the current pit designs of Central Lode and Kapanga and also includes the reclamation of TSF1 tails, described in detail in Section 4.13. The Central Lode orebody is already exposed in the C1, C2 and C3 pits and the current LOM strip ratio of waste to ore is 4.4:1 including the extension of the open pit to include Kapanga. The ore and waste volumes mined on an annual basis are shown in Figure 19. BDA understands further mine planning by Talison is progressing on the open pit schedule which will allow further optimisation of the overall operation.

The annual tonnage of ore milled and concentrates produced is projected to continue to increase from the 2021 level of 3.6Mt of ore and 0.95Mt of concentrates in response to an anticipated increase in demand for lithium chemicals. Talison plans to ramp up CGP2 to design production in 2022, with the first year at full capacity in 2023 and to use CGP1 for processing of higher grade ore. The TRP will commence production in 2022 and the combined product from TGP, CGP1, CGP 2 and TRP will produce around 1.5Mt of lithium concentrate. CGP3 and CGP4 are scheduled to commence production in 2025 and 2027 respectively; by 2027 production of concentrate is forecast to reach around 2.2Mt. The production rate increase proposed for the period 2021-2027 is dependent on increased demand for lithium, and the rate at which production increases may change if market demand differs from the assumptions in the LOM model.

The forecast range and tonnage of products from the TGP and the four CGPs have been determined by Talison based on projected demands; however, a range of different products is achievable from processing the Ore Reserves through the various plant circuits. Market conditions are the critical input to future production; BDA is not a specialist in lithium marketing but notes that Wood Mackenzie has assessed that the market demand for lithium concentrates will continue to expand at a rate which will enable Talison to deliver the proposed tonnages.

BDA considers that the proposed production schedule is achievable but will rely on the forecast increases in the demand for concentrates over the period from 2021 to 2027. BDA is of the view that applying the marketing assumptions based on Wood Mackenzie's forecast into the valuation model is a reasonable approach but notes that there is a marketing risk inherent in the forecast.

Conclusions

BDA considers that the mine contractor has the capacity to meet the planned production schedule in the short term, if equipment performance is maintained. Overall planned material movements are considered achievable with increases in the mine equipment fleet provided by the mining contractors with reasonable pit advance rates commensurate with the planned equipment. Contract management during the various changes will be critical in ensuring step increases in mine production are achieved.

Talison plans to ramp up production from the 2021 level of around 950kt of concentrates to 1.4Mt in 2023 when CGP2 ramps up to full production and TRP is at full capacity, and then to increase concentrate production over the period to 2027 when concentrate production will reach around 2.2Mt.

BDA considers the production schedule provides a reasonable basis for assessment of future performance but notes that it relies on rapid expansion in the market for chemical grade concentrates.

4.11 Capital Costs

Capital expenditure of A$1,797M is forecast over the LOM from January 1, 2022 to the end of 2041. Significant capital items are A$440M for the completion of the CGP3 engineering and construction, A$537M for an additional process plant (CGP4), A$115M for the completion of an expanded tailings storage facility (TSF4), A$99M for an expanded mine services area (MSA) and A$14M for a 132kV power project.

Allowances are included for A$423M of sustaining capital over the LOM. Sustaining capital is generally the cost of replacement of fixed equipment, mobile equipment and service vehicles plus upgrades to existing tailings storage facilities.

A breakdown of the proposed LOM capital expenditure is presented in Table 4.18.

Table 4.18

Forecast LOM Capital Expenditure

Activity	LOM Total (A$M)
Development—Expansion	162
Plant and Equipment—Expansion	1,185
Development—Sustaining	55
Plant and Equipment—Sustaining	368
Exploration	25
Vehicle Leases	2
Total	**1,797**

Note: there may be some rounding errors in totals

Development—Expansion costs comprise the costs of TSF4 including the costs of obtaining necessary statutory approvals for TSF4. A contract has been let for the construction of the facilities. The forecast costs are taken from the project cost control system.

Plant and Equipment—Expansion costs include the costs of CGP3, CGP4, the TRP, the 132kV power supply facilities, the MSA, a mine access road and upgrades to associated site buildings and service facilities. Construction of CGP3 is scheduled to commence in Q3 of 2022, with production scheduled to commence in Q3 of 2025. The CGP4 expansion is scheduled to be constructed in 2025 and 2026.

The forecast costs to complete the current CGP3 expansion project, the TRP, the 132kV project and the MSA, which have commenced or have been approved by Talison, are taken from the cost control systems for the various projects.

The estimates for the CGP4 expansion and associated crushing facilities are based on conceptual and scoping studies carried out by consultants and contractors with experience and expertise gained from previous expansions and include contingency allowances consistent with industry standards for such studies.

Other development and plant and equipment costs for expansions have been estimated by Talison management from historical unit costs and supplier and contractor quotations.

Development—Sustaining costs include the costs of mine cutback preparation works, costs of additional works on the existing tailings storage facilities, TSF1 and TSF2, and the costs of closing the Floyds waste rock facility. These costs have been estimated on the basis of current designs, contractor quotations and historical unit rates.

Plant and Equipment—Sustaining costs include the costs of replacement of fixed equipment, mobile equipment and service vehicles. These costs have been estimated on the basis of supplier quotations and historical unit rates. After 2026, a nominal allowance of A$20M per annum has been included with the allowance being based on historical experience.

The estimates of exploration capital costs have been prepared by Talison management based on the exploration program, historical unit costs and supplier and contractor quotations.

There is potential for increased development costs to fully account for the extra waste and tailings from the extraction of the Kapanga open pit above the forecast sustaining costs. Any potential increase is expected to be within the capital cost sensitivity used in the valuation in Section 7.5.

Conclusions

In BDA's opinion the estimates of capital costs for expansion, sustaining and exploration costs, being based on Talison's work plans, historical costs and quotations are reasonable and appropriate for budgeting purposes.

BDA considers the cost control methodology and data used to prepare the forecasts of capital costs for the CGP3 Project to be generally reasonable and appropriate. Cost estimates for the further CGP4 expansion are based on conceptual and scoping studies carried out by consultants and contractors with experience and expertise gained from previous expansions and include contingency allowances consistent with industry standards for such studies. For those reasons, in BDA's opinion, the estimates are reasonable and appropriate for budgeting purposes. Talison has a proven record of achieving construction within the budgetary and schedule constraints.

4.12 Operating Costs

Table 4.19 shows the actual costs and unit cost of concentrate for the last four years, 2018-2021, by department at the Greenbushes site. The unit site cash cost over the last four years has averaged A$216/t of concentrate with cash cost of production after deferred waste mining and inventory adjustments of A$189/t of concentrate.

Table 4.19

Operating Costs for the Greenbushes Lithium Project—Actual 2018-2021

Item	Unit	2018 Actual	2019 Actual	2020 Actual	2021 Actual
Operating Costs					
Mining	A$M	53.24	79.15	65.96	78.70
Processing	A$M	72.41	88.91	60.39	92.15
G&A	A$M	11.03	14.88	14.57	21.00
Total Site Operating Costs	A$M	136.67	182.94	140.93	191.84
Product Transport and Marketing	A$M	14.30	18.78	12.91	19.99
Royalty	A$M	29.48	41.86	16.99	80.60
Total Operating Cash Cost	A$M	180.45	243.58	170.83	292.43
Unit Operating Costs					
Mining	A$/t Conc	73.53	103.52	113.73	82.49
Processing	A$/t Conc	100.00	116.29	104.13	96.59
G&A	A$/t Conc	15.23	19.46	25.12	22.02
Total Site Operating Costs	A$/t Conc	188.76	239.27	242.99	201.10
Product Transport and Marketing	A$/t Conc	19.75	24.56	22.25	20.96
Royalty	A$/t Conc	40.71	54.75	29.30	84.49
Total Operating Cash Cost	A$/t Conc	249.23	318.58	294.54	306.54

Note: Conc = spodumene concentrate

A summary of the estimated LOM operating costs is shown in Table 4.20. The forecast costs are in real 2021 dollar terms.

Table 4.20

Projected LOM Operating Costs

Activity	Unit	Unit Cost
Mining Cost		
Workforce Employment	A$/t Ore	2.69
Consumables	A$/t Ore	2.41
Fuel, Electricity and Water	A$/t Ore	2.42
Repair and Maintenance	A$/t Ore	0.88
Mine Contractor	A$/t Ore	24.67
Subtotal Unit Mining Cost	*A$/t Ore*	*33.07*
Processing Cost		
Workforce Employment	A$/t Ore	8.23
Consumables	A$/t Ore	5.91
Fuel, Electricity and Water	A$/t Ore	4.05
Repair and Maintenance	A$/t Ore	7.70
Subtotal Unit Processing Cost	*A$/t Ore*	*25.89*
G&A Cost		
On and Off-Site Management	A$/t Ore	4.00
Environmental	A$/t Ore	0.74
Subtotal Unit G&A Cost	*A$/t Ore*	*4.74*
Total Site Operating Unit Costs	**A$/t Ore**	**63.70**
Total Site Operating Unit Costs	A$/t Conc	283.64
Product Transport & Marketing	A$/t Conc	51.88
Royalty	A$/t Conc	77.71
Total Operating Cash Cost	**A$/t Conc**	**413.23**

Projected mine unit operating costs over the LOM are forecast to increase incrementally as the mining gets deeper over the life of mine and haul cycle times increase. The annual mining strip ratio varies significantly over the life of the mine and the mining unit costs per ton of ore also vary with the strip ratio. Processing and G&A unit costs decrease as the processing rates increases and fixed costs are distributed over a higher tonnage.

Estimated average annual mining costs for the next five years are between A$28-65/t of ore processed which reflects the variable stripping rates in various cutbacks; these are consistent with the current costs, with LOM unit mining costs averaging around A$33/t. The recent costs have varied depending on the quantities of weathered rock being mined (which reduces drilling and blasting requirements), strip ratio, drilling and blasting costs as well as haulage cost which increases with depth. Major mine operating costs comprise Mine Contractor costs, including drill and blast and load and haul activities; other significant costs are fuel and explosives (included in Consumables) as well as Talison mine management (Workforce Employment costs). Waste dump management and increasing haulage distance to the dumping area as it extends south is allowed for in the LOM operating costs.

While BDA considers there is some risk from cost input increases including fuel and labor costs, overall the estimates are considered a reasonable guide to likely mine costs. Other mine costs reflect recent historical costs and BDA considers they have been appropriately prepared.

Greenbushes' process operating costs are inclusive of crushing costs and are forecast to average approximately A$26/t of ore processed over the life of mine. Process operating costs are made up of costs for labor, power, consumables such as grinding media and ferrosilicon (used in the heavy media plant), reagents and chemicals and maintenance consumables. CGP processing costs have ranged from

US$23-34/t processed over the last three years but the costs have been higher during commissioning of CGP2 and the replacement of hire crushers with CR1 and 2 crushers. BDA considers that the forecast average operating cost is reasonable; limited opportunity for economy of scale exists given that the throughput increase will be generated by the construction of three additional processing plants, each with similar capacities to that of CGP1.

Talison is forecasting an almost constant General and Administration (G&A) cost over the LOM, as it is assumed the majority of the costs are effectively fixed with a small proportion variable with processing throughput rate. Site administration costs, on a cost per ton processed, have been in the range A$4-6/t ore processed over the last three years and are projected to decrease from approximately A$7.40/t in 2022 to around A$4.10/t as production increases with an average of A$4.7/t over the LOM. This level of cost and the generally fixed nature of G&A is reasonably consistent with comparable Australian mining operations. There appears to be some potential for higher administration costs, although Administration costs are generally low due to the location of the operation in a rural area reasonably close to Perth.

Sales costs and royalties increase as production and prices received for lithium products increase over the life of the operation. Selling expenses include packaging, land transport, storage, ship loading, and marketing development costs as well as shipping freight costs. Shipping costs to China, Europe and the USA are projected to remain at current levels in the projections. If there are any further domestic sales in the future, it would be expected that transport costs would be relatively lower than for export. Overall selling expenses are projected to be stable on a unit basis for the LOM. BDA considers that the allowances for the proposed administration, selling and royalty costs are reasonable with some potential for slight increase in administration cost.

Talison has entered into an agreement with GAM on the costs of operating the additional circuit that recovers tantalum from the existing processing plants. The payment from GAM is treated as 'other revenue' in the financial model and is not deducted from the processing operating costs.

Conclusions

Unit mining cost estimates reflect the current cost structure and the contract mining unit rates with unit costs increasing marginally with depth. BDA considers this is a reasonable approach but notes there is some potential for escalation of cost inputs, including fuel and labor costs.

The contract renewal in 2023, when there will be an increase in the mining fleet, may see the cost structure change but the rates should remain similar or better than current rates unless there is a substantial increase in activity within the contract mining market at the time of renewal. BDA notes that Talison has a record of managing contract mining costs and considers this is a reasonable approach but notes there is some potential for escalation of contract cost inputs.

Unit process operating costs are forecast to remain relatively constant over the projected LOM despite the increased production because the production increase is generated by duplication of the processing plants. The process operating costs are considered generally reasonable but rely on a ramp-up in tonnage as global lithium demand is projected to increase.

Total operating costs are projected to increase as production ramps upwards, but the unit site operating cost of concentrate production is also projected to remain relatively stable.

BDA considers that the projections for total operating costs over the LOM, and the assumptions from which these are derived, are generally reasonable, but are subject to some uncertainty given the 21 year time period and the potential variability in cost items over an extended period.

4.13 Greenbushes Tailings Storage Facility 1 ("TSF1")

Background and Summary of Status

Tailings storage facility TSF1 was used for tantalum plant tailings deposition for approximately 30 years before the tantalum primary plant was placed on care and maintenance in 2006. During this period, the process plant recovered tantalum and tin, and the lithium grade of the tailings was relatively high compared to the current grade of tailings being deposited in TSF2. Under current market conditions, the TSF1 tailings grade could be considered commercially viable when compared to other lithium deposits, particularly since the material lies at surface, and has already undergone comminution. Consequently, Talison embarked on a drilling program in 2016/17, leading to resource modeling, metallurgical testing and a feasibility study completed in 2018.

The drilling program and bulk sample testing of the tailings has defined a Mineral Resource and Ore Reserve for TSF1. The feasibility study concluded that the tailings would best be processed in a separate treatment plant constructed specifically for the tailings, at a throughput of 2Mtpa. Construction of the plant and associated infrastructure was largely completed as of the BDA November 2021 site visit, with hand-over to Talison due in January 2022, followed by plant commissioning over a planned four month period. The tailings mining contract has been let, with the mining contractor due to mobilize in early January 2022.

The Greenbushes Mine Mineral Resources and Ore Reserves for TSF1 as of August 2021 have been developed by Talison in compliance with the JORC Code 2012 Edition. An outline of the exploration, geological and resource data is provided below.

Geology, Exploration and Data Acquisition

TSF1 is situated in a central part of the Greenbushes property, adjacent to CGP2 and the C1 open pit (Figure 4). The deposit is a horizontal body approximately 1,000m long by 700m wide, extending to an average depth of approximately 20m. Sediments within TSF1 were deposited over many years up to 2006. The grade and geological continuity of the deposit is a function of the ore types processed through the processing plants that generated the tailings and the method of disposal into the TSF. Tailings slurry was discharged at the walls, flowing towards the center, with the heavier spodumene settling out first.

Preliminary aircore drilling in 2016 confirmed the presence of >1% Li_2O material in the upper part of TSF1, and a 34 hole 759m resource drilling program was undertaken in February/March 2017 using a sonic drill rig to provide continuous core samples through to the base of the tailings dam, from a 3 inch diameter hole with 1.5m individual core runs. All holes were photographed in their entirety, providing a visual record of recovery, which was high.

Each sample interval was placed in PVC half-pipes or gutters, and geologically logged by a Talison site geologist. Geological observations, combined with analytical work, demonstrated that an upper zone of white to gray fine sand and silt tailings carried more or less continuous >1% Li_2O grades typically over the top 5-10m (the Enriched Zone—"EZ"), underlain by a similar thickness of lower grade (typically 0.4-0.9% Li_2O) gray fine sand and silt sediments (Depleted Zone—"DZ"), which was underlain in turn by a basal brown to orange clayey layer with very much lower lithium grades. Holes were completed in natural ground beneath the TSF.

Drill collars were nominally at 200m separation across the TSF (Figure 21), which Talison considered to be sufficient to establish geological and grade continuity appropriate for Mineral Resource and Ore Reserve estimation. Collars were surveyed by differential GPS to an accuracy of 10cm, while the dam structure had been surveyed by airborne and ground survey methods with 1m accuracy. Down-hole surveys were not undertaken as all holes were vertical and very short.

Sampling, Sample Preparation and Analysis

The site geologist undertook all sampling, under the supervision of the site Geology Superintendent who is a Competent Person under the JORC code. Continuous half core samples were scooped or cut as appropriate over each 1.5m drilling interval and submitted by the geologist direct to the on-site laboratory for analysis by AAS for Li_2O and XRF for a 36-element suite. The sample size averaged approximately 5kg and is appropriate for the fine grain size and homogenous nature of the plant tailings product.

The remaining half core was utilized for metallurgical testing.

Assay procedures were as described in Section 4.3, although coarse crushing was obviously not required.

All of the above geological and sampling information was acquired electronically and captured in the site acQuire database, as described in Section 4.3.

Assay Quality Control

No field duplicates were collected as the remaining half cores were required for metallurgical testing. Assay quality was monitored by submission of two samples of reference materials of known value with each batch of samples, and by internal laboratory quality control protocols (see Section 4.3, including data from TSF1 in Figure 11).

A review of standard reference material results confirmed high quality laboratory performance in terms of accuracy, with no results approaching the error thresholds (Figure 10).

Data Security

All geological, survey and sampling data was collected electronically and imported into an SQL geological database via proprietary software acQuire. The software has inbuilt data integrity and validation controls and strict user import formats to restrict erroneous data entry. The site geologist compared planned drill sites with survey data to validate drill collar position information.

Drill samples were delivered directly to the laboratory by the site geologist. Assay data was received electronically from the laboratory and imported into the database.

Geological logging and assay results were reviewed on screen by the site geologist to provide validation between field logging and analytical data.

Density

Samples were collected from five sites across TSF1 (Figure 20) using a 1,621 cubic centimeter cylinder to provide bulk density measurements. Values ranged from 1.55 to 1.71t/m^3 (dry) with little variation across the TSF, and the average value of 1.67t/m^3 was used globally for resource tonnage estimation.

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Figure 21 **TSF1 SONIC DRILLING**

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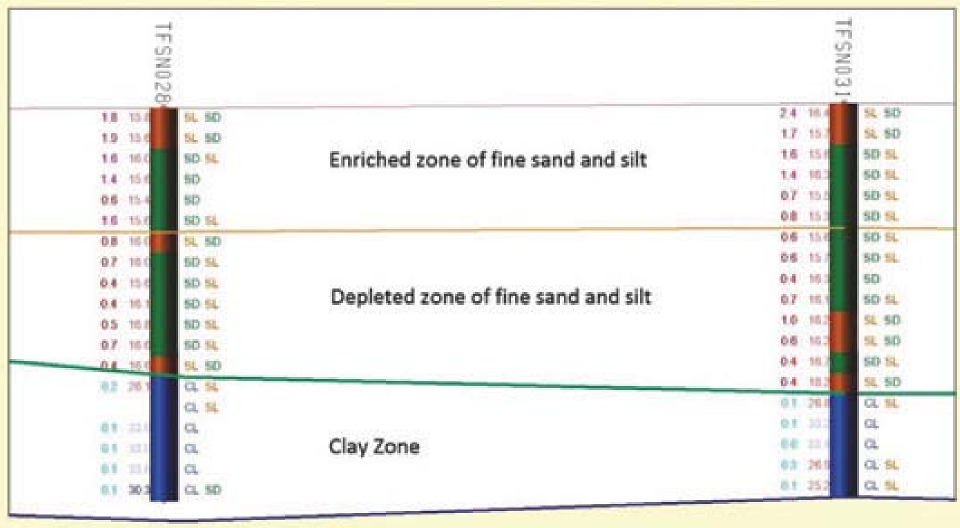
Resource Modeling and Estimation Procedures

The approach was based on three-dimensional interpretations of the three geological and grade domains as defined by drilling and assaying. Grade modeling of Li_2O within the individual domains was by the Inverse Distance Squared technique ("ID2"), using industry standard Surpac software. The Mineral Resource modeling work was supervised and reviewed on site by the Talison Geology Superintendent, a Competent Person under the JORC Code, with over 5 years of experience at Greenbushes. In more detail, Mineral Resource modeling comprised the following steps:

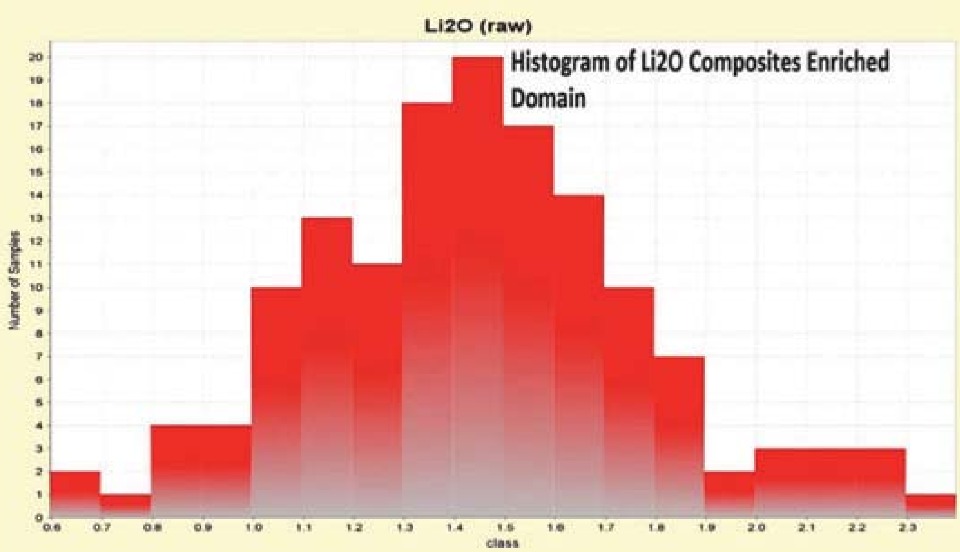
- all drill data related to 1.5m intervals, therefore no compositing was undertaken
- geological domains were defined using a combination of geological and analytical data (Figure 22, upper) to distinguish between:
  - white to gray-white fine sand and silt of the upper EZ with grades almost universally above 0.7% Li_2O and averaging 1.47% Li_2O
  - an underlying zone of typically greyer fine sand and silt generally grading between 0.4% and 0.9% Li_2O, averaging 0.67% Li_2O, and referred to as the Depleted Zone (DZ)
  - the basal clayey layer with very low lithium values.
- the domains were reviewed in Surpac with the drill holes loaded on screen and were found to honor the geology and be correctly snapped to drill hole traces
- the three domains were wire-framed and Li_2O data selected; the histograms of the EZ and DZ domains were approximately normal (Figures 22 (lower) and 23 (upper)) and suggest each contains a single data population valid for estimation without imposing restrictions on high grades
- variographic analysis using Surpac software indicated the lithium grade data to be omnidirectional with a nugget effect of 8% for the EZ and 25% for the DZ; in light of this and the fact that the drill hole spacings approximated a regular grid, it was deemed appropriate to use ID2 (which does not involve variography) for Li_2O grade estimation; no other method was investigated
- an 80m x 80m x 1.5m cell block model was created, with 10m x 10m x 0.75m sub-cells to improve definition at the boundaries of the TSF
- one grade estimation pass was completed with horizontal search axes of 200m by 50m vertical; this allowed access to data from a minimum of two holes
- a minimum of 3 and a maximum of 16 composites were used within the search ellipse for grade estimation
- approximately 2% of the total volume lying on the margins of the TSF received no grade estimate; such blocks were ascribed the mean grade of the composites of the relevant domain
- dry bulk density of 1.67t/m^3 was assigned to each block
- the resultant Mineral Resource model was validated visually and statistically against the input drill data.

Figure 23 (lower) shows a plan view of the average grade of blocks over the total thickness of the EZ domain, confirming that higher than average grades are concentrated towards the flanks of the TSF.

All blocks within the EZ and DZ were classified by Talison as Indicated Mineral Resource, as the geology is straightforward, the database is sound, composites display relatively low variability and predictable behavior in both domains, and spatial extents are well constrained by topographical survey information.



TSF1 Geological and Assay Profile



Histogram of Li2O EZ Domain Samples

Tianqi Lithium Corporation *Greenbushes Lithium Operations*

Figure 22 **TSF1 ESTIMATION PROCEDURES**

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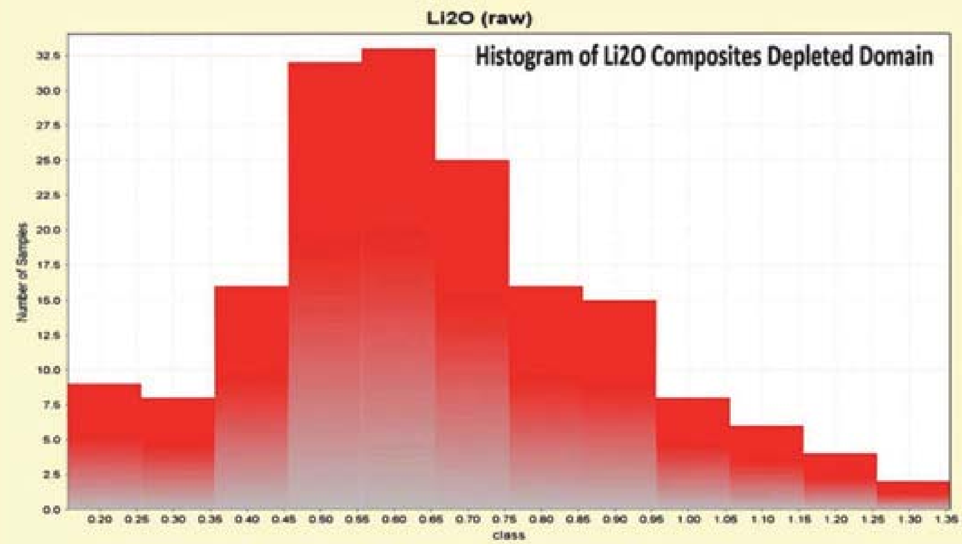
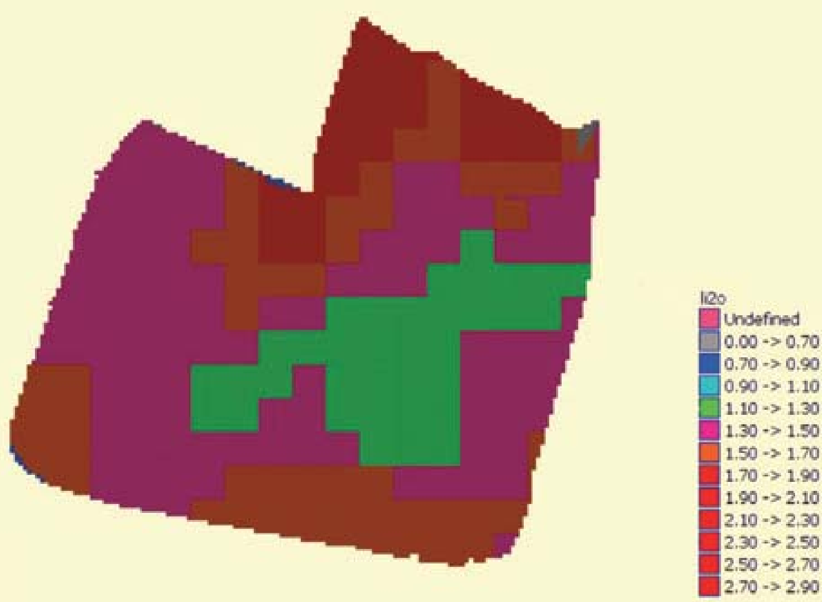


Histogram of Li2O DZ Domain Samples



Plan View of EZ Block Li2O Grades

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Figure 23 **TSF1 - RESOURCE MODEL**

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TSF1 Mineral Resource Reporting

Talison reported an Indicated Mineral Resource in the EZ of 13.5Mt at 1.5% Li_2O at a 0.7% cut-off, with an additional Indicated Mineral Resource of 4.9Mt at 0.8% Li_2O in the DZ. However, BDA considers it prudent to reclassify the DZ material as Inferred Mineral Resource (Table 4.21) since the average grade of all DZ blocks (0.7% Li2O) is marginally below the cut-off grade and it is BDA's opinion that the current drill spacing is too wide for accurate definition of above cut-off grade DZ material which would form the basis of any preliminary mine plan. This approach has no impact on the Ore Reserves which are restricted to EZ material.

The cut-off grade is based on recoveries from metallurgical testwork and is considered to represent an economic cut-off at current market settings. All tonnages are quoted on a dry basis; no moisture measurements have been made.

Table 4.21

TSF1 Indicated and Inferred Mineral Resources—December 31, 2021

Domain	Tonnage (Mt)	Li_2O Grade (%)	LCE (Mt)
Enriched Zone-Indicated	13.5	1.5	0.5
Depleted Zone-Inferred	4.9	0.8	0.1
Total	**18.3**	**1.3**	**0.6**

Note: cut-off grade 0.7% Li2O; Talison classified all resources as Indicated, but BDA has downgraded the DZ resource to Inferred due to uncertainties in the location of above cut-off material; resources are inclusive of reserves

Talison considered the tonnage of the Mineral Resource estimate to be accurate to +/- 10% globally given the simplicity of the deposit in a geological sense, its clearly defined dimensions and the uniformity of bulk density measurements. There may be small volumes of unrecorded and unknown rock fill within TSF1 that reduce the tonnage, but that volume is expected to be much less than 10%. A similar accuracy is ascribed by Talison to the grade of the Mineral Resources in both domains, but BDA considers there to be less certainty regarding the location of DZ resources above cut-off and recommends these be reclassified as Inferred.

Ore Reserve Reporting

The Ore Reserve estimation process was overseen by the Talison Manager Mining and Environment, a Competent Person under the JORC Code, with over 12 years of experience on the site.

Commencing with the resource block model, the following factors were considered:

- only tailings within the EZ domain and within 7m of the surface of the TSF were considered for mining; the depth limit reflects increasing moisture and slimes content in deeper sediments
- mining would be essentially an earth-moving exercise, undertaken as a bulk mining operation from surface
- a batter of 3:1 was applied at the limit of the mining area

- a mining recovery of 97% was applied to the Mineral Resource tonnage, due to removal of the vegetation at surface; no other mining loss was deemed appropriate
- a grade dilution factor of 3% was applied with a diluting grade of 0.8% Li_2O from the DZ below the mined area, where appropriate
- tenders were received from four qualified mining contractors to provide an outline of proposed operations and associated mining costs for a 2Mtpa (dry) operation
- process testwork on Sonic drill cores confirmed that approximately 70% recoveries of spodumene could be achieved from flotation of de-slimed EZ material in a saleable product
- no environmental or infrastructure problems are anticipated; there is minimal overburden to be disposed of, and tailings from the re-treatment plant will be placed in the current tailings dam TSF2
- on completion of mining, tailings from on-going operations will be deposited back into TSF1; expansion of power and water supplies for TSF1 tailings treatment will be implemented as part of the overall plant expansion program
- Talison completed a feasibility study, including process design, contractor mining, processing, administration and selling costs and a capital cost estimate for a stand-alone plant; evaluation of financial results indicated that construction of a stand-alone plant to treat 2Mtpa of tailings for five years would be economic and a more attractive option than blending with ROM ore in existing or future CGP plants

Further details regarding mining and processing studies are provided in the following sections.

The TSF1 Probable Ore Reserves are reported by Talison at a 0.7% Li_2O cut-off which is an economic grade under current market conditions. Ore Reserves are shown in Table 4.22. Tonnages are on a dry basis, and the Reserves are a sub-set of the reported Mineral Resources.

Table 4.22

TSF1 Ore Reserves—December 31, 2021

Category	Tonnage (Mt)	Li_2O Grade (%)	LCE (Mt)
Probable	10.1	1.4	0.4
Total	**10.1**	**1.4**	**0.4**

Mining

The mining of the tailings is relatively simple, with no selective mining, as the tailings form a continuous body to be extracted. Initially the vegetation layer of approximately 0.3m will be stripped off the surface of the tailings prior to the extraction of the tailings. The depth of mining is limited to around 7m; this depth has been determined by grade as well as an increase in moisture and slimes encountered during the drilling program.

Four potential mining contractors with tailings mining experience provided budget pricing and a proposed mining method. Each contractor suggested similar mining methods, using excavators and trucks, with the trucks being kept on dry tailings material. Dozers would be used to push material to the excavators to keep road footprints to a minimum. The planned mining rate of 5,500t/day was considered achievable with the proposed equipment on a 7 days/week operation, with sufficient plant and equipment redundancy to accommodate scheduled maintenance and downtime. The contract has now been awarded and the contractor will mobilize to site in early 2022. The full production will be 2Mtpa; as there is no waste within the defined reserves, no waste mining is required.

During mining it is expected dewatering of the tails will be needed in some areas of TSF1 to lower moisture levels to ensure maintenance of the proposed mining rate. Dust control will also be an important part of the mining operation.

Processing

Preliminary testwork has been carried out on samples from TSF1 using a similar flowsheet to that used in CGP1 on the finer fraction of the ore processed. Initial results indicate that a lithium recovery of around 70% can be achieved on the material tested and the results are considered appropriate and reliable for use in the economic analysis. On material with a head grade of 1.5-1.6% Li_2O, a yield of around 17% of the tonnage, containing 70% of the Li_2O, was achieved to a product equivalent in quality to an SC6.0 concentrate.

The TRP, which is a separate plant, has been constructed to process the tailings and plant commissioning commenced in early 2022. Given the plant adopts established technology already in use at site, it is expected the design and capacity will reflect current experience, with the plant planned to ramp up within 6-8 months, achieving nameplate capacity by 2Mt in the second half of 2022. In terms of processing requirements and considering that the tails have already been milled, the grain sizing of the tailings means that no crushing or grinding processes are required in the flowsheet.

Conclusions

BDA has not undertaken an audit of the geological, assay and density data as part of this review. However, BDA has reviewed the geology, data acquisition and quality control procedures and QA/QC results presented by Talison and concludes that the drilling and sampling procedures are appropriate for this type of deposit, and that database quality provides an adequate basis for estimation of Mineral Resources and Ore Reserves under the JORC Code.

BDA considers that TSF1 Mineral Resource modeling has been undertaken professionally by experienced Talison staff. Data validation has been completed, confirming acceptable database quality, and the geological/grade domain definition within the deposit is considered to be well-founded. The drill data gives wide-spaced but acceptable coverage of the deposit and provides a suitable basis for Mineral Resource estimation. The Mineral Resource modeling approach is considered appropriate, in accordance with industry standards, and in compliance with the JORC Code. BDA considers that the classification of Indicated Mineral Resource as applied to the EZ domain Mineral Resource is acceptable, since virtually the entire zone is above cut-off grade and will be bulk mined in its entirety, and therefore that part of the Mineral Resource model forms an acceptable basis for mine planning and generation of Ore Reserves. As noted earlier, BDA has reservations about classifying DZ Mineral Resources as Indicated Mineral Resource, despite the similar drill coverage. In this domain, the average grade of all blocks, within the DZ, is marginally below the mining cut-off grade, and a significant degree of selective mining would be required to *extract the blocks defined within the Indicated Mineral Resources. In view of this, BDA considers that the drill spacing is too wide for accurate definition of above cut-off grade material which would form the basis of any preliminary mine plan. It must be noted, however, that this view has no impact on the TSF1 Ore Reserves which are restricted to the EZ domain.*

BDA has reviewed the 2021 Ore Reserve and considers it to have been completed by competent persons, in accordance with industry standards, and in compliance with the JORC Code. BDA has assessed the mine design for ore extraction to be appropriate and the mining schedule achievable. The estimated mine recovery and dilution factors appear reasonable. Process testwork indicates that acceptable recoveries to saleable product can be achieved. Financial evaluation indicates a sound economic case for re-treating the TSF1 tailings in a stand-alone plant. BDA considers the Ore Reserves will not be materially affected by foreseeable permitting, title, environmental, or metallurgical issues, based on the information supplied by Talison.

Overall, BDA considers the 2021 TSF1 Probable Ore Reserves to be an appropriate representation of the recoverable tons and grade, and suitable for use in financial modeling of the project.

Mining of the tailings is a relatively straightforward operation, provided the planned mining area is kept appropriately drained. BDA considers the planned approach is reasonable and practical and that the proposed mining rate should be achievable.

Initial process testwork on TSF 1 tailings indicates that similar processing techniques to those used in CGP1 can be used to recover about 70% of the contained Li_2O. BDA considers the planning around the proposed tailings treatment plant is based on existing knowledge, experience and testwork and that the work provides a reasonable basis for valuation.

Mr Daryl Baker, Talison Geology Superintendent, and Mr Andrew Payne, Talison Mine Planning Superintendent were the Competent Persons under the JORC Code for the TSF1 Mineral Resources and Ore Reserves respectively.

5.0 CUOLA PROJECT

5.1 Project Overview

Location

The Cuola Project is located in the mountainous area of western Sichuan, within the administration area of the Xinwei Village, Murong Township, Yajiang County, Ganzi Tibetan Autonomous Prefecture ("Ganzi Prefecture"), Sichuan Province in China (Figures 1 and 3). The geographic location of the project site is defined by longitudes from 101°13'15"E to 101°15'00"E and latitudes from 30°15'15"N to 30°18'00"N.

The Cuola Project site is located a linear distance of approximately 38km from the Yajiang County seat in a north-northeast direction. However, the current primary access to the project site is from the east, with a 4km dirt-and-gravel road to the Jiajika Mine owned and operated by a third party and within the administration area of Kangding City, and a further 33km of dirt-and-gravel road east to the town of Tagong in Kangding City (Figure 3). Tagong is located on the sealed provisional highway S215, which connects to the national highway G318 in the south. The road distance from Tagong to Kangding (also the location for the Ganzi Prefecture government) is 108km, and the road distance from

Tagong to Chengdu located further east is 477km. A new expressway is being constructed approximately parallel to G318 and there is also a parallel railroad currently under construction. It currently takes approximately seven hours to drive from Chengdu to the Cuola Project site, but the distance and driving time will be shortened when the new expressway system is completed and overall transportation facilities will be significantly improved.

The Cuola Project is located at the south-eastern edge of the Qinghai-Tibet plateau at an altitude ranging from 4,100m to 4,900m. The primary spodumene pegmatite veins outcrop at elevations ranging from 4,200m to 4,550m. The site is relatively flat, consisting of glacially eroded rolling hills and lakes, surrounded by high glacial mountains in most directions. The ground surface in the area is covered by high-altitude bushes and grasses and is considered as grassland.

The climatic conditions at the Cuola Project site are relatively severe, with a large temperature difference from day to night and thin air and low oxygen content. Temperatures range from a summer high of 23ºC to a winter low of minus 24ºC. The rainy season is from May to October, when the climate is generally mild, with temperatures generally ranging from 5ºC to 22ºC; the summer months (June to August) are also associated with significant thunder and lightning storms, which can cause damage to humans and livestock. The snow and frost season is from November to April, with temperatures generally ranging from -3ºC to -24ºC with a frost depth of 1-2m. Annual precipitation averages approximately 770mm while the annual evaporation rate averages approximately 1,135mm.

Yajiang County has a land area of 7,855km^2 with a population of approximately 50,200 in 2016. Residents in Yajiang as well as in Kangding City in at the east and other surrounding areas are mostly Tibetan and are commonly living in towns and river valleys. The surrounding area of the Cuola Project site is sparsely populated by nomads, conducting mostly grazing and collecting Chinese caterpillar fungus and other valuable Chinese medicines. The local economy is relatively under-developed and there is surplus labor in the area that can be employed by mining projects. Supplies for the Cuola Project can be obtained from Tagong (population several thousand), Yajiang County Seat (population more than ten thousand), Kangding (population more than a hundred thousand) and Chengdu (population more than ten million).

Water resources and mineral resources are abundant in the area. The Cuola Project is part of the larger Jiajika lithium mineralisation district ("Jiajika District"), which is believed to be the largest hard-rock lithium mineralisation district in China, as well as in Asia. Within the Jiajika District, the Phase I operation of the Jiajika Mine at a production rate of 240ktpa started operation in 2010, but its production was suspended due to an alleged environmental incident on October 13, 2013 (refer to Section 5.8). A second alleged environmental incident related to the Jiajika Mine occurred again on May 4, 2016. It was reported that production at the Jiajika Mine resumed in June 2019. In addition to the Jiajika Mine and the Cuola Project, there are several other lithium exploration projects in the surrounding areas.

History and Ownership

Lithium mineralisation hosted by granitic pegmatite veins in the Jiajika District was first found in the early 1960s by the Ganzi Geological Exploration Brigade of the Geology Bureau of Sichuan Province. Initial systematic exploration work for the Jiajika District was conducted by the No.404 Geological Exploration Brigade ("No.404 Brigade") of the Bureau of Geology and Mineral Resources of Sichuan Province from 1965 to 1974. A total of 498 granitic pegmatite veins were identified distributed around a granite intrusive, of which 114 veins contains significant lithium mineralisation. The Jiajika District was divided into five sections. The Cuola Project area contains most of the West and Central Sections as well as part of the South Section, North Section and East Section (Figure 24). The currently-operating Jiajika Mine is located in the East Section. The early exploration work was generally focused on the East Section and only limited work was conducted on other sections.

Tianqi Shenghe acquired the exploration license for the Cuola Project through auction in October 2008. The license number was T51320081203021204 with an area of 23.77km^2. The license area was defined by six inflection points. Tianqi Shenghe engaged the No.108 Geological Exploration Brigade ("No.108 Brigade") of the Geology and Mineral Resource Exploration and Development Bureau of Sichuan Province to conduct systematic exploration work for the Cuola Project from 2009 to 2011. The No.108 Brigade is independent from Tianqi and holds a Class A exploration qualification certificate for solid minerals issued by the Ministry of Land and Mineral Resources of China. A total of 142 diamond drill holes with a total drilled length of 17,575m and a total of 136 surface trenches with a total excavated volume of 28,407m^3 were completed during the period. An exploration geology report with mineral resource estimates was completed based on the work conducted by the No.108 Brigade in September 2011.

After the exploration work, Tianqi Shenghe engaged the Lanzhou Engineering & Research Institute of Nonferrous Metallurgy ("Lanzhou Institute"), an independent third party holding a Class A qualification certificate for engineering design in the metallurgical industry issued by the Ministry of Housing and Urban-Rural Construction of China, to conduct a feasibility study and an initial engineering design study for the Phase I 600ktpa open pit/underground mining operation of the Cuola Project. The feasibility study was completed in February 2012 with a positive outcome and an initial engineering design study was completed in July 2012.

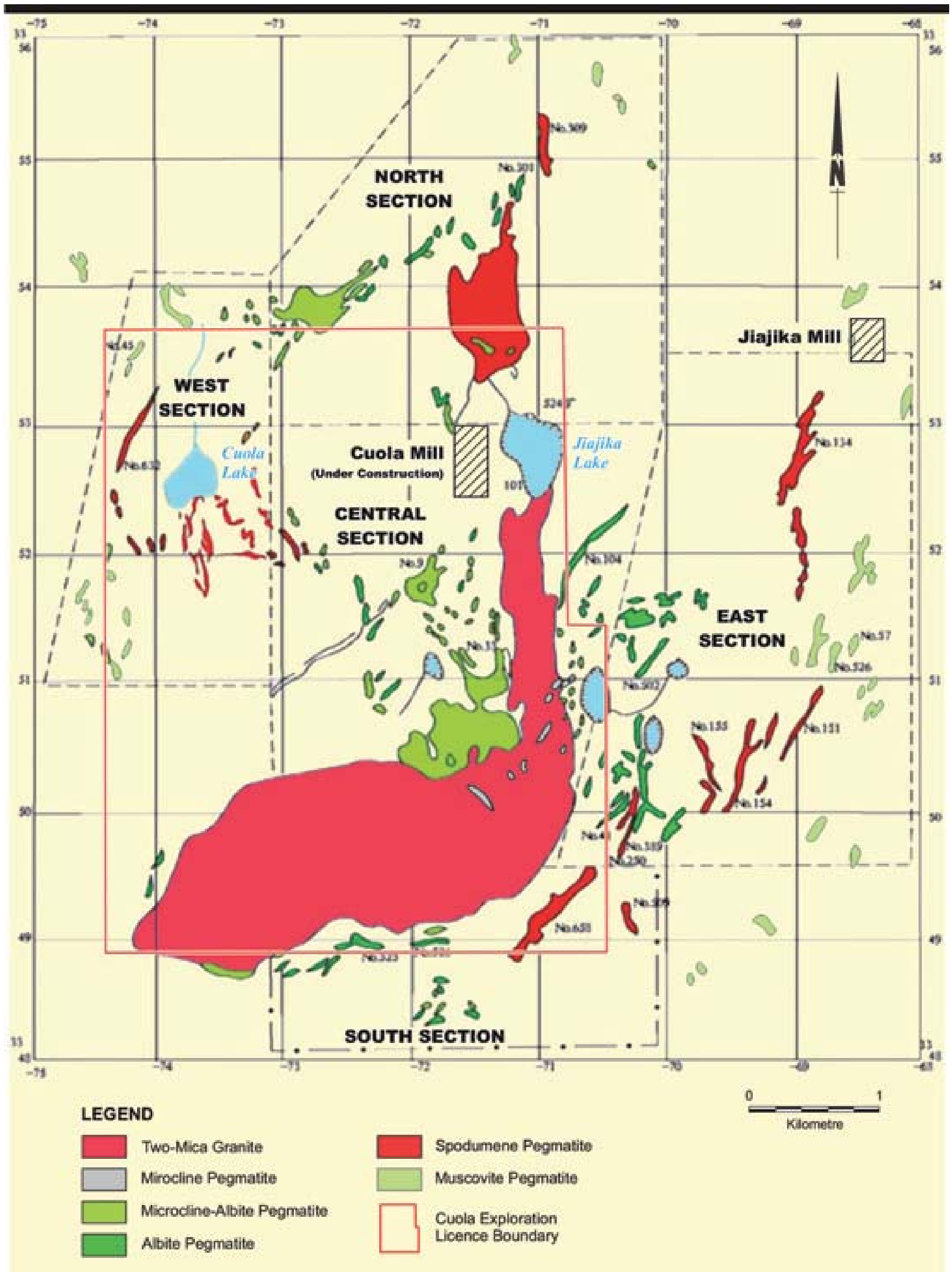
Sichuan Academy of Environmental Protection Science completed an environmental impact assessment report for the Phase I mining operation of the Cuola Project in December 2012, and the project was approved for construction for the Phase I 600ktpa mining operation by Environmental Protection Department of Sichuan Province on February 26, 2013.

Construction of the Phase I 600ktpa mining operation of the Cuola Project was approved by the Development and Reform Commission of Sichuan Province on July 16, 2013.

BDA was informed that the local government was very supportive of the development of the Cuola Project and asked Tianqi Shenghe to start development of the Cuola Project when some of the construction approvals were still pending. Construction of the Phase I Cuola Project started in August 2012. The Lanzhou Institute engineered the mine, processing plant and other related facilities; construction work was contracted to China MCC5 Group Corporation Limited, which holds a Class A qualification certificate for construction of metallurgical operations and has good experience for project construction in high-altitude Tibetan residence area, such as the Jiama Mine in Tibet; Gansu Lanye Construction Supervision Company Limited supervised the construction. However, the construction was suspended by the Department of Land and Resources of Ganzi Prefecture in October 2013 due to an alleged environmental incident related to the neighboring Jiajika Mine (refer to Section 5.8). At the time of the construction suspension, approximately 80% of the construction work for the mill and other related facilities was completed. Although regulatory approval to recommence construction/production was granted for the lithium operations in the Jiajika District in 2019, Tianqi Shenghe has not yet resumed the construction of the Cuola Project as Tianqi is currently sourcing all the spodumene concentrates for its processing plants from Talison's Greenbushes Mine in Western Australia and the concentrate production from the Greenbushes Mine can satisfy all of Tianqi's needs at this stage.

Tianqi Shenghe received a mining license with an area of 2.069km^2 for the Cuola Project on April 6, 2012. The license number is C5100002012045210124005 and is valid until April 6, 2032; the license is extendable afterwards. The license area is separated into four zones with a total of 44 inflection points; these four zones cover all the identified spodumene pegmatite veins with lithium mineral resources within the original exploration license boundary (Figure 25). The elevation range for the permitted mining area is from 4,100m to 4,580m. The license allows Tianqi Shenghe to conduct a mining operation at a production rate of 1.2Mtpa. After receiving the mining license, the original exploration license for the Cuola Project was relinquished.

As a Chinese mining license only covers the area of the identified Mineral Resources, surface land used for mine facilities needs to be acquired and/or leased for a mining operation. The surface land for permanent structures, including the mill and the TSF dam for the Cuola Project was approved by the Sichuan Provisional Government in November 2015. Surface land acquisition for the mill and the TSF dam was completed in December 2017. Surface land used for open-pit mining, the TSF and other short-term and/or temporary mining facilities will be leased by the Cuola Project.



Tianqi Lithium Corporation

Cuola Lithium Project

Figure 24

SCHEMATIC DISTRIBUTION OF GRANITIC ROCKS IN THE JIAJIKA DISTRICT

BDA - 201 (03) November 2021

Behre Dolbear Australia Pty Ltd

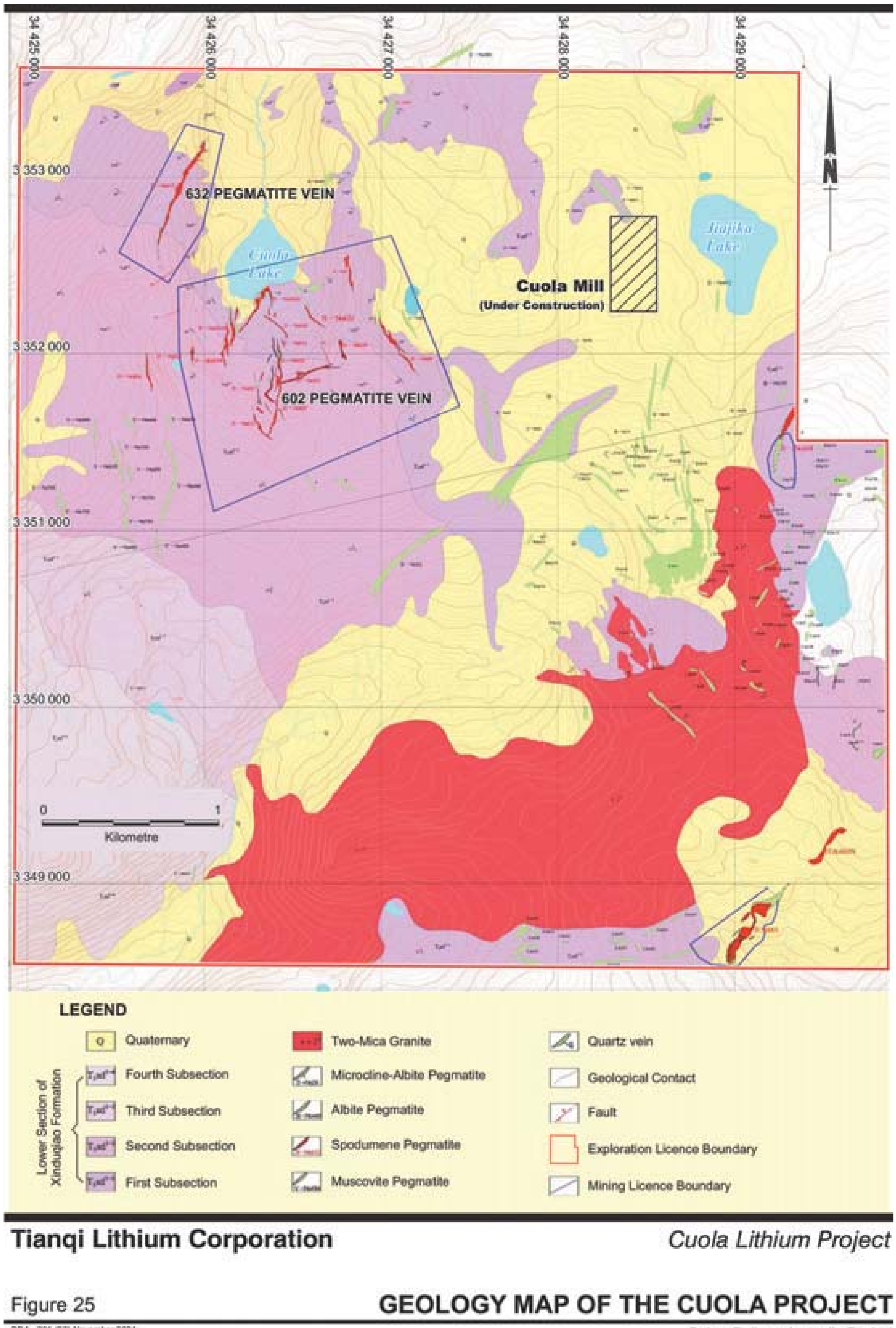


Figure 25 GEOLOGY MAP OF THE CUOLA PROJECT

Project Status

Tianqi considers the Cuola Project as an important lithium asset held for future development for the Company, as currently the spodumene concentrate used by the Company is sourced from the

Greenbushes Mine in Western Australia. Tianqi Shenghe is currently in discussion internally when and how it should resume the Cuola Project construction.

5.2 Geology and Mineralisation

Regional Geology

The Qinghai-Tibet Plateau is the youngest orogenic belt in the world. Subduction and collision between the Indian Plate and Eurasian Plate in Cenozoic time, commonly referred to as the Himalayan Orogeny, has created the world's youngest and highest mountain ranges. The complicated tectonic evolution during this period as well as during the preceding Indosinian Orogeny (late Permian to Triassic) and Yanshanian Orogeny (Jurassic to Cretaceous) has created a complicated structure pattern in the plateau, with associated multiple-stage magmatism and related mineralisation.

The Jiajika District is located at the south-eastern edge of the Qinghai-Tibet Plateau. Stratigraphy outcropped in the region consists of late Triassic Zhuwo Formation (T_3zh) siltstones and fine-grained sandstones with some tuffaceous and calcareous siltstone and basaltic tuff interbeds, late Triassic Xinduqiao Formation (T_3xd) mudstones with some sandstone interbeds, and Quaternary (Q) glacial sediments. The Xinduqiao Formation overlays the Zhuwo Formation with a conformable contact. The Triassic rocks in the region have undergone regional metamorphism with the Xinduqiao Formation rocks mostly converted to sericite-quartz schists.

The Triassic metamorphic rocks have been folded with folding axis direction bending from near north-south in the north to northeast then to near east-west in the south. There is dome-shaped anticline at the Jiajika District area.

The Triassic rocks at the Jiajika District area were intruded by a late Indosinian (isotope age 212Ma) Jiajika two-mica granite stock ("Jiajika Granite"). There are a series of later-stage granitic pegmatite veins and quartz veins associated with the granite. The Xinduqiao Formation schists near the intrusive were also overlapped by some thermal contact metamorphism with the formation of some typical thermal metamorphic minerals such as staurolite, andalusite and garnet. The Jiajika Granite outcrop is pan-shaped with the smaller pan-handle pointing to the north and the larger pan-basin pointing to the west-northwest direction. The intrusive outcrop is 3-4km long, 0.4-1.2km wide, with an outcrop area of approximately 4.8km^2. The contact of the Jiajika Granite is steep in the south and shallow in the north, indicating that magma may have intruded from the south to the north.

The granitic pegmatite veins and quartz veins formed concentric zones around the Jiajika Granite, especially to the northern side of the intrusive: from the microcline pegmatite (Type I) zone generally within or nearby the granite, outward to the microcline-albite pegmatite (Type II) zone, the albite pegmatite (Type III) zone, the spodumene pegmatite (Type IV) zone, the muscovite pegmatite (Type V) zone and the quartz vein zone. Figure 23 shows the distribution of the Jiajika Granite stock and various types of associated granitic pegmatite veins in the Jiajika District. The pegmatite veins can occur as single veins or vein groups. The size of individual pegmatite veins is generally not very large, typically ranging from a few meters to several tens of meters wide, from several tens of meters to several hundreds of meters long. A total of 498 granitic pegmatite veins were identified and numbered at Jiajika District by the No.404 Brigade during its 1965-1974 exploration work, and 114 of the pegmatite veins were considered as Type IV spodumene pegmatite veins that contain significant lithium mineralisation. The No.404 Brigade pegmatite vein numbering system was kept by the No.108 Brigade in its 2009-2011 exploration work. The No.632 vein and the No.602 vein group in the West

Section of the Jiajika District are the most important spodumene pegmatite veins of the Cuola Project; they are primary mining targets for the planned Phase I mining operation. The No.134 spodumene pegmatite vein is the most important in the East Section and was developed into the Jiajika Mine (production is currently suspended).

The muscovite in the pegmatite veins has been dated with an isotopic age of 1.81-1.88Ma. The locations for the sections of the Jiajika District and the Cuola Project exploration license area are also shown in Figure 24.

Local Geology

The local geology within the original Cuola exploration license boundary is shown in Figure 23. The boundaries of the four areas comprising the current Cuola Project mining license that contain all the defined spodumene pegmatite veins with Mineral Resources are also shown in the figure.

The lower section of the late Triassic Xinduqiao Formation (T_3xd) outcrops in the area and is divided into four sub-sections.

The lowest sub-section (T_3xd^{1-1}) is composed of mostly fine- to medium-grained staurolite-bearing sericite-quartz schists with some local silty schists and metamorphosed siltstones interbeds. Total thickness of the sub-section is more than 210m. This sub-section is distributed in the northern and eastern parts of the Cuola Project area.

The second sub-section (T_3xd^{1-2}) consists mostly of medium- to coarse-grained staurolite-bearing sericite-quartz schists. Its thickness is more than 180m and it is located southwest of T_3xd^{1-1}.

The third sub-section (T_3xd^{1-3}) consists mostly of medium- to coarse-grained staurolite- and andalusite-bearing sericite-quarts schists. Its thickness is more than 150m and it is located in the southwestern portion of the Cuola Project area.

The fourth sub-section (T_3xd^{1-4}) consists mostly of fine- to medium-grained staurolite-bearing sericite-quartz schists with some thin siltstone interbeds. Its thickness is more than 210m and it is located in the southwestern corner of the Cuola Project area.

The Xinduqiao Formation schists outcropping in the Cuola Project area generally have a gray to dark gray color that become grayish black with weathering. The schists have a gentle dip generally toward the southwest and the west, but generally dip to the south within the eastern portion of the project area.

Late Triassic Zhuwo Formation (T_3zh) siltstones and fine-grained sandstones and basaltic tuffs do not outcrop in the Cuola Project area.

The Quaternary (Q) cover rocks comprise glacial sediments which commonly contain boulders of various underlying rocks and have a thickness of 3 to 25m. Quaternary rocks cover approximately 40% of the Cuola Project area with numerous glacial erosion lakes, including the Jiajika Lake next to the Jiajika Mine and the Cuola Lake in the Cuola Project area, which can provide sufficient water for mining operations in the area. Some of the spodumene pegmatite veins are covered by the glacial sediments and became blind mineralised bodies. These blind mineralised bodies provide further exploration potential for the Cuola Project and the surrounding areas.

The Cuola Project area is located on the western limb of the Jiajika dome-shaped anticline and near to the anticlinal core. Fault structures are generally not well developed in the area, but fractures in the north-eastern and north-western directions (X-shaped steep-dipping shear fractures) are well developed and control the distribution of the Type IV and Type V pegmatite veins in the project area. The Type I pegmatite veins are generally controlled by cooling fractures within the two-mica granite intrusive body; the Type II and Type III pegmatite veins are generally controlled by bedding fractures in the Xinduqiao Formation schists near the intrusive contact. The Type IV spodumene pegmatite veins are generally controlled by the steep-dipping north-eastern and north-western fractures, located at the upper portion of T_3xd^{1-1} and lower portion of T_3xd^{1-2}, slightly away from the intrusive contact in the Cuola Project area.

The Jiajika Granite intruded into the southwest portion of the Jiajika dome-shaped anticline core. The erosion depth is relatively shallow and only the fine-grained boundary phase rock is exposed. The rock consists of mostly microcline, albite-oligoclase and quartz with smaller amounts of muscovite and biotite and trace amounts of tourmaline, apatite, spodumene, garnet, zircon, titanite, rutile, diopside, epidote, hornblende, pyrite, magnetite, ilmenite and molybdenite. The rock is high in silica (more than 70%), low in Ca, Mg and Fe, and rich in rare metals and volatile elements, with Li content up to 0.06-0.15%.

The pegmatite veins in the Cuola Project area are believed to be the product of crystallization differentiation of the Jiajika Granite. Different types of pegmatite veins are distributed in concentric zones surrounding the granite intrusion with Type I microcline pegmatite veins generally within the intrusive body, Type II microcline-albite pegmatite veins and Type III albite pegmatite veins in schists near the intrusive contact zone, and Type IV spodumene pegmatite veins, Type V muscovite pegmatite veins and quartz veins further out from the contact zone. The pegmatite veins generally have similar chemical composition as the granite, with higher rare-metal and volatile contents, indicating that the pegmatite veins and the granite might have developed from the same magma source.

Geophysically, the apparent polarisability of pegmatite and schist in the area does not differ significantly, but the resistivity of the two rock types is sufficiently different (high for pegmatite and low for schist) that resistivity survey results can be used as a general guide for exploration of the pegmatite veins at depth and underneath the Quaternary glacial sediments.

Geology of Spodumene Pegmatite Veins

A total of 148 pegmatite veins have been identified within the Cuola Project exploration license area by the No.108 Brigade, of which 20 are Type IV spodumene pegmatite veins.

The relatively large No.632, No.602, No.603, No.593 and No.60 pegmatite veins and No.594 pegmatite vein group occur in the west portion of the Jiajika District, around the Cuola Lake, at a distance of 2,000-3,000m from the Jiajika Granite intrusion; these spodumene pegmatite veins form the West Section of the Jiajika District.

The No.104 vein is located south of the Jiajika Lake and east of the Jiajika Granite at a distance of about 70m from the intrusive contact; this pegmatite vein is part of the Central Section of the Jiajika District.

The No.668 vein is located at the outer contact zone southeast of the Jiajika Granite at a distance of 600-700m from the contact. It is parallel to the intrusive contact and is an important spodumene pegmatite vein in the South Section of the Jiajika District.

Other smaller spodumene pegmatite veins identified by the No.108 Brigade are mostly located within the West Section of the Jiajika District.

The spodumene pegmatite veins occur as single veins or vein groups. Individual spodumene pegmatite veins can be shaped as regular or irregular veins or lenses, beaded veins, branching and composite veins and tuberculiform veins. They generally infill fractures in the schists and are 2-35m wide and 85-760m long. The pegmatite veins generally dip to the west and northwest; but some of the veins also dip to the east, southeast and south. The veins generally have a high dip angle, but this varies along the dip direction and is locally overturned. The larger spodumene pegmatite veins in the Cuola Project area include the No.632, No.594 (separated into No.594W, No.594M and No.594E), No.60, No.602, No.603, No.593, No.668 and No.104 veins. Table 5.1 shows the characteristics of the main spodumene pegmatite veins.

Table 5.1

Characteristics of the Main Spodumene Pegmatite Veins of the Cuola Project

Pegmatite Vein	Shape	Length (m)	Width (m)
No.632	regular vein	750	3.0-30.5
No.594E	branching vein	332	3.3-26.2
No.594M	branching vein	195	2.4-17.4
No.594W	lenticular	258	1.4-20.3
No.60	irregular vein	412	1.3-22.9
No.602	branching vein	565	0.8-59.4
No.603	irregular vein	217	3-18
No.593	irregular vein	305	1.1-34.0
No.668	regular vein	960	2-98
No.104	lenticular vein	496	3-12

The Type IV spodumene pegmatite veins generally consist of 35-40% quartz, approximately 5% microcline, 35% albite, 10-20% spodumene, and 2-3% muscovite, with minor amounts of accessory minerals such as garnet, pyrite, aphrizite, apatite, and cassiterite. Spodumene is generally gray or grayish white, occasionally light green in color. Its shape is platy, plate-columnar or acicular. The mineral generally occurs as fine crystals (1-4cm long and 0.2-0.5cm wide) with small amounts of smaller and larger crystals. The spodumene crystals generally occur perpendicular to the pegmatite vein walls with small amount at an angle to the walls.

Based on sampling and analysis results, the average Li_2O grade of the Type IV spodumene pegmatite veins ranges from 1.21% to 1.47% Li_2O. These veins also contain some beryllium, niobium, tantalum and tin, but the grades are generally not high enough to warrant economic recovery at current technical and economic conditions. The Li_2O grade in the pegmatite veins is generally stable, but it can decrease to below the Mineral Resource estimation cut-off grade of 0.5% Li_2O towards the ends of the veins along strike. There is commonly a thin low grade shell at the contact with the schist wall rock. The Li_2O grade also often decreases to below cut-off grade at depth.

For each individual spodumene pegmatite vein, at the schist-wall rock contact, there is commonly a 3-5cm wide fine-grained greisenisation zone (consisting of mostly quartz, muscovite and a small amount of feldspar) with very low lithium grade, followed by a 0.5-5m wide fine-grained pegmatite zone (consisting of mostly quartz, feldspar and a small amount of muscovite) with a low lithium grade. The middle zone of the vein is generally the fine- to medium-grained quartz-albite-spodumene pegmatite with a small amount of muscovite and tourmaline and good lithium grade.

The following are the characteristics of some of the main mineralised pegmatite veins.

The No.632 pegmatite vein is located at the western portion of the Cuola Project area. It is a single regularly-shaped vein with a strike direction of N30ºE, a surface strike length of approximately 750m and a width of 3.0m to 30.5m. The vein has a steep dip to the southeast, but it is locally overturned. There are 16 surface trenches and 18 drill holes completed, of which 11 trenches and 15 holes have intersected the pegmatite vein. The maximum explored depth of the vein is approximately 180m. The vein is thick in the middle and pinches out at both ends on the surface. The mineralised middle zone of the pegmatite vein with Li_2O grade above 0.5% is approximately 690m long, 0.5-30.5m wide with an average of 11.8m, and 60-120m deep. Its thickness and lithium grade are generally consistent with Li_2O grade ranging from 0.58% to 2.27%, averaging 1.14% Li_2O (Figures 25 and 26).

The No.602 spodumene pegmatite vein is located south of the Cuola Lake with a nearly north-south strike. It is a lenticular vein with some branching in the middle; part of the vein in the middle section is not exposed at surface. The vein is approximately 565m long and 0.8-59.4m wide, averaging 15.5m; it dips steeply to the west with an average angle of 79º and is locally overturned; its down-dip length ranges from 73m to 377m. The spodumene pegmatite vein is almost entirely mineralised with a total of 11 surface trenches and 42 drill holes intersecting the mineralised zone. The vein is thick in the middle and pinches at both ends. The mineralised middle zone of the pegmatite vein with Li_2O grade above 0.5% has a Li_2O grade from 0.58% to 1.71%, averaging 1.46% Li_2O (Figures 26 and 28).

The No.593 spodumene pegmatite vein occurs east of the No.602 pegmatite vein with a strike of N73ºE. The vein is controlled by two nearly parallel fractures. It dips to the southeast with a shallow dip near surface and steeper dip at depth. It is a branching vein, approximately 305m long and 1.1-34.0m wide, averaging 14.6m; its down-dip length ranges from 80m to 135m. The vein is almost entirely mineralised. A total of 10 surface trenches and 14 drill holes have been completed, of which 10 trenches and 12 drill holes intersected the mineralised zone of the vein. The mineralised middle zone of the pegmatite vein with Li_2O grade above 0.5% has a Li_2O grade from 0.53% to 1.54%, averaging 1.18% Li_2O.

The No.594 vein is a spodumene pegmatite vein group, consisting of three sub-parallel veins (No.594E, No.594M and No.594W) located southeast of the Cuola Lake. The veins strike north-south or NNE and dip to the west at steep angles. They are relatively regular veins with some branching at the ends. There is a total of 15 surface trenches and 13 drill holes completed for the No.594 vein group and only two holes did not intersect the pegmatite veins. The mineralised zone of the No.594E vein is 332m long, 3.3-26.2m wide, averaging 11.9m, with a maximum depth of approximately 80m; the mineralised zone of the No.594M vein is 195m long, 2.4-17.4m wide, averaging 8.6m, with a down-dip length of 120m; the mineralised zone of the No.594W is 258m long and 1.4-20.3m wide, averaging 7.3m, with a down-dip length of 75m. Average Li_2O grade is 1.02% for No.594E, 1.22% for No.594M and 1.16% for No.594W.

Conclusions

BDA considers the Cuola Project geology and mineralisation to be generally straightforward, and reasonably well defined and understood based on systematic detailed exploration work completed *to date. The clear distinction between schist wall rock and lithium-bearing pegmatite veins makes the exploration and mining work relatively easy as the mineralization and waste can be readily identified by the naked eye.*

5.3 Exploration, Geological and Resource Data

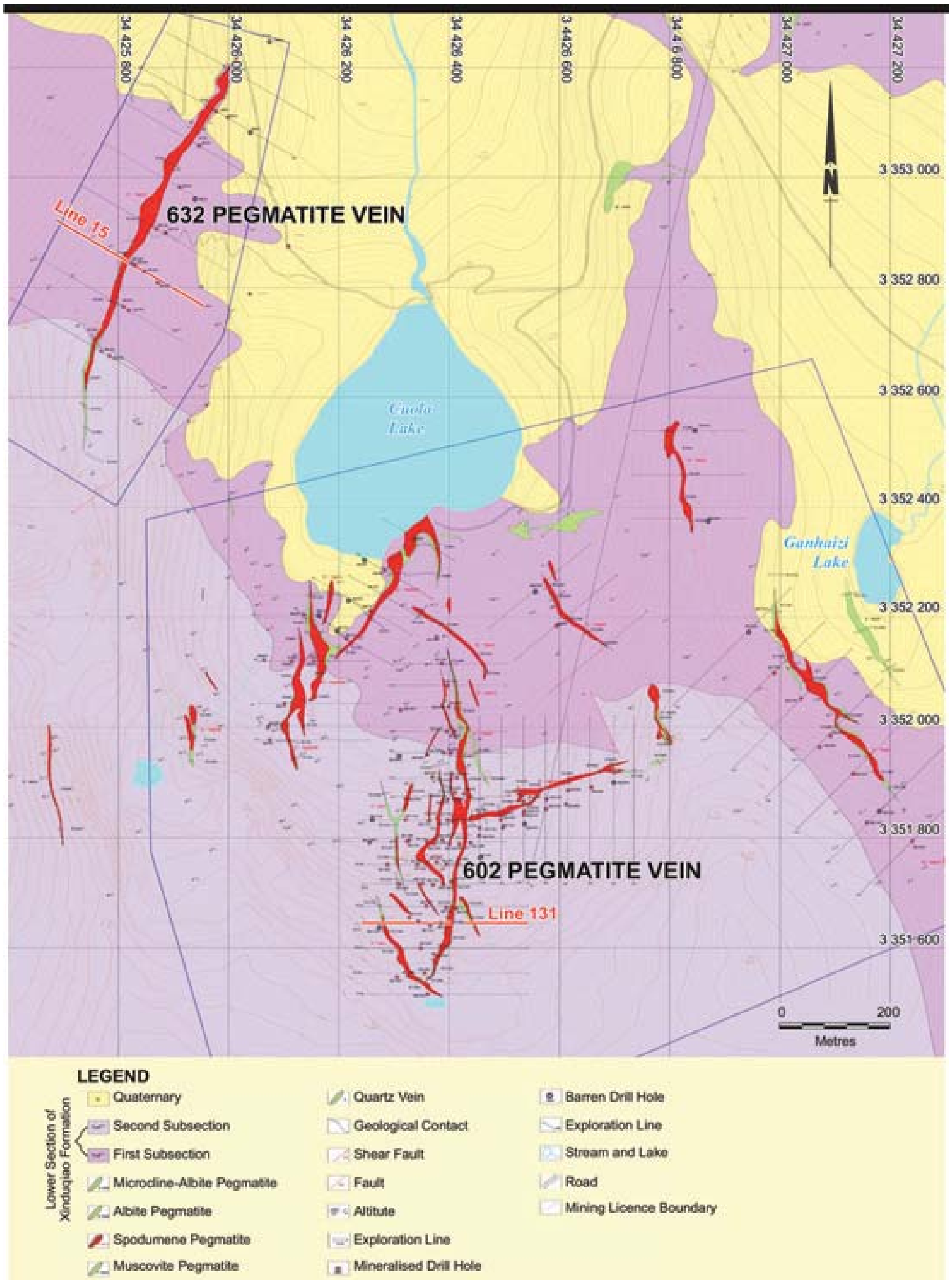
Exploration

The exploration work completed in the 1960s and 1970s by the No.404 Brigade is considered not reliable because of the limitation of technologies for drilling, sampling and sample analysis at that time. The geological database used for current Mineral Resource estimation was all generated by systematic detailed exploration work completed from 2009 to 2011 by the No.108 Brigade.

The No.108 Brigade completed a 1:10,000 scale surface geological map for the entire Cuola Project exploration license area; they also completed a more detailed 1:2,000 scale geological map for the north-western portion of the Cuola Project exploration license area, where the majority of the Type IV spodumene pegmatite veins are located. The topography was also resurveyed in detail and all geological mapping, drilling and trenching activities were conducted based on the new topographic maps.

Surface trenching and drilling was conducted along exploration lines approximately perpendicular to the pegmatite vein strike designed for each individual pegmatite vein or vein group. The exploration line spacing is 80m for the larger and more regularly-shaped No.632 pegmatite vein and 40m for other smaller and/or less regularly-shaped pegmatite veins or vein groups. A total of 142 diamond drill holes with a total drilled length of 17,575m and a total of 136 surface trenches with a total excavated volume of 28,407m^3 were completed during the period, of which 132 drill holes and 125 trenches intercepted the spodumene pegmatite veins. Drill hole and trench spacing on cross sections were generally 20m to 60m.

The No.108 Brigade has also completed some geophysical surveys in order to geophysically characterise the spodumene pegmatite veins and provide a guide for locating possible blind pegmatite veins covered by the Quaternary glacial sediments. Geotechnical, hydrogeological, and environmental geology studies have also been carried out in order to collect basic data for mine planning and project development.



Tianqi Lithium Corporation

Cuola Lithium Project

Figure 26

GEOLOGY OF THE No.632 VEIN AND No.602 VEIN GROUP AREA

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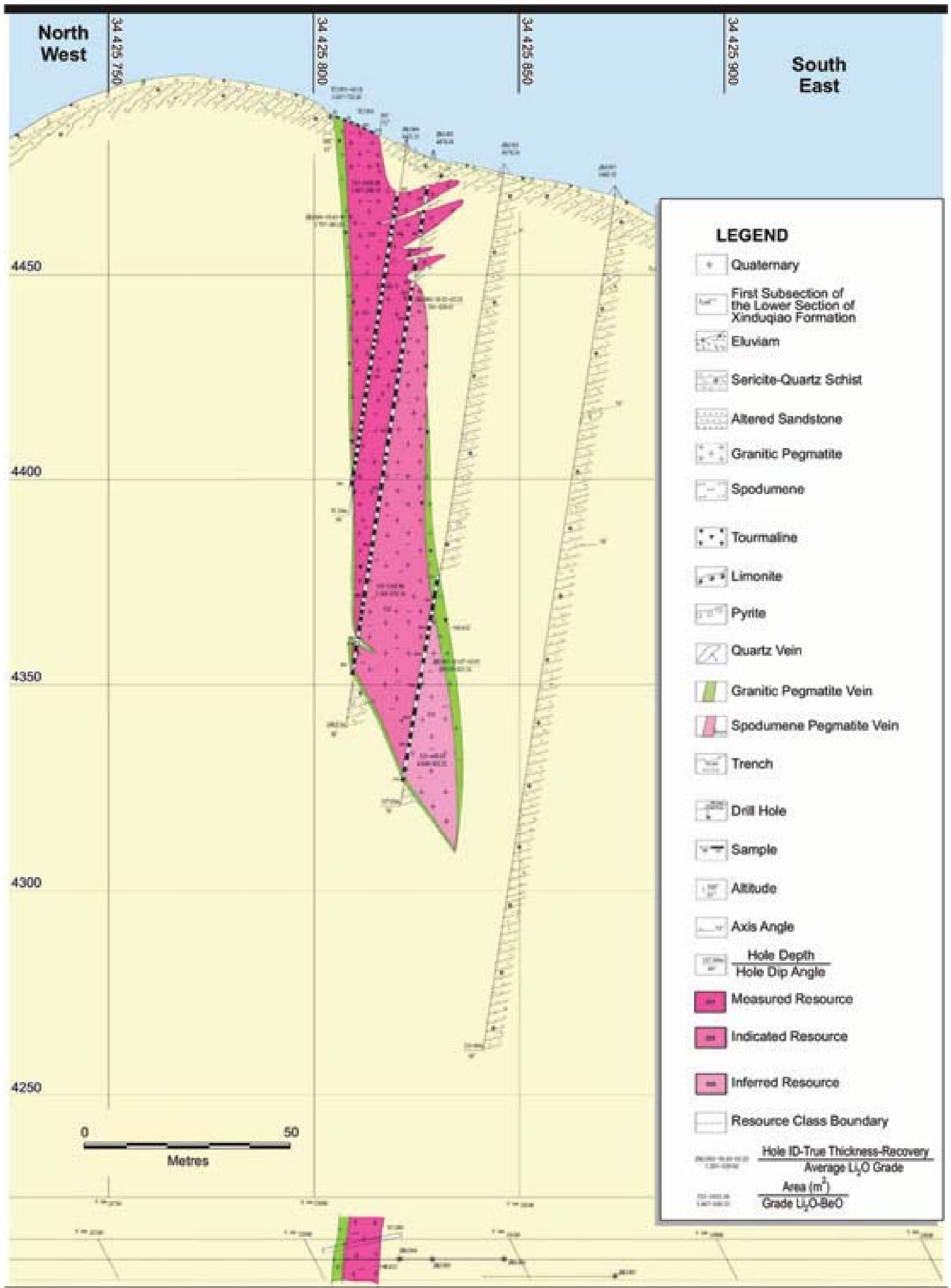

Tianqi Lithium Corporation

Cuola Lithium Project

Figure 27

CROSS SECTION OF No.632 PEGMATITE VEIN ON EXPLORATION LINE 15

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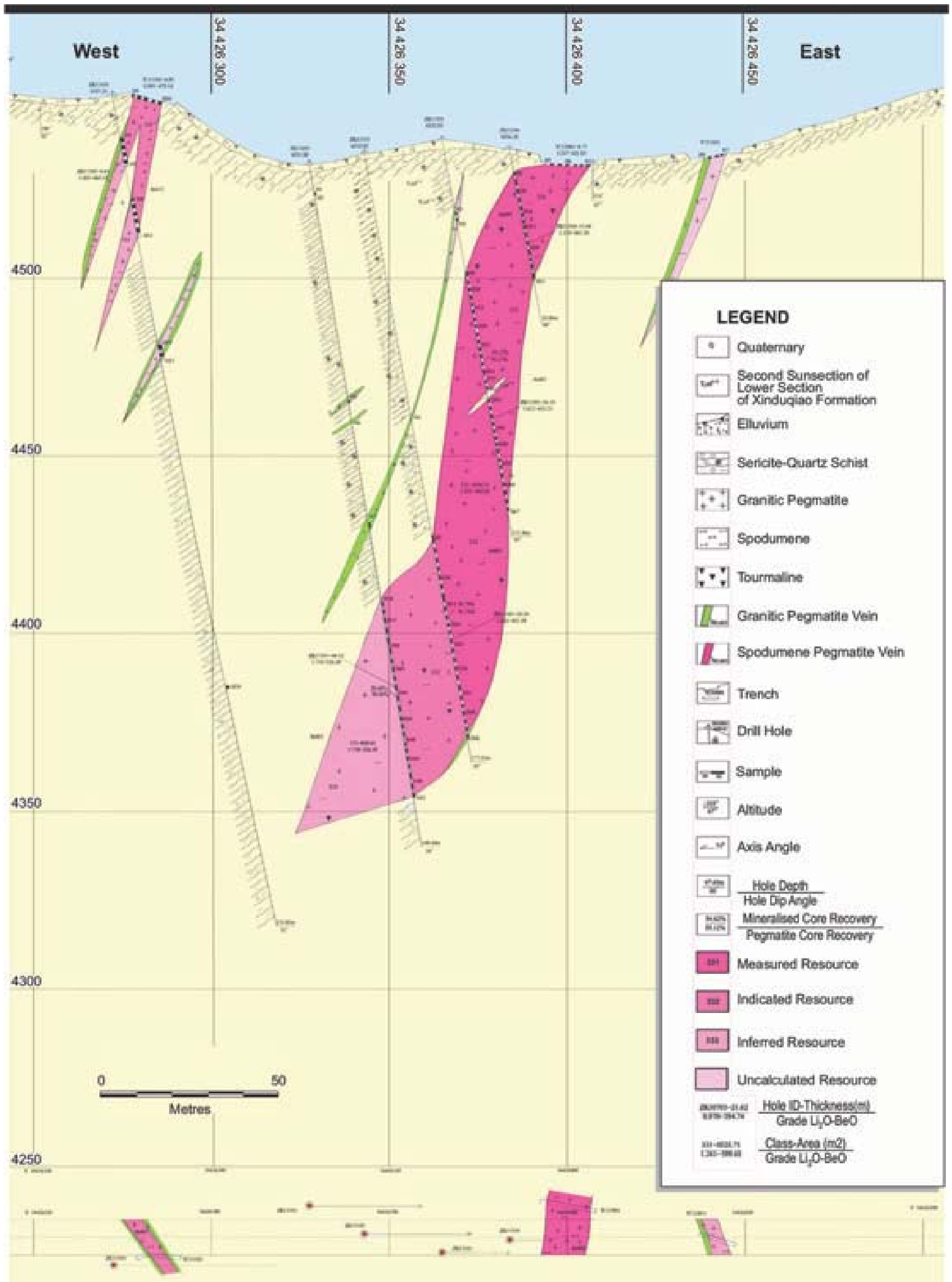

Tianqi Lithium Corporation

Cuola Lithium Project

Figure 28

CROSS SECTION OF THE No.602 PEGMATITE VEIN ON EXPLORATION LINE 131

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Geological Data Acquisition

The database used for resource estimation of the Cuola Project consists of 7,490 samples collected from 6,668m of sampled drill cores and 1,890m of sampled surface trenches. In general, only the pegmatite intercepts were sampled for grade analysis.

Diamond core drilling was conducted by Chinese made drill rigs. The drill hole size is mostly 75mm in diameter with a recovered drill core size of 56mm, which is considered a reasonable core size to collect a good sample for grade analysis. Core recoveries were generally reasonably good, with a range from 80.3% to 99.8%, averaging 91.7%, for the entire hole and a range of 82.1% to 100.0%, averaging 92.3%, for the pegmatite intervals.

Drill core for each hole was logged by a geologist on site. Drilled length, drill core length, remaining unrecovered core length, and core recovery for each drill run was recorded; lithology and mineralisation of the core were logged and recorded in detail. Each individual core box was photographed and the photos were kept in a digital database for future reference and verification.

Drill hole collar location was surveyed after drilling; drill hole down-hole deviation was also surveyed by a down-hole survey instrument at an interval of approximately 50m as well as at the bottom of the drill hole; drill hole length recorded by the driller was verified by actual measurement at the same time as the down-hole deviation survey. The drill holes were generally backfilled after drilling and the drill hole collar location was marked by a cement hole monument at the surface.

BDA notes that because of the limitation of drill rigs used for the exploration work by the No.108 Brigade, most of the holes were drilled at an angle of 80º, which is less than ideal for the generally steep-dipping spodumene pegmatite veins in the Cuola Project as the location and thickness of the veins may not be determined accurately when the intersection angle of drill hole with the pegmatite veins is relatively small.

The drill hole collar location and down hole deviation have been accurately surveyed and the down hole deviation survey results generally show that the drill hole dip at various depths is consistent with the original designed drilling angle; the pegmatite veins are generally several meters to several tens of meters wide; these thicknesses can partially compensate for the effect of the relatively small intersection angle. BDA recommends the use of more modern drill rigs capable of drilling lower angles for any further drilling for the Cuola Project.

The surface trenches were dug by excavators (about 80%) or by hand (about 20%). The trenches were generally dug to the depth of the fresh bedrock to reveal the contact of pegmatite veins with schist wall rocks. Each trench was mapped in detail at a scale of 1:100; geology and mineralisation in the trench were recorded in detail. Trench locations were surveyed.

Sampling, Sample Preparation and Analysis

Sampling has followed accepted industry practice in China.

Diamond drill core sample intervals were determined by the geologist logging the core, generally for all the pegmatite intercepts. Sampling length varies from 0.5m to 2.0m, averaging around 1m, honoring the geology. Core samples were collected by a mechanical core splitter by splitting the core in the middle to separate the core into two halves. One half of the core was collected for grade analysis, and the other half was stored in the original core box for future verification, check sampling, metallurgical test sampling, and any other relevant studies.

Channel samples from the surface trenches were collected generally from the trench bottom; sample channels were generally 10cm wide and 5cm deep; sample interval was generally 1-2m, honoring the geology.

A total of 7,490 samples were trucked by the No.108 Brigade to the primary analytical laboratory, the West-South Metallurgical Geology Analytical and Test Center ("West-South Test Center") located in Pi County, Sichuan Province, which is authenticated in metrology by Certification and Accreditation Administration of China and also holds a Class A qualification certificate issued by the Land and Resource Ministry of China, for grade analysis.

Sample preparation was conducted by the West-South Test Center. All samples were crushed, ground and split according to a standard procedure. A 50g pulp sample was produced for grade analysis. A duplicate pulp sample and the coarse rejects were sent back to Tianqi Shenghe for future verification grade analysis and metallurgical testing work.

Samples were dissolved by a mixture of nitric acid, hydrofluoric acid and perchloric acid, and were analyzed by the Inductively Coupled Plasma-Atomic Emission Spectrometry ("ICP-AES") method for Li_2O, Nb_2O_5, Ta_2O_5, and BeO. Each sample was also analyzed for Sn by the oscillopolarography method.

Assay Quality Control

Quality assurance/quality control (QA/QC) for sample analysis was carried out by internal check analysis (duplicate sample analysis by the original analytical laboratory), external check analysis (check sample analysis by an independent secondary analytical laboratory) and inserting analytical standards in each batch of the samples.

Three blind standard samples were included in each butch of 10 samples to monitor the accuracy of the analytic results. The analytical results of the standards show the analyzes are within an acceptable variation range of the standard sample grades.

A total of 311 samples, or about 4.2% of the total number of analyzed samples, were randomly selected for internal check analysis. The internal check samples have different sample numbers from the original sample number and the analysis was conducted by a different operator. The analytical results of more than 99.5% of the check samples are within an acceptable variation range of the analytical results of the original samples.

A total of 229 samples, or about 3.1% of the total number of analyzed samples, with high, medium or low grades, were selected from the duplicate pulp samples for external check analysis. The external check analytical laboratory used by the No.108 Brigade was the Analytical and Test Center of the Bureau of Geology and Mineral Resource Exploration and Development of Sichuan Province in Chengdu, Sichuan, which is authenticated in metrology by Certification and Accreditation Administration of China, in 2009 and 2010, and the Analytical and Test Center of the Institute of Multipurpose Utilization of Mineral Resources of Chinese Academy of Geological Sciences in Chengdu, Sichuan, which is International Organization for Standardization, ISO:9001 authenticated, in 2011. The average Li_2O grade of 0.8968% for the external check samples is very close to the average Li_2O grade of 0.8998% for the original samples; approximately 95% of the check sample Li_2O grades are within the acceptable variation range of the original sample Li_2O grades.

In order to independently verify the reliability of Tianqi Shenghe's sample Li_2O grade, BDA took 20 randomly-selected check samples from the duplicate pulp samples from Tianqi Shenghe's warehouse. These samples were given new BDA sample numbers and were submitted to the West-South Test Center for Li_2O grade analysis. Analytical results show that the average Li_2O grade of the BDA check samples is 0.933%, which is only approximately 1% below the average Li_2O grade of the original samples of 0.942%. Figure 29 is a scatter plot comparing the BDA check sample grade and the original sample grade. BDA considers that the BDA check samples generally confirm the original sample grades.

The QA/QC data shows that the Li_2O analytical results for the Cuola Project are of good quality and are appropriate for mineral resource estimation.

Bulk Density

A total of 238 spodumene pegmatite bulk density measurement samples were collected from drill cores and surface trenches by the No.108 Brigade for the Cuola Project. Bulk density of the samples was determined by the wax-coating, water-immersion method. The measurement results show that the bulk density ranges from 2.5t/m^3 to 2.8t/m^3, with an average of 2.71t/m^3. The measurement results also show the bulk density of the spodumene pegmatite is slightly positively correlated with the sample Li_2O grades.

Based on the measurement results, the average bulk density is 2.68t/m^3 for the No.632 pegmatite vein (37 samples), 2.73t/m^3 for the No.602 vein (50 samples), 2.71t/m^3 for the No.594 vein (52 samples), and 2.68t/m^3 for the No.668 vein (35 samples). The average bulk density of these veins was used for mineral resource estimation for each of the veins. For other spodumene pegmatite veins without sufficient number of bulk density measurements, the average density of 2.71t/m^3 for all the spodumene pegmatite vein samples for the entire Cuola Project area was used for resource estimation. BDA considers these bulk densities are reasonable considering the mineralogy of the spodumene pegmatite in the Cuola Project area.

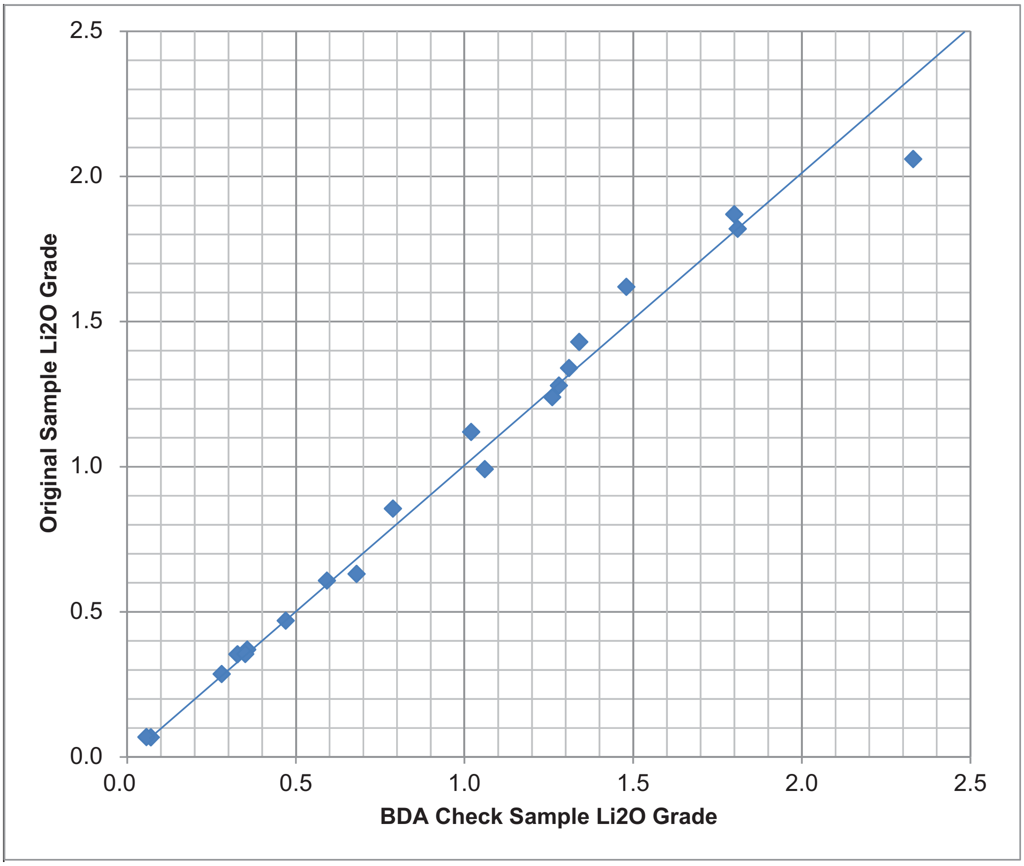


Figure 29 Scatter Plot Comparing BDA Check Samples with Original Samples

Independent Due Diligence Performed by BDA

In order to verify the reliability of the Cuola Project Mineral Resource estimates, BDA performed some independent due diligence checks in the process of preparing this CPR.

A site visit was conducted by BDA's Project Geologist and Competent Person to the Cuola Project in Yajiang County Sichuan Province and to the head office of Tianqi Shenghe in Chengdu, Sichuan.

During the visit to the Cuola Project, BDA selectively checked the surface geology, located some of the drill holes and surface sample trenches for some of the primary spodumene pegmatite veins. BDA inspected the core storage facility and checked the stored core for some of the drill holes. BDA also visited the incomplete construction work at the project site.

In Tianqi Shenghe's head office in Chengdu, BDA discussed the Cuola Project with Tianqi Shenghe's management and technical staff, interviewed the primary technical staff of the No.108 Brigade involved in the 2009-2011 Cuola Project exploration work and confirmed that the No.108 Brigade did complete the exploration work described in their exploration geology report.

BDA also reviewed all the drill hole logs, photographs for all the drill core, analytical certificates for all the analytic samples, the No.108 Brigade exploration geology report with Mineral Resource estimation and all the attached maps and tables.

BDA took 20 check samples from duplicate pulp samples in Tianqi Shenghe's warehouse and analyzed the Li_2O grade for these samples in order to independently verify the reliability of the original sample Li_2O grade (Figure 28).

BDA also reviewed the No.108 Brigade's Mineral Resource estimation procedure and checked some of the calculation results.

All BDA's independent due diligence work indicates that the exploration work conducted by the No.108 Brigade was generally conducted according to industry standards; the database generated from the exploration work is considered generally appropriate for Mineral Resource estimation; BDA considers that the Mineral Resource estimation was generally completed in an acceptable manner under the JORC Code.

Conclusions

BDA has not undertaken a detailed audit of the geological and analytical data as part of this review. However, BDA has reviewed data acquisition, quality control procedures and QA/QC results presented by the No.108 Brigade and also performed some independent due diligence checks on the database and resource estimation. BDA concludes that the database quality is appropriate and adequate for estimation of Mineral Resources and Ore Reserves under the JORC Code.

BDA notes that most of drill holes were drilled at an inclined angle of 80° because of the limitation of the drill rigs used for the Cuola Project; this is less than ideal for the steeply-dipping pegmatite veins in the Cuola Project as the small interception angle between drill holes and the pegmatite vein may not accurately determine the location and the true thickness of the mineralisation. The No.108 Brigade surveyed the collar location and down hole deviation of all the drill holes and the down hole deviation measurement results show that the actual drill hole dips at depth are generally close to the originally designed drill angles. Also, the spodumene pegmatite veins are generally several meters to several tens of meters wide. All these factors can partially offset the effect of the high drill hole angle. BDA recommends that all the future drilling for the Cuola Project should be conducted using more advanced drill rigs with the capability of drilling lower angle holes.

5.4 Mineral Resources and Ore Reserve Estimation

Mineral Resource Estimation Procedures and Parameters

In China, the methods used to estimate Mineral Resources and the parameters used to categorize the Mineral Resources for a particular type of mineral deposit are generally prescribed by the relevant Chinese government authorities. The Mineral Resource estimates are based on strictly defined parameters, which include minimum grades and minimum thicknesses. The Mineral Resources for a deposit are generally estimated by an independent engineering entity with a government-issued license.

Current Mineral Resource estimation for the Cuola Project was completed by the No.108 Brigade as the most important part of its exploration work for the project from 2009 to 2011. The exploration work with Mineral Resource estimate was summarized in the report "Exploration Geology Report of the Cuola Spodumene Mining District in Yajiang County, Sichuan Province" dated September 22, 2011. As there has been no additional exploration work and no mining activities since completion of the report, the Mineral Resource for the Cuola Project remains the same at the effective date of this BDA CPR.

The drill hole and/or channel sampling density required to define a certain class of Mineral Resource depends on the type of deposit. Based on the mineralised body size and complexity, under Chinese procedures a deposit is classified into certain exploration types before Mineral Resource estimation. The No.632 pegmatite vein is a relatively large, regularly-shaped single vein with a controlled length of 750m with good continuity in both grade and thickness, therefore, it was categorized as exploration type II. All other pegmatite veins are smaller and less regular in shape compared with the No.632 vein but still have good grade continuity and reasonable thickness continuity, these veins are categorized as type II-III and type III.

For the purpose of Mineral Resource estimation, all drilling and sampling data, along with other relevant geological information, were digitized into the MAPGIS software system by the No.108 Brigade. MAPGIS is a computer software system widely used in China for preparation of plans and sections for Mineral Resource estimation. Sections and plans used for the September 2011 Mineral Resource of the Cuola Project were produced by MAPGIS.

The parallel section method, a polygonal method based on projected cross sections, was used for the Mineral Resource estimation of the larger, more important spodumene pegmatite veins in the Cuola Project by the No.108 Brigade. Mineral Resource estimation for other smaller and/or less important veins was estimated by the polygonal method on projected long sections. Based on information provided by the No.108 Brigade and discussions with the No.108 Brigade technical personnel, the general procedures and parameters used in the Mineral Resource estimation of the larger, more important pegmatite veins are described as follows.

Determination of "Deposit Industrial Parameters"

The economic parameters for mineral resource estimation are referred to as "deposit industrial parameters" ("DIP") in Chinese literature or technical reports and are normally approved by government authorities for each deposit or based on the government's industry specification. These parameters generally include the cut-off grades (separated into boundary cut-off grade and block cut-off grade), minimum mining width, and minimum waste exclusion width. The DIPs used for the mineral resource estimates of the spodumene pegmatite veins in the Cuola Project reviewed in this report are summarized as follows:

Boundary Cut-off Grade:	0.5% Li_2O
Block Cut-off Grade:	0.7% Li_2O
Deposit Cut-off Grade:	1.0% Li_2O
Minimum Mining Width:	1m
Minimum Waste Exclusion Width:	2m

BDA notes that the boundary cut-off grade of 0.5% Li_2O used by the No.108 Brigade is the same as the reporting cut-off used by Talison for the Mineral Resource estimate for the Greenbushes Mine in Australia, indicating the boundary cut-off used for the Cuola Project is generally reasonable for Mineral Resource estimates under the JORC Code.

Determination of Block Boundaries and Confidence Level

In the parallel section Mineral Resource estimation, the mineralised body on a cross section was separated into a number of blocks, with each block assigned a Mineral Resource confidence level based on the type, density and quality of available geological data. For the No.632 pegmatite vein, a

Measured Mineral Resource block was defined by surface drilling and surface trench channel sampling, with a data spacing of no more than 80m × 40-60m. An Indicated block is defined by a drill hole/channel spacing of no more than 160m × 60-80m. No extrapolation is allowed from a data point for the Measured and Indicated Mineral Resource blocks. An Inferred Mineral Resource block is generally defined by a wider drill hole spacing or extrapolated 40m from the Measured/Indicated Mineral Resource blocks. Figure 30 shows the Mineral Resource classification on a projected long section for the No.632 pegmatite vein in the Cuola Project.

For other pegmatite veins with an exploration type II-III or III, a Measured Mineral Resource block is defined by surface drilling and surface trench channel sampling, with a data spacing of no more than 40m × 15-20m. An Indicated block is defined by a drill hole/channel spacing of no more than 80m × 30-40m. No extrapolation is allowed from a data point for the Measured and Indicated Mineral Resource blocks. An Inferred Mineral Resource block is generally defined by a wider drill holes spacing or extrapolated no more than 40m from the Measured/Indicated Mineral Resource blocks. Figure 31 shows the Mineral Resource classification on a projected long section for the No.602 pegmatite vein in the Cuola Project by the No.108 Brigade.

Mineral Resource Estimation

In the Mineral Resource estimation process, the corresponding two-dimensional blocks on two neighboring parallel cross sections were used to define a three-dimensional block. The area of the three-dimensional block (S) is calculated from the areas of the two-dimensional blocks on the two cross sections (S_1 and S_2). When the area difference for the two blocks on cross sections is less than 40%, the following trapezoid formula is used for the three-dimensional block area calculation:

$$S = \frac{S_1 + S_2}{2}$$

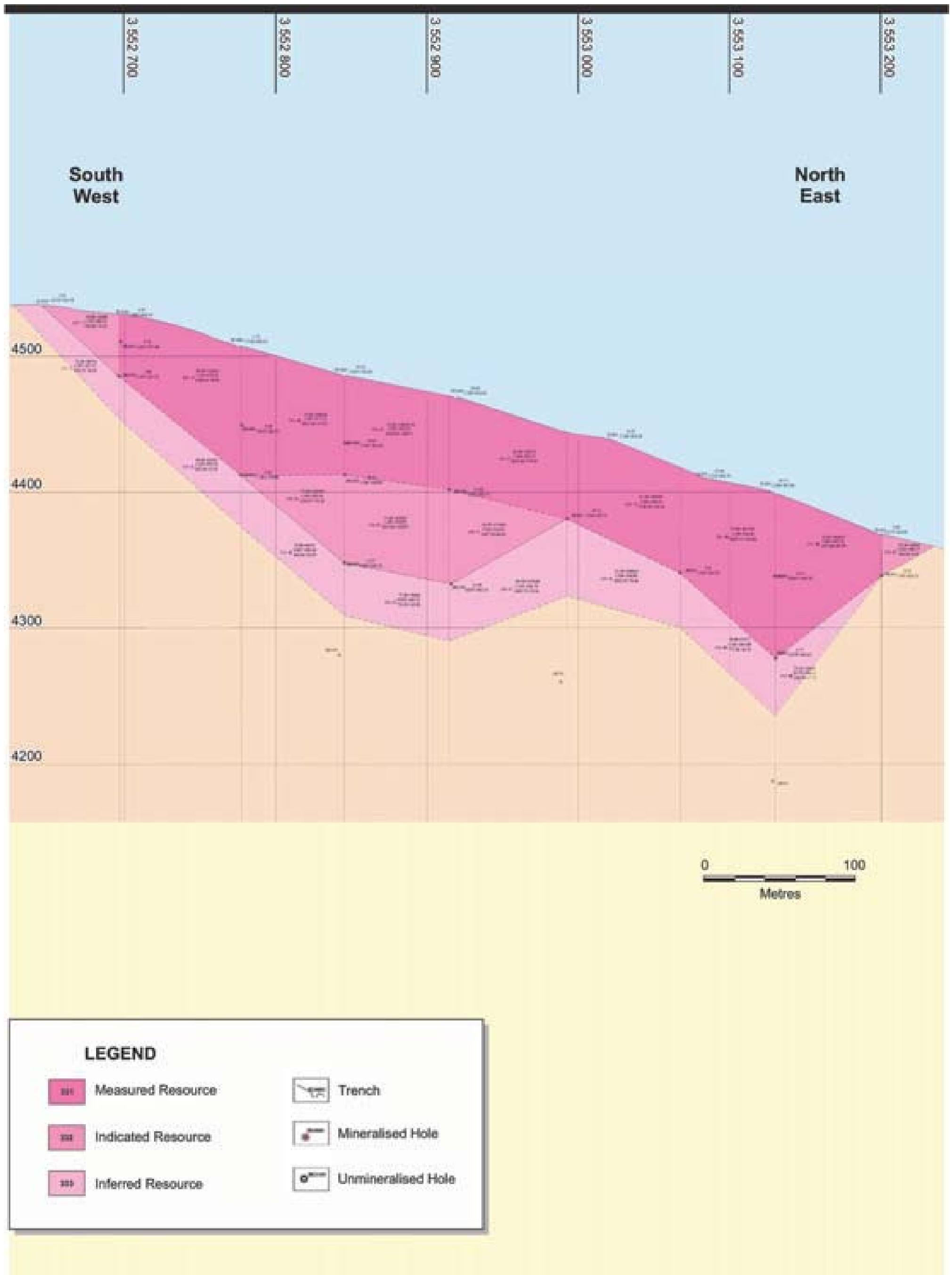
When the area difference for the two blocks on cross sections is more than 40%, the following frustum formula is used for the three-dimensional block area calculation:

$$S = \frac{S_1 + S_2 + \sqrt{S_1 \times S_2}}{3}$$

When a block on a cross section pinches out, the three-dimensional block area is half the two-dimensional block area if the block pinches out to a line or one third of the two-dimensional block area if the block pinches out to a point.

The volume of the three-dimensional block is determined by multiplying the area (S) with the sectional distance (L). The block mineral resource tonnage is determined by multiplying the volume by the average bulk density of the pegmatite vein. The mineralised body and deposit tonnages are based on the sum of the block tonnages.

Average drill hole or channel sample Li_2O grades were calculated using the length-weighted average of all the drill hole or channel samples within the block boundary. The block average grade is calculated using the length-weighted average of all drill hole or channel intersections inside the block. The mineralised body grade is calculated using the tonnage-weighted average of all blocks inside the mineralised body. The deposit grade is calculated using the tonnage weighted average of all the mineralised bodies in the deposit.



Tianqi Lithium Corporation *Cuola Lithium Project*

LONG SECTION PROJECTION OF BLOCK MINERAL RESOURCE CLASSIFICATION FOR THE No.632 PEGMATITE VEIN

Figure 30

BDA - 201 (03) November 2021

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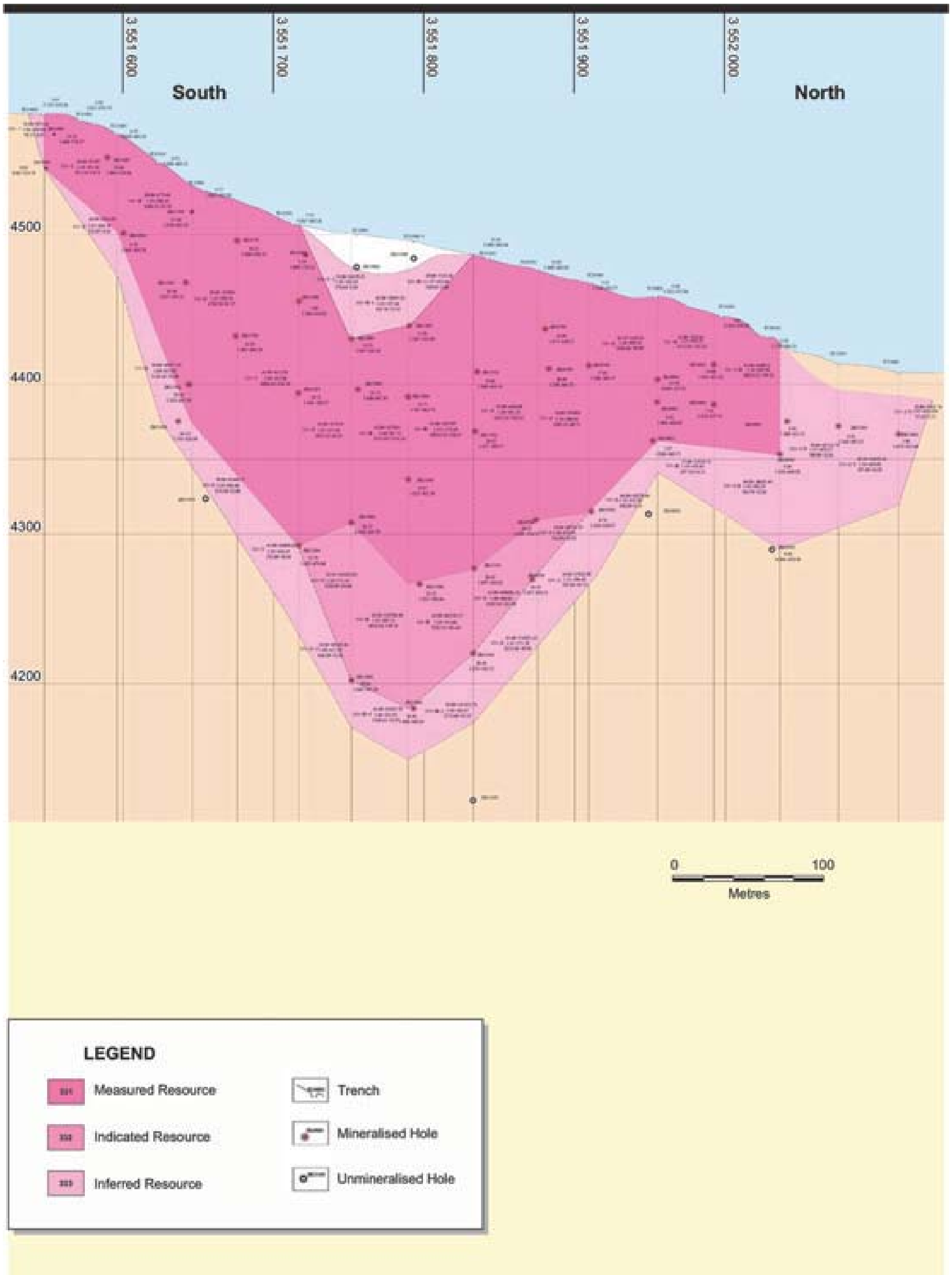

Tianqi Lithium Corporation

Cuola Lithium Project

LONG SECTION PROJECTION OF BLOCK MINERAL RESOURCE CLASSIFICATION FOR THE No.602 PEGMATITE VEIN

Figure 31

BDA - 201 (03) November 2021

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Based on our review, BDA considers the Mineral Resource estimation procedures and parameters applied by the No.108 Brigade for the Cuola Project to be generally reasonable and appropriate. The deposits are relatively large spodumene pegmatite veins or vein groups generally with good or reasonable spatial and grade continuity. The Measured blocks were defined by drill holes and surface trench channel samples at a data spacing of no more than 80m × 40-60m (type II, the No.632 vein only) or 40m × 15-20m (type II-III or III) and have a relatively high level of geological control. The Indicated Mineral Resource category blocks were also reasonably defined based on drill holes and surface trench channel samples at a data spacing of no more than 160m × 60-80m (type II, the No.632 vein only) or 80m × 30-40m (type II-III or III). There was no extrapolation from data points for the Measured and Indicated Mineral Resource category blocks. The Inferred Mineral Resource category blocks were defined by wider-spaced sampling or by limited extrapolation from Measured and Indicated Mineral Resource blocks.

BDA considers that traditional parallel section method and polygonal method are acceptable Mineral Resource estimation methods under the JORC Code although the estimation results may be difficult to be used directly for further Ore Reserve estimation and mine planning, especially for an open-pit mining operation. Tianqi Shenghe will need to convert the parallel section/polygonal Mineral Resource model to a three-dimensional computer block model in order to conduct Ore Reserve estimation and mine planning, especially for an open-pit mining operation.

As the Cuola Project is still at the development stage. No actual production data is available for reconciliation of the actual mine production with the Mineral Resource estimation.

As discussed previously, the surface drill holes were mostly drilled at a high angle of 80º, which is less than ideal for the steep-dipping spodumene pegmatite veins in the Cuola Project, as the thickness and location of the veins may not be determined accurately. Because of this limitation, plus the fact that some of the drill hole spacing for the No.108 Brigade's Measured Mineral Resource blocks is relatively wide, BDA considers the Measured Mineral Resource blocks would be more appropriately classified as Indicated Mineral Resource. For the purposes of this CPR, BDA has therefore reduced the confidence level of all the Measured Mineral Resource blocks in the No.108 Brigade resource estimation and has reclassified them as Indicated Mineral Resources.

Based on its detailed review of the deposit geology, drilling and sampling data, and procedures and parameters used for the estimation of mineral resources, BDA is of the opinion that the Mineral Resources estimated by the No.108 Brigade under the 1999 Chinese mineral resource system for the Cuola Project, after reclassifying the Measured Mineral Resource to Indicated Mineral Resource, conforms appropriately to the equivalent JORC Mineral Resource categories. The economic portion of the Indicated Mineral Resource can accordingly be used to estimate the Probable Ore Reserves for the Cuola Project. As BDA has worked closely with Tianqi Shenghe to ensure the Mineral Resource estimates meet the JORC Code 2012 edition requirements and has modified the Mineral Resource estimates produced by the No.108 Brigade, BDA considers that its Competent Person for the Cuola Project has supervised the Mineral Resource estimation and can sign-off the Mineral Resource estimates for the project; Dr. Qingping Deng, a director of BDA[5], is the Competent Person for the Cuola Mineral Resource. The JORC Code 2012 Edition Table 1 for the Cuola Project for the Mineral Resource estimates of the Cuola Project is appended to this CPR.

[5] Qingping Deng is a Certified Professional Geologist of American Institute of Professional Geologists (a Recognised Professional Organisation under JORC Code), (Membership number 10515).

Mineral Resource Statement

The Mineral Resource estimates under the JORC Code as of December 31, 2021 for the Cuola Project, as signed-off by BDA, are summarized in Table 5.2. The Mineral Resource estimated by the No.108 Brigade for the Cuola Project were dated September 22, 2011. As there have been no additional exploration and/or mining activities for the property since the No.108 Brigade resource estimation, the Mineral Resources as of December 31, 2021 remains the same as that on September 22, 2011. BDA considers that under the JORC Code both the Measured and Indicated Mineral Resource blocks defined by the No 108 Brigade should be categorized as Indicated Mineral Resource. The Mineral Resource estimates are inclusive of mineralisation potentially comprising the Ore Reserves.

Table 5.2

Cuola Project Mineral Resources as of December 31, 2021

Mineral Resource Category	Tonnage (Mt)	Li_2O%	Li_2O (kt)	LCE (kt)
Indicated Mineral Resources	14.2	1.3	186	461
Inferred Mineral Resources	5.5	1.3	69	171
Total Mineral Resources	19.7	1.3	256	632

Note: there may be some rounding errors in totals; a cut-off grade of 0.5% Li_2O was used for reporting resources; the derivation of lithium carbonate equivalent is tons × (% Li_2O/100) × 2.473 = tons LCE.

BDA notes that the No.108 Brigade also estimated grades for BeO (406ppm), Nb_2O_5 (116ppm), and Ta_2O_5 (49ppm) for the mineral resources in Table 5.2. These grades are sub-economic under current technical and economic conditions; therefore, no further discussion is conducted for these elements in this CPR.

Mineral Resource Upside Potential

There is some additional Mineral Resource upside potential for the Cuola Project, as summarized below:

- approximately 28% of the estimated Mineral Resource is classified as Inferred; this resource can potentially be upgraded to Measured and Indicated Mineral Resource categories with additional drilling;
- some of the pegmatite veins remain open in the down dip direction; further drilling could define additional resources in these areas; and
- a large portion of the original project exploration license area was covered by Quaternary glacial sediments; there is a possibility that some of the spodumene pegmatite veins are covered by the glacial sediments and have not been discovered to date, which could provide additional targets for further exploration in the area.

Ore Reserve Estimation

Tianqi Shenghe completed a feasibility study and an initial project engineering design study for the Cuola Project in 2012. BDA's preliminary review indicates that some of the methodologies and parameters used in these studies do not conform with the JORC Code requirements as the Inferred Mineral Resources were used along with the Measured and Indicated Mineral Resources for mine planning and Ore Reserve estimation and some of the economic parameters used for the studies are now out of date. Tianqi Shenghe has not updated the feasibility study or the initial engineering design study by the date of this report and therefore, BDA considers that Ore Reserves under the JORC Code are currently not defined for the Cuola Project; and as a consequence, mining operations, processing operations, production plans, capital and operating cost of the Cuola Project have not been reviewed by BDA as part of this CPR. However, BDA believes that Ore Reserves under the JORC Code could be defined in the future if a feasibility study or an initial project engineering design study conforming with the JORC Code and based on up to date economic conditions were completed.

Conclusions

BDA considers that Mineral Resource estimated by the No.108 Brigade using the traditional parallel section/polygonal section has generally been undertaken professionally. BDA has lowered the confidence level for the Measured Mineral Resources of the No.108 Brigade estimate principally because of the high drill hole angle. After reclassifying the Measured Mineral Resources into Indicated Mineral Resources, BDA believes that the Mineral Resource estimates for the Cuola Project as summarized above are in compliance with the JORC Code 2012 Edition. However, this Mineral Resource model produced by the No.108 Brigade may need be converted to a three-dimensional computer block model in order to conduct Ore Reserve estimation and mine planning, especially for an open-pit mining operation.

Ore Reserve estimation has not been reviewed by BDA in this CPR as the feasibility study and the initial engineering design study completed for the Cuola Project used some methods and parameters that do not conform with the JORC Code requirements. BDA believes that Ore Reserves in compliance with the JORC Code could be defined for the Cuola Project under current technical and economic conditions should a feasibility study and/or an initial engineering design study in compliance with the JORC Code be completed.

5.5 Mining, Processing, Development Plan and Production Schedule, etc.

Mining, processing, development plan and production schedule, capital costs and operating costs, project implementation and project economic analysis will not be reviewed in this CPR as a feasibility study or an initial engineering design study conforming with the JORC Code has not been completed by Tianqi Shenghe for the Cuola Project to date.

5.6 Infrastructure

Primary access to the Cuola Project site is via a dirt-and-gravel road from the east. The project site is approximately 4km from the Jiajika Mine and 37km from the town of Tagong, which is located on sealed provisional highway S215 (Figure 3). This highway connects to the national highway G318 in the south. The road distance via S215 then G318 is approximately 108km to Kangding and 477km to Chengdu. The Ganzi Prefecture government is planning to upgrade the access road from Tagong to the Jiajika District, which will significantly improve the access to the Cuola Project as well as other lithium projects in the Jiajika District.

Electricity at the Cuola Project site is currently supplied by a 10kV line connected to the Jiajika Mine substation. This power supply is sufficient for the construction of the Cuola Project, but will not be sufficient for the planned mine production. Power supply for the entire Jiajika District is being coordinated by the Ganzi Prefecture government, and it is planned that a new 110kV line will be constructed from an existing substation in Tagong. This new power line will supply sufficient electricity for the Phase I mining operation and the planned Phase II expansion of the Cuola Project as well as the Jiajika Mine and other possible mining operations in the district.

There are several glacial erosion lakes in the Jiajika District. The Cuola Lake located north of the No.594 spodumene pegmatite vein and/or the Jiajika Lake located east of the Cuola Project area are planned to be the water sources for production and domestic water uses of the Cuola Project. The Cuola Lake has a surface area of approximately 0.12km^2 with a water depth of 0.3-30.5m and a static water storage volume of approximately 2.0Mm^3; the Jiajika Lake has a surface area of approximately 0.20km^2 with a water depth of up to 15m or more, and a static water storage volume of approximately 1.5Mm^3. These lakes are recharged by surface precipitation water, especially during the rainy season. Tianqi Shenghe consider that these two lakes will supply sufficient water for planned production.

Conclusions

The existing and proposed infrastructure is generally adequate and appropriate to support the planned mining operation.

5.7 Mineral Tenements, Taxes and Land Reclamation

Mineral Tenure

Under the "Mineral Resource Law of China", all mineral resources in China are owned by the state. A mining or exploration enterprise may obtain a license for the right to conduct mining or exploration activities in a specific area during a specified period of validity. The licenses are generally extendable at the expiration of their period of validity. The renewal application should be submitted to the relevant state or local authorities at least 30 days before the expiration date of a license. To renew an exploration license, all exploration license fees must be paid and the minimum exploration expenditure should have been made for the area designated under the exploration license. To renew a mining license, all mining license fees, resource taxes, and resource compensation levy must be paid to the state for the area designated under the mining license. A mining license has both horizontal limits and elevation limits, but an exploration license has only horizontal limits.

As stated previously in this CPR, Tianqi Shenghe currently holds a mining license with an area of 2.069km^2 for the Cuola Project with a license number of C5100002012045210124005. The license was issued by the Department of Land and Mineral Resources of Sichuan Province on April 6, 2012 and is valid until April 6, 2032; it is extendable afterwards. The license area is separated into four zones with a total of 44 inflection points that cover all the identified spodumene pegmatite veins with lithium Mineral Resources within the original exploration license boundary (Figure 23). The elevation range for the permitted mining area is from 4,100m to 4,580m. The license permits Tianqi Shenghe to conduct a mining operation at a production rate of 1.2Mtpa.

After receiving the mining license, the original exploration license held by Tianqi Shenghe for the Cuola Project was relinquished.

BDA notes that a mining license in China generally only covers the identified Mineral Resource for a mining project; mine facilities can be located inside or outside the mining license boundary, but the land used for the mine facilities will generally need to be acquired or leased before mine construction and production. This is different from most western countries such as Australia where all the mine facilities are located within the mineral tenements or miscellaneous licenses of a mining project.

BDA notes that all currently defined Mineral Resources reviewed by this CPR for the Cuola Project are contained within the limits of the above mining license.

BDA has not undertaken a legal due diligence review of the property control documents or the mining license under which the Cuola Project operates as such work is outside the scope of BDA's independent technical review. BDA has relied upon Tianqi Shenghe's advice as to the validity of the property control documents and the mining license. BDA understands that the legal due diligence review of the property control documents and the mining license has been undertaken by Tianqi's Chinese legal advisers.

Taxes

A mining company in China is generally required to pay a resource tax based on the sales revenue of its products. The resource tax rate is commonly 5%, but is determined by the relevant government agency for each mining company and/or each mining project. As Tianqi Shenghe is not in production at this stage, the resource tax rate for spodumene concentrate produced from the Cuola Project has not been determined.

According to information provided by Tianqi Shenghe, all concentrate sales from the Cuola Project will be subject to a value added tax ("VAT") of 13%, and there is also a city-maintenance-and-construction levy of 5% of the VAT and an education levy of 3% of the VAT. The corporate income tax rate for Tianqi Shenghe is currently at 25%.

Land Reclamation

A reclamation plan report for the Phase I 600ktpa mining operation of the Cuola Project was completed by Sichuan Changqing Land Management Company Limited in Chengdu, Sichuan in December 2013. The reclamation plan report was reviewed and approved by a panel of specialists organized by the Department of Land and Resources of Ganzi Prefecture on December 2, 2013. According to the reclamation plan report, the total disturbed area for the Phase I Cuola Project is approximately 181ha, of which approximately 47ha, which will be temporally disturbed by mining and living facilities, waste dumps, internal roads, open pits, water intake facility, will be subject to reclamation. The TSF dam and the permanent construction will not be subject to reclamation. It was estimated that the total reclamation cost for the 47ha temporally disturbed area is approximately RMB6.1M. Tianqi Shenghe has provided a reclamation guarantee to the Department of Land and Resources of Ganzi Prefecture. BDA was informed by Tianqi Shenghe that a reclamation bond was not required by the government for the Cuola Project.

Conclusions

BDA has not conducted legal due diligence on the property control documents and mining license for the Cuola Project. BDA is advised by Tianqi Shenghe that there are no material tenement issues for these documents and license. BDA has completed a review of the mining license data for the Cuola Project and finds no reason to suspect that the information provided by Tianqi Shenghe is not accurate or factual.

5.8 Environmental and Community Issues

BDA has not completed a systematic review of the environmental and community issues of the Cuola Project as a feasibility study and/or an initial engineering design study in compliance with the JORC Code has not been completed.

BDA understands that an environmental impact assessment report for the Phase I 600ktpa open-pit mining operation of the Cuola Project was completed by Sichuan Academy of Environmental Protection Science in December 2012, and the Cuola Phase I open-pit mining operation project was approved by Environmental Protection Department of Sichuan Province on February 26, 2013.

BDA was informed by Tianqi Shenghe that government at various levels is supportive of the development of the Cuola Project.

The Cuola Project site is located at the south-eastern edge of the Qinghai-Tibet plateau at an elevation of over 4,000m and is in an environmentally sensitive area. It is important for Tianqi Shenghe to take appropriate measures for ecological conservation and to avoid any environmental pollution.

Tianqi Shenghe's management and staff are all aware of the importance of environmental protection and ecological conservation.

During the 2009-2011 exploration period, all exploration work, including drilling and trench excavation, were conducted in accordance with requirements of the relevant regulations. The relevant government agency was entrusted to arrange an appropriate party to conduct the reclamation work for the areas disturbed by exploration. Some of the drilling roads located within the planned open-pit limits were not reclaimed, but appropriate compensation was paid by Tianqi Shenghe.

The Cuola Project construction work in 2012-2013 was also conducted in accordance with the environmental protection plan for the construction stage and the requirements of the relevant regulations. Dust was controlled at an appropriate level by water sprinkling, and garbage was properly disposed of, generally by deep burial.

Tianqi Shenghe has maintained a close and co-operative relationship with the local community from the beginning of the project. This includes the provision of financial and other support to community groups.

However, some of the local residents are sensitive to the possible environmental effects caused by mining activities in the district. On October 13, 2013, some local residents alleged that a leak from the TSF from the neighboring Jiajika Mine resulted in an environmental incident (including a large number of dead fish) in a downstream river. Some of the local residents demanded that the operation of the Jiajika Mine be shut down. In order to maintain the safety of property and personnel, the Department of Land and Resources of the local Ganzi Prefecture issued a directive on October 16, 2013 to suspend all activities at lithium projects in the Jiajika District including the mine production activities of the Jiajika Mine, all the construction activities of the Cuola Project and all the exploration activities of another third party. It was reported that a further similar environmental incident related to the Jiajika Mine occurred on May 4, 2016. Regulatory approval to recommence construction/production was granted for the lithium operations in the Jiajika District in 2019.

The 2013 Directive from the Department of Land and Resources of the Ganzi Prefecture resulted in the suspension of all construction activities for the Cuola Project, and all ordered equipment was returned to the manufacturers after paying some penalties in accordance with the purchase contracts. Since that time, Tianqi Shenghe has only kept a few company employees and police station personnel on site to maintain the safety of properties and personnel. Only limited domestic garbage is generated in this stage and it has all been properly disposed. Tianqi Shenghe is currently in discussion internally when and how it should resume the construction of the Cuola Project.

Conclusions

Tianqi Shenghe obtained the necessary environmental approvals to construct the Phase I 600ktpa mining operation of the Cuola Project, and is sensitive to the requirements to protect the environment and maintain a good relationship with the local residents. However, alleged environmental incidents related to an adjacent third-party mining property have resulted in the cessation of construction activities. Regulatory approval to recommence construction for the Cuola Project was granted in 2019, and Tianqi Shenghe is currently in discussion internally when and how to resume the construction of the Cuola Project. BDA considers that environment and community issues will be key area of focus for the resumption of activities at the Cuola Project.

6.0 RISK SUMMARY

6.1 Project Risk Summary

When compared with many industrial and commercial operations, mining is a relatively high risk business. Each orebody is unique. The nature of the orebody, the occurrence and grade of the ore, and its behavior during mining and processing can never be wholly predicted.

Estimations of the tons and grade of a deposit are not precise calculations but are based on interpretation and on samples from drilling which, even at close drill hole spacing, remain a very small sample of the whole orebody. There is always a potential error in the projection of drill hole data when estimating the tons and grade of the surrounding rock. Even with close-spaced drilling, significant variations may occur. Comprehensive metallurgical testwork can reduce the processing risks, but the questions of representivity and scale-up remain. Estimations of project capital and operating costs have variable levels of accuracy, depending on the status of the estimates, as reflected in the sensitivities applied to the financial models. Mining project revenues are subject to variations in commodity prices and exchange rates.

6.2 Greenbushes Mine

The Talison Greenbushes lithium project is an established operation, and thus many of these risks are moderated by historical and ongoing experience. Nevertheless, mining will proceed to greater depths and significant expansions in throughput and concentrate output are planned. BDA has considered areas where there is perceived technical risk to the operation, particularly where the risk component could materially impact the projected cashflows. The assessment is necessarily subjective and qualitative. Risk has been classified from low through to high. In the following section, BDA has considered factors which may ameliorate some of these risks.

Risk Component	Comments
Mineral Resources/Ore Reserves *Low to Medium Risk* Mineral Resources/Ore Reserves (Continued) *Low to Medium Risk*	At Greenbushes the bulk of the Mineral Resource drilling grid is irregular, varying from approximately 25 x 25m to 50 x 50m, although additional grade control drilling has been incorporated. This spacing is relatively wide for detailed definition of the mineralisation at the highest confidence level, and accordingly, the in-situ resources have been classified as Indicated and Inferred Mineral Resources, which BDA considers appropriate. Sample data is based on both diamond and RC percussion drilling. Although the audit trail is incomplete for older data, BDA

Risk Component	Comments
	considers that the data quality is generally good, and that the geology and mineralisation controls are well understood. There is an indication that RC drilling at Kapanga may be biased in favor of higher Li_2O grades compared to diamond drilling. If confirmed, this could lead to a lowering of overall Mineral Resource and Ore Reserve grades by a small percentage, although such a bias has not been seen during mining in Central Lode to-date. The 2021 resource model has been prepared by SRK, an independent consulting group, with input from Talison. Mineralogical and grade domains have been re-defined with the addition of recent drilling data, and these have controlled the preparation of the Mineral Resource model, outlining the principal pegmatite domains, lithium mineralisation domains, and waste zones. Ordinary Kriging Mineral Resource block models have been prepared for each of Central Lode and Kapanga, and then merged, along with a stockpile model into a single Mineral Resource model. Statistical and visual validation of the Mineral Resource models has been undertaken. Mineral Resources have been classified as Indicated or Inferred depending on a number of factors including estimation performance and the number of kriging passes required to inform each Mineral Resource block. BDA considers the Mineral Resource modeling and Mineral Resource classification approaches to be appropriate. An open pit mineable reserve has been estimated based on Indicated Mineral Resources within the 2021 Mineral Resource model, with the resultant Ore Reserves classified as Probable, which BDA considers appropriate. No mining dilution and mining recovery figures were applied in the Ore Reserve estimate, based on reconciliation data for the last six years. Stripping ratios are low. There is limited potential to define additional mineable Ore Reserves within extensions along strike and at depth, including known Inferred Mineral Resources and currently marginally economic Indicated Mineral Resources that are excluded from the mine plan, while other outlying prospects remain to be evaluated. As a generalization, BDA would rarely rate Mineral Resource/Ore Reserve risk as less than low/medium. However, there is a long history of mining at Greenbushes to support the understanding of the controls and distribution of the mineralisation, and reconciliation between previous models and overall mine production over a six year period from 2015 is very close. Limited reconciliation data has been developed for the 2021 model, but an earlier (2020) version of the model appears to have performed well compared to 2017-2019 mine production. Consequently, Mineral Resource and Ore Reserve risks are both considered to be low to medium.

Risk Component	Comments
Open Pit Mining *Low/Medium Risk* Open Pit Mining (Continued) *Low/Medium Risk*	In open pit mining there is commonly a risk of localized or significant pit wall failure that will reduce the quantity of ore available. The Greenbushes mine design has taken into account the geotechnical consultant's recommendations and the results from ongoing geotechnical reviews. BDA considers that the mine design has been completed with a relatively conservative approach to minimize geotechnical risk which is considered low/medium. Some localized batter failures have occurred but adjustments to the batter design have reduced future risks. Talison has installed piezometers to better understand groundwater pressures and plans to extend installations as the pits deepen. There is some risk of high rainfall events affecting short term mine production. Talison has appropriate plans in place to mitigate the effects of such an event with the drain hole into the underground workings; longer term plans will be required once mining depth reaches these workings. During the planned cutbacks, ore will be sourced from various levels within the pit. There is considered to be negligible risk from seismicity. The overall risk component within the open pit operation is considered to be low/medium.
Processing *Low Risk*	The ramp up of CGP2 is progressing. The design of CGP3 and 4 is based on operating experience with CGP1 and more recently constructed CGP2. There were some initial material handling issues with CGP2 which are resolved. Lessons learnt from CGP2 should minimize risk in commissioning and ramping up CGP3 and CGP4. TG ore will continue to be processed through the dedicated TGP. Talison has over thirty years of experience in the processing of spodumene lithium ores on the site and the requirements for efficient processing of these ores are well understood. The ore is high grade and is amenable to the processes used, provided that high and low iron ores can be selectively mined and processed.
Services and Utilities *Low to Low/Medium Risk*	The power supply to site is considered secure. It is vulnerable to short term outages such as lightning strikes but disruptions have had minimal impact. The planned installation of a 132kV power line will sustain requirements for the LOM; BDA considers these risks to be low. There is a need to expand water storage by 50% to meet requirements for the expanded LOM production but it should be reasonably straightforward to obtain the appropriate approvals.

Risk Component	Comments
Infrastructure, Roads, Transport *Low Risk*	Greenbushes operations are well established in close proximity to the South Western Highway. Port access is well established although bulk shipments may be constrained by more stringent environmental regulations. No specific regulations are foreseen but maximum allowable levels of dust and noise have reduced over time. The overall infrastructure risk is considered low.
Tenement and Title *Low Risk*	BDA has not undertaken a title search or legal due diligence on the status of the tenements or regulatory approvals held by Talison. BDA is advised by Talison that there are no material tenement issues relating to title to any of Greenbushes' assets. The approvals process for gaining variations to the original development approvals at Greenbushes appears relatively straightforward and all necessary approvals appear valid and appropriate for the operations. BDA can foresee no reason why future development approval applications or variations would not be forthcoming.
Social Issues *Low Risk*	The main social risk area relates to local communities becoming disenchanted from impacts associated with dust, noise, traffic and other issues associated with Talison's mining activities. The Greenbushes mine has a long history of operations, and the local community are generally strong supporters of continued mining. The socio-economic benefits which positively impact on the Greenbushes community are an important driver to ensuring continuing community support for mining in the area.
Environmental Issues *Low Risk*	Site environmental procedures and ongoing monitoring and data collection programs continue to be well planned and implemented. Based on the information provided by Talison and previous site visits, BDA considers that the strategies for environmental protection, pollution control and monitoring are appropriate for the site and current operations. The Environmental Management System (EMS) deployed at Greenbushes provides an excellent environmental management base, setting out the numerous statutory obligations, policy statements and management objectives and targets, and standard operating procedures. The Greenbushes EMS is certified under ISO 9001:2015 Quality Management System Requirements and ISO 14001:2015 Environmental Management System. The strategies for environmental protection, pollution control and monitoring on-site are appropriate. Based on the mitigation measures implemented, the risk associated with the potential for off-site impacts, including noise, dust and disturbance to surrounding ecosystems, is low.

Risk Component	Comments
Environmental Issues (Continued) *Low Risk*	Although lithium levels are elevated in site water dams and some groundwater monitoring bores, eco-toxicity studies conducted by the University of Western Australia support the suggestion that substances contained in the mine effluent, even at their maximum concentrations immediately below Cowan Dam, have not had any significant ecological consequences. The understanding gained from these eco-toxicity studies provide the rationale to the agreed targets and limits for discharges from the site with the DER. BDA has examined the LOM Mine Closure Plan and associated cost estimation and considers it appropriate for the current LOM planning. The determination of closure costs is consistent with the LOM Business Plan. BDA is of the opinion that Talison has all the necessary approvals, permits and licenses required to continue operating the Greenbushes Mine. Talison has engaged consulting firm GHD to support Talison in gaining the necessary environmental approvals required for the expansion of the Greenbushes Lithium Mine.
Production *Medium Risk*	The current mine contractor has been operating at site for an extended period and planned production levels have been met but future growth in production will require a change in the size of the production units. A new long term contract is planned to be awarded in 2022 and commence in 2023 as the increased production rate is planned. There may be short falls in achieving targets during transition to higher production rates but these are expected to be short term impacts that can be made up with significant ore stockpiles planned over the majority of years. The increase in ore treatment rate is not considered to be high risk given that the design of the three new plants is generally based on that of the existing CGP1 unit and that Talison's procedures for ore assessment are well established. The proposed increases in output rely on significant expansion of lithium demand for which the Greenbushes concentrate is a feedstock. This is dependent upon increased world-wide usage of lithium batteries due to increased reliance on electric vehicles, electricity grid storage and renewable sources of energy.
Capital Cost *Low/Medium Risk*	The forecast cost at completion for CGP3 is based on forecasts prepared by the prospective CGP3 EPCM Contractor for that contract scope and by Talison for costs outside of the CGP3 contract scope. BDA considers the methodology and data used to prepare the forecasts to be generally reasonable. Forecasts for the costs of other projects in progress or approved for development are based on appropriate studies and project cost

Risk Component	Comments
	control systems. The estimate for the CGP4 expansion is based on scoping studies undertaken using experience gained on previous expansions. In BDA's experience, the risk of overrun in capital costs in the design and construction of resource projects, even with a standard level of contingency, is always significant and generally rated as medium. In this case, because of the previous experience of Talison, in BDA's opinion, the risk is reduced to low/medium.
Operating Cost *Low/Medium Risk*	Major mine operating costs are contract mining costs for drill and blast and load and haul activities. Cost estimates reflect the contractual unit rates. BDA considers there is some risk of unit cost escalation particularly during expansion of production. Unit process operating costs are projected to remain relatively constant over the LOM with CG annual plant operating cost expenditure increasing in line with the proposed increase in production levels. BDA considers that the methodology used for the development of future processing costs is reasonable. Administration costs are a relatively minor proportion of total operating costs and are projected to remain relatively constant over the LOM with the unit cost reducing as the throughput increases. Overall operating costs are considered a low/medium risk.

Risk Mitigation Factors

A number of factors tend to reduce some of the risks identified above. Principal amongst these are:

- The pegmatite geology is relatively straightforward, and the mineralisation controls are generally well understood (although individual contacts can be complex). Geological and grade information gained from mining since 1983 greatly increases confidence in the geological interpretation and Mineral Resource modeling.
- Reconciliation in tons, grade and contained metal between previous models and mine production over the last six years has been extremely close, and the 2021 model utilizes the same data (augmented by recent extension drilling) and a broadly similar methodology.
- There are known additional Mineral Resources and additional Mineral Resource potential both adjacent to the currently designed pits and elsewhere on the property, increasing the likelihood for additions to mineable Ore Reserves.
- The mining of lithium ore at Greenbushes is well established and the staff at site have substantial experience in the operation.
- The Cornwall pit north of the C3 pit has been mined to a depth of 270m and there have been no major wall failures. The C3 pit is planned to a depth of 450m and wall slopes are planned to be similar to the existing pit.

- The increase in production is based on construction of three plants each of which is similar in design to the existing CGP1, which has an established production record, having been commissioned in 2012. Changes in the flow sheet and plant design are relatively minor and are based on improvements identified with the CGP1 design.
- The operation has developed a history of successful application of new technologies in the processing area with the optimisation of the coarse particle flotation stages and the commissioning of the WHIMS.
- Talison received Ministerial Development Approval No. 1111 to undertake Stage 3 and Stage 4 expansion of the existing Greenbushes Lithium Mine in August 2019.
- Talison has engaged consulting firm GHD to support Talison in gaining the necessary environmental approvals required for the expansion of the Greenbushes Mine.

6.3 Greenbushes TSF1 Project

The Greenbushes TSF1 Project is at the development stage. BDA has considered areas where there is perceived technical risk to the project, particularly where the risk component could materially impact the projected cashflows. The assessment is necessarily subjective and qualitative. Risk has been classified from low through to high. In the following section, BDA has considered factors which may ameliorate some of these risks.

Risk Component	Comments
Mineral Resources/Ore Reserves *Low to Low/Medium Risk*	The limits of the TSF are clearly defined, and the stratification and grade distribution within it are well understood even at the drill spacing of 200 x 175m. The sonic drilling method is ideally suited to this type of deposit, supplying high quality samples, while the quality of the analytical results has been confirmed by QA/QC. The Mineral Resource model prepared by Talison utilized the inverse distance squared algorithm for grade estimation into large (80 x 80 x 1.5m) blocks; this method is an industry standard method applicable to such deposit, and BDA considers that the model provides results suitable for mining studies based on bulk extraction. Talison classified Mineral Resources as Indicated Resource within both the EZ and DZ units, although mining is contemplated only for the EZ. However, while agreeing that the Indicated classification is suitable for Mineral Resources within the EZ under a bulk mining scenario at the proposed 0.7% Li_2O cut-off, BDA considers that location of above cut-off Mineral Resources in the significantly lower grade DZ is inadequately defined by current wide-spaced drilling and therefore the DZ Mineral Resources should be considered as Inferred, i.e. not suited to evaluation of the selective mining that would be required. The Probable Ore Reserve has been estimated based on Indicated Mineral Resources in the EZ only, with mining restricted to a maximum depth of 7m. Provision has been made for basal dilution by lower grade DZ material where appropriate, while allowance has been made for minor losses due to removal of the top 0.3m containing vegetation.

Risk Component	Comments
	Given the simplicity of the TSF1 deposit and the fact that bulk mining is proposed only for the EZ zone, resource and reserve risks for this unit are both considered to be low to low/medium.
Mining *Low Risk*	Mining operation is a simple operation with all material ripped by dozers and loaded to trucks by excavator. Some dewatering of tails will be needed to ensure the water level does not encroach the 7m depth of operation and hamper equipment movement.
Processing *Low/ Medium Risk*	Processing will utilize the same techniques as those employed in the existing plants, except that no size reduction would be necessary. The techniques employed are well understood on the site.
Production *Low Risk*	The proposed mining rate of 2Mtpa should be achievable with the planned equipment. Multiple mining areas can be used if required to meet production targets. Processing throughput should be relatively low risk given the processes are known to Talison management.
Capital and Operating Costs *Low/Medium Risk*	Plant construction is nearing completion and estimated cost is in line with budget. The operation is relatively straight forward but there is some potential for escalation of operating costs.

Risk Mitigation Factors

A number of factors tend to reduce some of the risks identified above. Principal amongst these are:

- The tailings mineralisation is clearly defined and of a simple style. The uppermost unit (EZ) contains economic grades throughout its extent, vertically and laterally, and is thus suited to bulk mining in its entirety. Consequently, it is considered likely that the estimated average grade of the deposit based on regular drilling will match closely to the mined grade, reducing resource and reserve risk to relatively low levels.
- The mining of the tailings is relatively straightforward and the work is a small addition to the planned mining operations in the Central Lode pits. In the initial stages there is flexibility in mining locations reducing production risks.
- Processing uses technology which has been developed on the site and which is well understood.

6.4 Cuola Project

The Cuola Project is at the planning and development stage. Only Mineral Resource estimates were reviewed in this CPR as a feasibility study and/or an initial engineering design study conforming with the JORC Code has not been completed for the Cuola Project at the date of this report. Therefore, Ore Reserves, mining operations, processing operations, production, capital costs and operating costs, etc., were not reviewed by BDA in this CPR. BDA has considered areas where there is perceived technical risk to the project. The assessment is necessarily subjective and qualitative. Risk has been classified from low through to high. In the following section, BDA has considered factors which may ameliorate some of these risks.

Risk Component	Comments
Mineral Resources *Low/Medium Risk*	Geology for the Cuola Project is well understood through systematic exploration programs carried out by the No.108 Brigade from 2009 to 2011. The spodumene pegmatite veins and vein groups have been delineated by systematic diamond core drilling and surface trenching. The larger, regularly-shaped No.632 vein was explored by exploration lines 80m apart; and other smaller, less regular pegmatite veins or vein groups were explored by exploration lines 40m apart. Drill hole/trench spacing on the exploration lines range from 20m to 60m. However, most of the drill holes were drilled at an inclined angle of 80º because of the limitation of the drill rigs used by the No.108 Brigade, which is less than ideal for the steep dipping spodumene pegmatite veins in the Cuola Project. The No.108 Brigade has surveyed all the drill hole collar and down-hole deviation (showing limited dip variation for all the drill holes) and the pegmatite veins are generally several meters to several tens of meters wide; these factors will reduce the impact of the smaller interception angle between drill holes and the pegmatite veins. However, because of this limitation and some wider spaced drilling in some areas, BDA considers that the confidence level of the Measured Mineral Resource estimated by the No.108 Brigade should be lowered to the Indicated Mineral Resource category. Sampling, sample preparation and analysis, and QA/QC at the Cuola Project have all followed acceptable industry practices. Mineral Resource estimation is conducted by the traditional parallel section method and the polygonal method and was completed diligently by the No.108 Brigade. BDA's review indicates that the Mineral Resource estimate, after reclassifying the Measured Mineral Resource to the Indicated Mineral Resource category conforms to the requirements under the JORC Code. BDA considers that the Mineral Resource estimate model produced by the parallel section method and/or polygonal method will be difficult to be used for follow-up mine planning and Ore Reserve estimation. This Mineral Resource estimation model will need to be converted to a three-dimensional block model before being used for follow-up mine planning and Ore Reserve estimation, especially for an open-pit operation.
Infrastructure, Roads, Transport *Low Risk*	The current access to the project site is via a dirt-and-gravel road from the east from the town of Tagong; this road is planned to be upgraded by the local government. The G318 highway from

Risk Component	Comments
Infrastructure, Roads, Transport (Continued) *Low Risk*	Chengdu is being upgraded to an expressway system and there is also a new railroad under construction parallel to the highway. The transport conditions will be improved significantly when these upgrades are completed. Currently, there is a 10kV power line connecting the project site with a substation at the Jiajika Mine, which provides sufficient electricity for the construction of the Phase I operation at Cuola. The local government is planning to construct a 110kV power line from Tagong to supply electricity for all mining operations in the Jiajika District. Water in the glacial erosion lakes at the Jiajika District will provide sufficient good quality water for production and domestic usage.
Tenement and Title *Low Risk*	BDA has not undertaken a legal due diligence on the property control documents or the mining license for the Cuola Project, but BDA is advised by Tianqi Shenghe that there are no material tenement issues relating to property control documents and the mining license.
Environmental and Social Issues *Medium Risk*	An environmental impact assessment report for the Phase I 600ktpa open-pit mining operation of the Cuola Project has been approved by the relevant governmental agency. Tianqi Shenghe has been taken appropriate actions to date in relation to environmental protection and ecological conservation and in maintaining good relationships with local residents. However, the project site is at the south-eastern edge of the Qinghai-Tibet plateau at an elevation above 4,000m. The natural conditions at the project site are fragile and some of the local residents are sensitive about any potential environmental damage that might be caused by mining operations within the Jiajika District. An alleged environmental incident related to the neighboring Jiajika Mine resulted in the suspension of the construction work of the Phase I mining operation of the Cuola Project as well as the mining operation of the Jiajika Mine in 2013. Although regulatory approval to recommence the construction for the Cuola Project was granted in 2019, Tianqi Sheng is still in discussion internally when and how it should resume the project construction.

Risk Mitigation Factors

A number of factors tend to reduce some of the risks identified above. Principal amongst these are:

- The geology is relatively straightforward, and the mineralisation controls are generally well understood. The mineralised body and grade continuity appears generally good or reasonable.

- There are significant Inferred Mineral Resources, generally defined over the lower portions of the spodumene pegmatite veins; these resources could be upgraded into Measured and Indicated Mineral Resources with additional drilling and sampling, and thus, subject to economic factors, and appropriate planning and approvals, available for conversion into Ore Reserves.
- Tianqi Shenghe's management and staff are all aware of the importance of environmental protection and ecological conservation.
- Tianqi Shenghe has maintained a close and co-operative relationship with the local community from the beginning of the project. This includes the provision of financial and other support to community groups.

7.0 VALUATION

7.1 Valuation Methodology, Standards and Procedures

This report has been prepared in keeping with the VALMIN Code for the Technical Assessment and Valuation of Mineral Assets and Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and as amended and updated in 2005 and 2015. Mineral Resource and Ore Reserve estimation procedures and categorisations have been reviewed in terms of the JORC Code, 2012.

7.1.1 Effective Date

The effective date for the valuation is January 1, 2022.

7.1.2 Valuation Principles

As a general principle, the fair market value of a property as stated in the VALMIN Code is the amount a willing buyer would pay a willing seller in an arm's length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

7.1.3 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. The following are appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realization of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company.

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. This generates what is referred to as a technical valuation, which under the VALMIN Code is defined as follows:

*"**Technical Value** is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations."*

The term "technical value" is distinct from "market value", which under the VALMIN Code is defined as follows:

*"**Market Value** is the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, where the parties had each acted knowledgeably, prudently and without compulsion."*

The Code further notes that "*the term Market Value has the same intended meaning and context as the International Valuation Standards Committee ("IVSC") term of the same name. This has the same meaning as Fair Value in Regulatory Guide No. 111 issued March 2011 by Australian Securities and Investment Commission. Market Value may be higher or lower than Technical Value. A Public Report should take such factors into account, stating the results of the principal Valuation Method(s) used and disclosing the amount of and reasons for the difference between the Market Value and Technical Value."*

Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *Comparable Transactions* method, the value indicated by *Alternative Offers* or by *Joint Venture Terms,* or by *Past Expenditure*. *Comparable Transactions* are commonly also used for valuing mining or development projects. *Yardstick Values* based on certain industry ratios such as metal in Mineral Resources or Ore Reserves can be used for both mining and exploration properties. Under appropriate circumstances, values indicated by *Stock Market Valuation* should be taken into account as should any *Previous Independent Valuations* of the property.

The valuation methods considered are briefly described below.

7.2 Net Present Value ("NPV")

If a project is in operation, under development, or at a final feasibility study stage and Mineral Resources and/or Ore Reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily is the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at the feasibility study stage, additional weight has to be given to the risks related to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project, risks related to granting of licenses or permits, environmental and community aspects, political or sovereign risk and sometimes a lower degree of confidence in the reserves and recoveries. In an ongoing operation, many of these items are relatively well defined.

The NPV provides a technical value as defined by the VALMIN Code. The market value could be determined to be at a discount or a premium to the NPV due to other market or risk factors.

The Greenbushes lithium project has been in operation for many years and has a record of reliable production; it is the largest hard rock lithium producer worldwide, with an established customer base and a strong reputation in the market; Mineral Resources and Ore Reserves have been estimated and reconciliations indicate a strong correlation between estimates and results in practice; mine plans and production schedules have been developed; the processing technology is conventional, proven and demonstrated to be effective; environmental conditions have been maintained at high standards and all necessary approvals for current operations are in place; estimates of forecast capital and operating costs are consistent with historical performances and are considered appropriate; Talison has prepared feasibility studies for proposed expansions.

In these circumstances, BDA considers that, for the Greenbushes operation, a reasonable determination can be made of likely cash flows and therefore the discounted cashflow or NPV method is both applicable and appropriate.

7.3 Alternative Valuation Methods

Previous Transactions, Alternative Offers and Joint Venture Terms

If discussions have been held with other parties and offers have been made on the projects or tenements under review, then these values are certainly relevant and worthy of consideration. Similarly, joint venture terms where one party pays to acquire an interest in a project, or spends exploration funds in order to earn an interest, may also provide an indication of value.

BDA considers that the following transactions are directly relevant as they relate to purchases of interests specifically in the Talison assets and operations:

- Albemarle Corporation 2014—purchase of a 49% interest in the Talison assets and operation
- IGO Limited 2021—purchase of a 49% joint venture interest in Tianqi's 51% holding in Talison and a 49% share in Tianqi's Kwinana LiOH plants.

Comparable Transactions

Recent comparable transactions on other lithium properties or involving other lithium-producing companies can be relevant to the valuation of the Tianqi projects and tenements. While it is acknowledged that it can be difficult to determine to what extent the properties and transactions are indeed comparable, this method can provide a useful benchmark for valuation purposes. The timing of such transactions must be considered as there can be substantial change in value with time.

There have been a number of lithium-related project transactions in recent years, but in terms of comparable transactions BDA has focussed on transactions relating to other hard rock lithium projects, and specifically those in WA. The following transactions have been considered:

- Orocobre Limited and Galaxy Limited 2021—merger of the two lithium companies and their assets; the bulk of the value in the transaction related to the brine projects in Argentina, but BDA has considered the component of the transaction relating to the hard rock projects Mt Cattlin in WA and James Bay in Quebec

- Pilbara Minerals Ltd (PLS) 2021—acquisition of Altura Lithium Operations Pty Ltd Pilgangoora assets and operation in the Pilbara region of WA
- Albemarle Corp 2019—acquisition of a 60% interest in the Wodgina lithium mine in WA
- Wesfarmers Limited 2019—acquisition of a 50% interest in the Mt Holland lithium project in WA from Kidman Resources Ltd
- Yongshan International Co 2019—purchase of 11.8% of Pilgangoora lithium project of Altura Mining Ltd
- Process Minerals International and GFL International 2019—purchase of 13.8% interest in Mt Marion lithium project in WA from Reed Industrial Minerals Pty Ltd.

The transactions considered above are all hard rock lithium projects, largely in WA and thus can be considered comparable (in varying degrees) to Talison's Greenbushes project. However, all the projects are of different sizes, grades and contained lithium. To place them on a more comparable basis a Yardstick process is applied as discussed below.

Yardstick Valuations

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and comprise dollars per ounce of gold in Mineral Resources, dollars per ounce of gold in Ore Reserves, or dollars per ounce of annual production, but similar yardsticks can be derived for lithium projects.

BDA has reviewed the values implied by the comparable transactions listed above, and has converted them to Yardstick values in terms of dollars per ton of contained lithium in Mineral Resource. Contained lithium is commonly expressed in terms of contained Li_2O or contained lithium carbonate equivalent ("LCE") calculated as contained Li_2O x 2.47.

Yardsticks can also be determined in terms of $/t of contained LCE in Ore Reserves or $/t of annual LCE production, but $/t of LCE in Mineral Resources is generally the most widely applied yardstick and this is the yardstick that BDA has applied to allow a meaningful comparison with Talison.

Market Valuation

On the fundamental definition of value being the amount that a knowledgeable and willing buyer would pay a knowledgeable and willing seller in an arm's length transaction, it is clear that, for listed companies, due consideration has to be given to market capitalization. In the case of a one-project company or a company with one major asset, the market capitalization gives some guide to the value that the market places on that asset at that point in time, although certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. Commonly however, a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is not possible to accurately define the value of individual projects or separate components of the assets in terms of the share price and market capitalization.

Talison is not a listed company and therefore there is not a readily available market valuation of the Greenbushes asset. Tianqi, IGO and Albemarle hold numerous assets, and therefore their market capitalization does not give a direct guide to the market value of the Greenbushes operation.

Past Expenditure

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining the value of exploration tenements, and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' (PEM), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement.

BDA does not consider exploration expenditure is a relevant method of determining value for the Greenbushes project, but considers it is potentially relevant in terms of the Cuola exploration and development project.

Prospectivity

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties. BDA has considered the future prospectivity and development potential of the Greenbushes project.

Other Expert Valuations

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. We have inquired of Tianqi whether any other recent valuations of the Company or its assets have been undertaken.

7.4 Special Circumstances

Special circumstances of relevance to mining projects or properties can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- ***environmental risks***—which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- ***indigenous peoples/land rights issues*****—**projects in areas subject to claims from indigenous peoples can experience prolonged delays, extended negotiations or veto
- ***country issues***—the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk
- ***technical*****—**issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Tianqi, whether any such factors apply to the project under review. We consider that there are special circumstances of the nature described above under ***"environmental risks"*** that would have a material effect on the valuation of the Cuola project.

7.5 Greenbushes Lithium Project Economic Analysis

Talison has developed a detailed LOM cash flow forecast model for the Greenbushes lithium operations, including both the Central Lode and Kapanga Ore Reserves and the TSF1 Ore Reserves, using only Proven and Probable Ore Reserves based on the following macroeconomic assumptions.

Exchange Rates

The product prices in US$ have been converted into A$ using an exchange rate of US$/A$0.75 for the life of the mine generally in line with Talison's exchange rate forecast.

Lithium Pricing

BDA is not a marketing expert and has used the lithium price forecast provided by Wood Mackenzie (Asia Pacific) Pty Ltd (Wood Mackenzie), a reputable international marketing research group, for the economic analysis. BDA considers this an appropriate approach and notes it is common to use the price forecast produced by a reputable research institution in valuing mining assets and projects. Wood Mackenzie forecasts are also used by Tianqi in the company forecasts.

In relation to the chemical grade spodumene concentrate pricing, Wood Mackenzie projects contracts to rise from US$543/t 6.0% Li_2O in 2021 increasing to US$2,237/t 6.0% Li_2O in 2023 with a dip to US$934/t 6.0% Li_2O in 2025 before rising steadily to US$1,479/t 6.0% Li_2O by 2032.

Tax and Royalty

In WA, a royalty of 5% is paid to the State Government for lithium mineral production. Royalties are included in Talison's estimated Operating Expenditure in Table 4.11.

The Australian tax system is controlled by the Australian Taxation Office. Corporate income tax is applied at a rate of 30%. The economic analysis of the Greenbushes Lithium Operations has been prepared on a pre-tax and after-tax basis based on the taxation calculations from the Talison modeling.

Discount Rates

In determining an appropriate real discount rate for the cash flows, BDA has taken into consideration the long production history of the Greenbushes lithium project, the status of existing operations, the planned expansions and the market projections, both in price and volume. From a technical perspective, Greenbushes is a low risk operation. There are current and planned commitments for significant capital expenditure, with some of these still subject to final Board approval.

BDA considers that it is not unreasonable to assume that these expenditures would be funded through a combination of equity and debt, with the latter of the order of 30% of estimated cost. On that basis, BDA has assessed that the weighted average cost of capital ("WACC") would be of the order of 8% real or 10% nominal. This recognizes that there are alternative funding scenarios and that there is risk inherent in both price and volume forecasts. BDA has adopted the consensus forecast price of investment banks and brokers.

Forecast Cashflows and Valuation (NPV)—Greenbushes Lithium Operations

BDA conducted a base case economic analysis of the Greenbushes lithium project using the technical and economic parameters discussed in this CPR. The forecast lithium concentrate price for spodumene concentrate 6% Li_2O, SC6.0, adopted in this analysis is the Wood Mackenzie forecast; taking this forecast and adjusting the nominal forecast with the forecast inflation, the average price (real) is US$1,186/t over the LOM or A$1,546/t. The pricing has been assumed to apply to all the concentrate products from Greenbushes and does not include any allowance for the premiums that are received for the higher quality products. A discount rate of 8% was used to calculate the net present value (NPV); the NPV is based on real values. Greenbushes Mine is an established operation so that a discount rate of 8% (real) is considered appropriate; sensitivity to reasonably broad variations in the discount rate of -20% to +20% is provided in the Sensitivity Analysis.

Based on this analysis, the Greenbushes Lithium Project has a pre-tax NPV of A$21,013M and an after-tax NPV of A$14,726M (Table 7.1) as of January 1, 2022. The start of the year discount method was used in calculation of the NPV. BDA notes that Talison's standing debts and cash position have not been factored into this NPV calculation. The project valuation is calculated on 100% basis for the Greenbushes Mine; Tianqi has a 26% interest in the mine through its 26% ownership of Talison.

Table 7.1

Base Case Economic Analysis for the Greenbushes Lithium Project at January 1, 2022

Item	Unit	2022	2023	2024	2025	2026	2027	2028	2029	30-42	Total
Lithium Conc Production	kt	1,395	1,484	1,480	1,879	1,963	2,187	2,179	2,007	23,170	37,744
Average Concentrate Price*	A$/t	2,924	1,976	1,174	1,289	1,356	1,440	1,479	1,645	1,504	1,546
Total Income	A$M	3,493	4,349	2,934	2,215	2,541	2,969	3,150	2,978	35,370	60,000
Total Cash Costs	A$M	580	732	730	816	853	872	849	860	9,565	15,858
Depreciation	A$M	109	121	115	172	156	208	187	169	1,545	2,783
Taxable Income	A$M	2,803	3,496	2,088	1,227	1,532	1,890	2,114	1,949	24,260	41,359
Income Tax	A$M	841	1,049	627	368	460	567	634	585	7,278	12,408
After-Tax Income	A$M	1,962	2,447	1,462	859	1,072	1,323	1,479	1,365	16,982	28,952
Total Capital Costs	A$M	364	216	280	292	343	20	18	18	247	1,799
After-Tax Cash Flow	A$M	1,708	2,353	1,297	739	885	1,511	1,648	1,515	18,280	29,936
Pre-Tax Cash Flow	A$M	2,549	3,402	1,924	1,107	1,345	2,078	2,282	2,100	25,558	42,343
Discount Factor	@8%	0.93	0.86	0.79	0.74	0.68	0.63	0.58	0.54		
Pre-Tax NPV	A$M	2,360	2,916	1,527	814	915	1,309	1,332	1,134	8,705	21,013
After-Tax NPV	A$M	1,581	2,017	1,030	543	602	952	962	819	6,220	14,726

*Note: Total Income includes a small income for tantalum concentrate production from the Talison Processing Plants;*tonnage weighted average*

Sensitivity Analysis

A sensitivity analysis was conducted for the January 1, 2022 after-tax NPV for variations in the operating costs, lithium concentrate price, processing yield rate, total capital costs and discount rate. The NPV is most sensitive to variations in the lithium concentrate price, and processing yield and slightly less sensitive to variations in discount rate and operating and capital costs (Table 7.2 and Figure 32).

Table 7.2

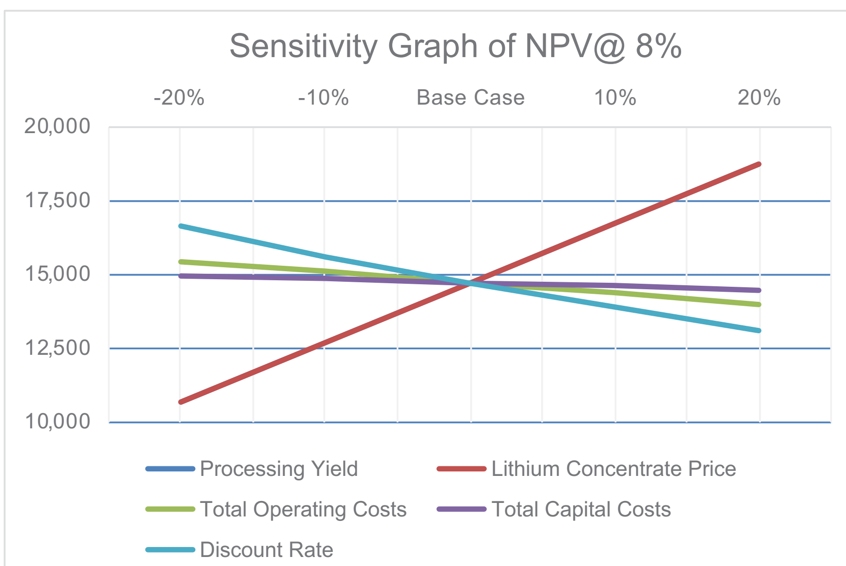
Sensitivity Analysis for After Tax NPV as of January 1, 2022 (A$M)

Sensitivity Item Variation	After Tax NPV Variation (A$M)				
	-20%	-10%	Base Case	+10%	+20%
Lithium Concentrate Price	10,741	12,735	14,728	16,722	18,716
Processing Yield	10,741	12,735	14,728	16,722	18,716
Total Cash Costs	15,453	15,091	14,728	14,366	14,004
Total Capital Costs	14,990	14,859	14,728	14,598	14,467
Discount Rate	16,639	15,637	14,728	13,903	13,151

Considering a 20% sensitivity range, the after tax NPV result for the implied value of Greenbushes has a range from A$10.7B to A$18.7B with a base case of A$14.7B. Converting the values to US dollar at the assumed exchange rate of US$/A$ of 0.75, the range is from US$8.1B to US$14.0B with a base case of US$11.0B.

Figure 32

After-Tax NPV Sensitivity Analysis for the Greenbushes Lithium Project (A$M)



7.6 Other Methodologies—Relevant Transactions Valuations

Previous Talison Transactions

While the NPV method of valuation is considered the most appropriate for an established operating mine such as Talison's Greenbushes operation, BDA also considers that the Albemarle 2014 acquisition of a 49% interest in Talison and IGO's 2021 acquisition of 49% of Tianqi's 51% interest are directly relevant to an assessment of market value.

Albemarle Acquisition of 49% of Talison 2014

BDA considers that the Albemarle Corporation (NYSE: ALB) purchase of a 49% interest in Talison in 2014 is a relevant transaction to be considered. In that transaction, completed in May 2014, Rockwood Lithium GmbH, a wholly-owned German subsidiary of Albemarle, purchased 49% of Talison Lithium for a consideration of US$475M, which notionally valued 100% of Talison at US$969M.

In 2014, realized lithium prices were around US$400-430/t SC6 concentrate, with relatively flat forward projections in terms of price and volume. In the 2014 calendar year, the Greenbushes mine produced approximately 420,000t of Li_2O SC6 concentrate.

To compare the 2014 transaction with current conditions, the Greenbushes mine in 2021 is scheduled to produce approximately 900,000t of SC6 concentrate, or approximately 2.1x the output in 2013/14. The 2021 average price was estimated by Wood Mackenzie to be US$543/t SC6 concentrate or approximately 1.3x the price in 2014, while current spot prices are in excess of US$2,000/t SC6 concentrate or approximately 4.8x the price in 2014; so a valuation price factor of 3.0x is considered reasonable. On this basis, given that production capacity and product price are directly linked to value, BDA estimates that the 2014 transaction value of US$969M should be incremented by the above factors, giving a 2021 value of US$6.1B.

BDA notes that the lithium concentrate production at Greenbushes is projected to increase to an average of more than 1.2Mtpa based on CGP 1 and 2, with potential for a further doubling to 2.5Mtpa with the planned construction of CGP3 and 4. Output from the Tailings Retreatment Plant (TRP) is included in current projections.

Wood Mackenzie's current outlook for concentrate sales prices is generally positive, with prices for SC6 concentrate remaining above US$1,500/t in the medium term and averaging US$1,400/t over the next 10 years.

BDA considers that a willing and knowledgeable buyer would factor in some of this upside potential, however, it should be acknowledged that there are also uncertainties relating to both future market supply and demand and the potential impact of numerous new producers. BDA considers that the implied value of US$6.1B based on the Albemarle transaction provides a reasonable base case, but further increments could well be argued given future production and price projections.

IGO Transaction 2021

In January 2021, IGO subscribed a 49% joint venture interest in Tianqi's 51% holding in Talison and in Tianqi's Kwinana LiOH plants assets for US$1.4B, giving IGO a 24.99% interest in Talison, with Tianqi holding 26.01%. This is considered a directly relevant transaction which provides a relatively recent assessment of value.

BDA notes that the transaction included acquisition of a 49% interest in Tianqi's LiOH plant in Kwinana, and that this needs to be taken into account in assessing the value ascribed to the Talison Greenbushes assets. The capital expenditure on Train I and II at the time of the acquisition was quoted at US$700M, with US$220M still to be spent on commissioning of Train I and completion of Train II. It would thus be reasonable to assume that US$343M of IGO's US$1.4B investment represented its 49% share of expenditure to date on the LiOH plants, with the remaining US$1.06B representing its acquisition of a 24.99% interest in Talison and its assets, implying a 100% value of Talison of US$4.2B.

While the IGO transaction is relatively recent, the lithium market has moved significantly since the start of 2021, with the lithium carbonate and lithium hydroxide prices increasing 50-100%. While the increase in the SC6 concentrate price has been less dramatic, increases of 40-50% have been realized. The IGO transaction was agreed in December 2020, close to the lowest point in the recent price curve; it would not be unreasonable to assess that the same transaction, done today, would likely be completed at a 25-50% premium. BDA notes that IGO's share price has roughly doubled in the period since the Tianqi transaction, from approximately A$5 per share to around A$10/share; it would not be unreasonable to attribute a significant portion of this increase to its lithium investment.

Comparable Projects—Yardsticks

The 'Previous Transactions' section above deals with guides to valuation based on actual transactions on the specific Talison tenements and project to be valued. A guide to value can also be derived from consideration of comparable transactions on other lithium hard rock projects. BDA has examined a number of recent transactions on other lithium producers and developing producers, as set out in Table 7.3, to estimate a range of yardstick values based on contained lithium in Mineral Resources, specifically US$ per ton of contained lithium carbonate equivalent. While the Greenbushes project remains the world's largest hard rock lithium producer (around 22% of annual world production) and is also one of the highest grade lowest cost producers, there are several projects of a scale potentially similar to Greenbushes in Australia, including Pilgangoora (Pilbara Minerals), Mount Marion (Mineral Resources/Ganfeng) and Mount Holland (Wesfarmers/SQM), Wodgina (Mineral Resources/Albemarle), and several other smaller-scale projects such as Mt Cattlin (Allkem, formerly Galaxy) that may provide reasonable scope for comparison. BDA has considered recent transactions on these projects which have enabled estimation of $/t of contained LCE yardsticks. The transactions considered are as follows:

- Orocobre Limited/Galaxy Limited June 2021—merger of the two lithium companies and their assets; the bulk of the value in the transaction related to the brine projects in Argentina, but BDA has considered the component of the transaction relating to the hard rock projects Mt Cattlin in southern WA and James Bay in Quebec which Deloitte valued at US$80-85M and US$260-300M respectively

- Pilbara Minerals Ltd (PLS) January 2021—acquisition of Altura Lithium Operations Pty Ltd Pilgangoora assets and operation in the Pilbara region of WA from liquidators for US$175M

- Albemarle Corp November 2019—acquisition of a 60% interest in the Mineral Resources Ltd Wodgina lithium mine in the Pilbara region of WA for US$1.3B implying an enterprise value (100%) of US$2.2B

- Wesfarmers Limited May 2019—acquisition of a 50% interest in the Mt Holland lithium project in WA east of Perth from Kidman Resources Ltd for US$543M implying an enterprise value (100%) of US$1.1B

- Ganfeng and Mineral Resources Ltd March 2019—purchase of 13.8% interest in Mt Marion lithium project SW of Kalgoorlie in WA from Neo-Metals Limited Ltd for A$103.8M (US$78M), implying an enterprise value of US$565M

BDA has examined five producing or advanced hard-rock lithium projects in Western Australia: Pilgangoora, Mount Marion, Wodgina, Mount Holland, and Mt Cattlin and one hard rock lithium project in Canada, James Bay, all of which have been subject to acquisition transactions over the last three years, allowing an estimation of project enterprise value based on the transaction and Yardstick values based on the lithium Mineral Resources. Table 7.3 below summarizes the transactions, the project Mineral Resources, the enterprise values on a 100% basis and the calculated Yardstick based on US$/t of contained LCE (lithium carbonate equivalent).

Table 7.3

Australian Lithium Projects

Project	Owner	Transaction	Mineral Resources Mt	Grade % Li2O	Cont. LCE Mt	EV (100%) US$M	Yardstick US$/t LCE
Mt Cattlin . . .	Galaxy	Orocobre (post merger)	11	1.29	0.3	83	277
James Bay . . .	Galaxy	Orocobre (post merger)	40	1.40	1.4	280	200
Pilgangoora . .	Altura Mining	Pilbara 100%	46	1.07	1.2	175	146
Wodgina	Mineral Resources	Albemarle 60%	260	1.17	7.7	2,200	286
Mt Holland . .	Kidman Resources	Wesfarmers 50%	189	1.50	7.0	1,100	157
Mt Marion . . .	NeoMetals	Ganfeng/Min Res 13.8%	78	1.34	2.6	565	217

Note: EV for Mt Cattlin and James Bay based on Deloitte 2021 allocation

In terms of existing production and current expansion projects, Talison's Greenbushes project is the most advanced, with a long history of operations. However, all the projects selected have similarities to Greenbushes, all are hard-rock, open cut operations, all (except James Bay) are in Western Australia, and all are producing (or planning to produce) a similar suite of spodumene concentrate products. All the WA projects would have similar transport costs and market geography.

However, the James Bay and Mt Holland projects are still at a feasibility study/development stage, the Pilgangoora project of Altura Mining was closed and purchased by Pilbara Mining from the liquidators, and the Wodgina project at the time of acquisition was on care and maintenance. Mt Cattlin is in operation but has limited remaining Mineral Resources. On balance BDA considers that the Talison Greenbushes project, with substantial Mineral Resources and a proved production history would command a 50-100% premium compared with the average project yardsticks calculated in Table 7.3.

For the projects considered, the values based on Enterprise Value implied by recent transactions per contained ton of LCE in resource, range from US$146/t to US$286/t, with a resource-weighted average of US$218/t. Using the yardstick figures gives an implied value to Talison's Greenbushes contained 13.1Mt LCE Mineral Resources in the range of US$2.0B to US$3.8B or US$2.9B based on the weighted average.

BDA considers that the valuation figure for Greenbushes would be weighted towards the higher end of this range (US$3.8) and, as discussed, a minimum 50% premium would likely apply, giving a most likely valuation of US$5.7B.

7.7 Summary of Comparison of Valuations

BDA has derived a range of valuations based on the various methods outlined above. These are presented in Table 7.4.

Table 7.4

Comparison of Valuations Greenbushes Mine

Valuation Method	Low Valuation US$B	Most Likely US$B	High Valuation US$B
NPV at 8%	8.1	11.0	14.1
Albemarle Acquisition 49%	5.4	6.1	7.8
IGO Acquisition 24.99%	3.8	4.2	4.6
Comparable Transaction Yardsticks – EV/t LCE	5.1	5.7	6.3
Average Valuation Assessed	5.6	6.8	8.2

Note: ranges based on ±10% around Most Likely value

Overall, the valuation of the existing and proposed Greenbushes hard-rock mining and processing operations lies within the range of US$5.6B to US$8.2B, with a most likely value of US$6.8B. Overall, BDA considers the range and most likely valuation to be a fair and reasonable valuation of the Greenbushes mining and processing operations; while the NPV figure is considered a Technical Value, the Average Valuation Assessed takes account of alternative methods and is considered a market value, based on the definitions of the VALMIN Code.

Conclusions

BDA has assessed the various inputs to the Greenbushes valuation and has found that the economic analysis based on the parameters applied to the Mineral Resources shows that with the estimated capital and operating costs the Ore Reserves are viable and meet the requirement for reserves; this is based on the forecast lithium prices for spodumene concentrates provided by Wood Mackenzie for related parties transactions. The economic analysis takes into account the planned expansion of the operations at Greenbushes from a processing rate of around 2Mtpa to 9Mtpa over a seven-year period. It is based on BDA's review of the production schedules, capital and operating costs, and commodity pricing provided by Wood Mackenzie. The economic analysis is based on the Ore Reserves within the Central Lode and Kapanga and indicates that the project is relatively robust over a range of concentrate prices and operating costs.

8.0 SOURCES OF INFORMATION

BDA has undertaken site visits to the Greenbushes Mine on several occasions since 2012, most recently in March 2018 and November 2021, and has undertaken a site visit to the Cuola Project in April 2018. BDA has held discussions with Talison technical and management staff on site as well as via teleconferencing, as well as holding brief discussions with SRK and RSC. Meetings have been conducted with Tianqi and representatives of the consulting groups for the Cuola Project.

The principal technical reports and documents reviewed are listed below:

Greenbushes Mine Technical Data

- Greenbushes Lithium Operations: NI43-101 Technical Report, December 21, 2012 – Talison Lithium Limited, December 2012
- Greenbushes Water Dams Inspection Report 2014—GHD Pty Ltd, October 2014
- Mining Proposal 2015 Tailings Storage Expansion—Talison Lithium Australia Pty Ltd, December 21, 2015

- Annual Environmental Monitoring Report 2015-2016—Talison and GAM, June 2016
- Summary Report of Rehabilitation Liability Calculation—Talison, June 2016
- Annual Environmental Report and Annual Audit Compliance Report 2015-2016—Talison and GAM, September 2016
- Talison Lithium Onsite Testing Report July – August 2016 Greenbushes Operations, Western Australia – Veolia Water Solutions & Technologies (Australia) Pty Ltd, November 2016
- Talison Lithium Pty Ltd, Chemical Grade Plant 2 (CGP2) Project Pre-Feasibility Report – MSP Resource Development Consultants, January 2017
- Mine Closure Plan 2016—Talison, February 2017
- Mining Rehabilitation Fund Assessment Notice MF101857 for 2016/2017, Government of Western Australia Department of Mines and Petroleum, July 2017
- Greenbushes CGP3 (Chemical Grade Plant No 3) Concept Study, Lycopodium Limited, January 2018
- Chemical Grade Plant Number 2 Feasibility Study – Talison Lithium Pty Ltd, February 2017
- Talison Greenbushes Project Tenements List at April 17, 2018—Talison, April 2018
- Greenbushes Central Lode Pegmatite: Li_2O Estimate—Talison Lithium Pty Ltd, March 2018
- Mineral Resources and Ore Reserves Update for the Central Lode, March 31, 2018—Talison Lithium Pty Ltd, June 2018
- Greenbushes Tailings Facility 1 Reprocessing—Mineral Resource and Ore Reserve for March 2018—Talison Lithium Pty Ltd, June 2018
- Report on TSF1 Tails Drilling Program—Talison Lithium Pty Ltd, March 2018
- Mine and Mill Production Statistics for April, May and June 2018—Talison Lithium Pty Ltd, September 2018
- Greenbushes Annual Geotechnical Review, PSM Consult Pty Ltd, July 2019
- Western Australian Government Ministerial Approval No. 1111 for the development of Stage 3 and Stage 4 expansion activities at the existing Greenbushes Lithium Mine—WA Minister for Environment, August 2019
- Greenbushes Annual Geotechnical Review, PSM Consult Pty Ltd, August 2020
- Talison Lithium Monthly Reports—Talison Lithium Pty Ltd, December 2018, December 2019, December 2020, January to December 2021
- Greenbushes Mine – Hydrogeological Review 2020, PSM Consult Pty Ltd, October 2021
- Greenbushes Lithium Deposits Mineral Resources 2021 Update (Draft 0), SRK Consulting (Australasia) Pty Ltd, December 2021
- Review of Mineral Resources and Ore Reserves of the Greenbushes Lithium Deposit, RSC Consulting, December 2021

- Greenbushes Mineral Resources and Ore Reserves Report- Board Paper, Windfield Holdings Pty Ltd, December 2021
- Greenbushes Mineral Resources and Ore Reserve Statement (Effective Date: August 31, 2021), Talison Lithium Pty Ltd, March 2022
- Lithium Industry Report, Wood Mackenzie (Southeast Asia) Pty Ltd, May 2022

Cuola Project Technical Data

- Exploration Geology Report of Cuola Spodumene Mining District in Yajiang County, Sichuan Province—No.108 Geological Exploration Brigade of Geology and Mineral Resource Exploration and Development Bureau of Sichuan Province, September 22, 2011
- Feasibility Study Report for the Phase I Mining and Processing Operation of the Yajiang Spodumene Mine of Sichuan Tianqi Shenghe Lithium Company Limited—Lanzhou Engineering & Research Institute of Nonferrous Metallurgy, February 2012
- Initial Engineering Design Study Report for the Phase I Mining and Processing Operation of the Yajiang Spodumene Mine of Sichuan Tianqi Shenghe Lithium Company Limited — Lanzhou Engineering & Research Institute of Nonferrous Metallurgy, July 2012
- Environmental Impact Assessment Report for the Phase I Mining and Processing Operation of Yajiang Spodumene Mine of Sichuan Tianqi Shenghe Lithium Company Limited—Sichuan Academy of Environmental Protection Science, December 2012
- Approval of the Environmental Impact Study Report for the Phase I Mining and Processing Operation of Yajiang Spodumene Mine of Sichuan Tianqi Shenghe Lithium Company Limited—Environmental Protection Department of Sichuan Province, February 26, 2013
- Land Reclamation Plan Report for the Phase I Mining and Processing Operation of Yajiang Spodumene Mine—Sichuan Changqing Land Management Company Limited in Chengdu, December 2013
- Directive for Immediately Suspend Production for Mining Operations in Tagong District —Land and Mineral Resources Department of Ganzi Tibetan Autonomous Prefecture, October 16, 2013
- Information Regarding the Mining and Processing Project of the Cuola Spodumene Mine in Yajiang County—Tianqi Shenghe Lithium Company Limited, April 2018

General Data

- Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves—Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia — December 2012
- Australasian Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports—The VALMIN Code—Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia—2015

- Hong Kong Stock Exchange—Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, Chapter 18, Mineral Companies—Disclosure Requirements and Continuing Obligations for Mineral Companies—June 2010

APPENDIX I

GREENBUSHES MINERAL RESOURCE AND ORE RESERVE STATEMENT JORC CODE-CHECK LIST OF ASSESSMENT AND REPORTING CRITERIA, TABLE 1

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
Sampling Techniques	• Talison Lithium Pty Ltd (Talison) has drill-sampled the Greenbushes Central Lode, Kapanga and Tailings Storage Facility 1 (TSF1) Mineral Resource estimate (MRE) volumes, with the Central Lode and Kapanga drilled by reverse circulation percussion (RC) drilling and diamond core drilling (DD). The TSF1 MRE volume was drilled using sonic drilling (SD). • The holes drilled from surface at the Central Lode and Kapanga have collar spacings ranging from 25m to 50m across and along strike. The DD holes drilled from underground workings at the northern end of the Central Lode have a close spaced pattern, fanning out from the workings. The underground infill drilling took place from the hangingwall and footwall mine infrastructure. The TSF1 SD holes are drilled on a nominal 200m grid spacing. • Apart from a few holes drilled to collect geotechnical information, the Central holes drilled from surface generally plunge towards local mine grid east to intersect the mineralisation at a high angle. Sample representativity has been ensured by monitoring core recovery to minimize sample loss. SD holes drilled to test the TSF1 resource are vertical. • For the August 31, 2021 Central Lode MRE, the database contains approximately 616 diamond core holes equating to approximately 111km of drilling, and approximately 560 RC holes equating to approximately 77km of drilling. These holes were drilled in numerous programs conducted between 1977 and 2021. • For the August 31, 2021 Kapanga MRE, the drill hole database contains 24 diamond core holes equating to approximately 4.8km of drilling, and 216 RC holes equating to approximately 42km of drilling. Over 90% of the holes were drilled between 2018 and 2021. • For the March 31, 2018 TSF1 MRE, the drill hole database include 34 SD drillholes for a total length of 759m.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
Drilling Techniques	• RC drilling using face-sampling bits was used with hole diameters of either 5 ½ inch (140mm) or 5 ¼ inch (133mm). • DD has been used for deeper holes and for drilling from underground platforms, with a few diamond tail extensions drilled from RC pre-collars. • Triple tube DD has been used in areas of broken ground to improve core recovery for geotechnical logging. • The core from some DD holes drilled to collect data for geotechnical studies has been oriented. • The DDs drilled for Central Lode and Kapanga MRE work include several different core diameters including 36.4mm (BQ), 47.6mm (NQ) and 63.5mm (HQ2, HQ3). • The TSF1 MRE drilling comprised SD to collect 3-inch (76.2mm) cores.
Drill Sample Recovery	*RC recovery:* • Selected RC holes have had the cuttings from 1m downhole intervals weighed over the entire hole length to provide data for assessment of the expected mass against the actual recovered mass. A few of the older RC holes have had samples collected over 2m down hole intervals. • RC recovery is logged qualitatively as 'good' to 'poor' with recovery generally logged as 'good' except for samples collected within the first few meters from surface. • The lithia grades from nearby RC and DD holes have been compared to assess the potential for grade bias due to RC fines losses. No material biases between the two drill methods have been identified for the Central Lode data. Review of several pairs of twinned holes contained in the Kapanga dataset showed apparent biases for Li_2O, raising the possibility of preferential loss of light minerals during RC drilling. *DD recovery:* • Recovery has been measured as the percentage of the total length of core recovered compared to the drill interval. • Core recovery is consistently high (95 to 100%) in fresh rock with minor losses occurring in heavily fractured ground or for DD drilling in the regolith.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
	• Triple tube DD has been used to maximize recovery in zones of broken ground and the weathered zone. • Recovery monitoring and triple tube drilling are the main methods used to maximize core recovery. • The TSF1 SD recovery was photographed and recorded as good with one logging entry and one sample taken per 1.5m core barrel return to allow for expansion and contraction typical in sonic drilling returns. No significant relationships have been identified between grade and sample recovery.
Logging	• RC cuttings and DD and SD cores have been logged geologically and geotechnically with reference to standardized logging codes, to levels of detail that support MRE work, Ore Reserve estimation (ORE) and metallurgical studies. The information collected is considered appropriate to support any downstream studies by the Competent Person. • Qualitative logging includes codes for lithology, regolith, and mineralisation for RC, DD and SD samples, with sample quality data recorded for RC such as moisture, recovery, and in 10% of RC sample mass. DD sub-sampling size is recorded. • DD cores are photographed, qualitatively structurally logged with reference to orientation measurements where available. • Geotechnical quantitative logging includes QSI, RQD, matrix and fracture characterization. • The total lengths of all drill holes have been logged.
Sub-sampling Techniques and Sample Preparation	*RC sampling:* • RC samples were collected from a splitter (riffle, static cone and rotary cone) that collected a 3-5kg split of the primary lot from each downhole sampling interval. • Most samples were collected from dry ground conditions. • The main protocol to ensure the RC samples were representative of the material being collected was visual logging of sample recovery, weighing sample return on 5-10% of holes and, collection and assay of 5% field duplicates of primary samples.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
	DD sampling: ● DD cores samples have been collected over intervals determined by geological boundaries but generally targeting a 1m length within the same zone of contiguous geology. ● Cores were generally half-core sampled with the core cut longitudinally using a core saw having a wet diamond impregnated cutting blade. ● Some of the larger diameter HQ core collected for metallurgical test was quarter core sampled. *SD sampling:* ● The TSF1 SD sample intervals are 1.5m down hole with the SD core captured in half PVC pipe and cut with a blade or wire to prepare a 'half core' tailings sample *Laboratory preparation:* ● All samples were delivered in pre-numbered sample bags to Talison's on-site laboratory, with the sample chain-of-custody from the drill site to the laboratory managed by the Talison's site technical staff. ● The laboratory then took over the chain-of-custody and used an internal digital tracking system for sample management. ● The samples were then oven dried for 12 hrs at ~110°C before being crushed to a particle size distribution (PSD) of 100% passing 5mm. ● A rotary splitter, was then used to collect a ~1kg sub-sample from the crushed lot. ● For the majority of samples the crushed lots were pulverized using tungsten grinding bowls. During the tantalum mining era up ~2012 most samples were pulverized using standard steel grinding bowls except those expected to represent low iron technical grade plant feed which also used tungsten grinding bowls. ● Following pulverizing, a pulp sub-sample was collected into a small packet to serve as the assaying source lot. *Quality controls:* ● All laboratory sample preparation was carried out by trained technicians who followed the specified laboratory procedures for each sample preparation workflow.

JORC CODE 2012 EDITION TABLE 1
FOR GREENBUSHES MINE, WESTERN AUSTRALIA, AUSTRALIA

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
	● Independently of the site laboratory, the site geological staff insert certified reference materials at a 1:20 frequency in every batch. ● Sample pulps are retained for future reference and coarse rejects are discarded. ● Talison's reviews of quality sample results confirm that the levels of precision, accuracy and levels of potential sample cross contamination are acceptable for MRE work. The precision half absolute relative difference values for field duplicates having grades ≥0.2% Li_2O is less than ±10% relative for 85% of replicates collected since 2016. *Sample size versus grain size:* ● Lithia bearing spodumene typically comprises between 15 to 55% of the mineralisation, and as such is in relatively high concentration. ● The sample sizes collected at the primary and sub-sampling stages are considered appropriate by the Competent Person.
Quality of Assay Data and Laboratory Tests	● No geophysical tools have been used to determine any analyte concentrations for MRE work. ● A small aliquot of the sample preparation pulp was collected and digested in sodium peroxide and the resulting solution concentration of lithia. ● A suite of 36 accessory analytes were also determined using fusion digestion and X-ray fluorescence, however these additional analytes are not included in the Publicly Reported MRE, albeit iron grade has been used to assist in the interpretation of zones of TG mineralisation. ● Talison's technical staff maintains standard work procedures for all data management steps, with an assay importing protocol established that ensures quality control samples are checked and accepted before data can be loaded. ● The site laboratory internal quality systems include replicate (pulp repeat) laboratory analyzes, analysis of known standards by XRF, and round-robin interaction with other laboratories. ● Li_2O in geological drill samples is not analyzed in replicates; instead, the AAS machine is recalibrated before every batch of samples

JORC CODE 2012 EDITION TABLE 1
FOR GREENBUSHES MINE, WESTERN AUSTRALIA, AUSTRALIA

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
	• Known solution standards and blanks are embedded in each batch and the accuracy of the calibration is monitored regularly during analysis. The precision of the AAS analysis technique for lithium is statistically monitored by the laboratory
Verification of Sampling and Assaying	• The pegmatite mineralisation characteristics, the drill coverage, and the resource estimation procedures mean that the resource estimates are not significantly influenced by individual intersections. Talison periodically commissions independent consultants to review the resource models and the supporting data. Data entry is electronic and held in an acQuire SQL database. Internal data entry and validation procedures operate in acQuire, backed up by physical and screen checks • Twin holes have been drilled to compare assay results from RC and DD drilling. • A 36 element assay suite is compared to lithology which has high contrast between pegmatite and host rocks. From these comparisons Talison's geologist consider that there is no material down hole smearing of grades in the RC drilling and sampling. • There have been no adjustments or scaling of lithium assay data.
Location of Data Points	• Throughout years of data collection up to date industry standard equipment available at the time has been used. Most of the recent drill hole collar locations were surveyed by company surveyors using real time kinematic differential global positioning system equipment (RTK-DGPS), to a reported accuracy of less than 10cm. Underground DD collars were surveyed using total station equipment during the time of underground mining • Most holes (drilled since 2000) were downhole surveyed using either an Eastman single shot camera or (more recently) gyroscopic equipment. The survey intervals ranged from approximately 5 to 100m, and for most holes, measurements were recorded every 10 to 30m. A few early RC holes have not been surveyed and the short vertical SD holes in TSF1 do not have hole path surveys

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
	• The mine grid eastings are approximately aligned to the strike of the main pegmatites with the trend of mine grid north approximately 11° west of Magnetic North and 15.7° west of True North. • The transformation between local and MGA grid is a two point transform using the following paired coordinates:

Location	Local X	Local Y	MGA X	MGA Y
A	10,166.941	10,524.225	414,290.966	6,251,535.324
B	9,833.499	12,778.814	413,362.002	6,253,615.642

Criteria	Commentary
	• Talison adds constant of 1,000m to the mine grid elevations relative to AHD elevations. • The digital terrain model is a synthesis of photogrammetric surveys and regular pit surveys and of good quality for MRE work. Active mine workings are surveyed monthly by company surveyors • The precision of the TSF1 survey is considered have a precision of ±1m in three dimensions
Data Spacing and Distribution	• For Central Lode, the drill section spacing is typically 50m, with spacings of approximately 25m along section. However, the drill coverage and spacing is quite irregular given the extensive mining and exploration history, and the variable geometry of the pegmatite. • For Kapanga, the majority of the holes were drilled on a regular grid with a nominal spacing of 40m along east-west section lines and 50m between section lines • The drill hole spacing for the TSF1 estimate is ~200m square collar spacing. • Down hole sample intervals for the Central Lode and Kapanga are nominally 1m, with diamond core samples were terminated at geological contacts while a 1.5m down hole sample interval was used for the TSF1 drilling. • Central Lode sample results were composited to 3m lengths prior to estimation • The majority of Kapanga samples were collected using RC drilling over 1m intervals, and this was retained as the composite length • TSF1 samples were collected over 1.5m intervals, and this was retained as the composite length

JORC CODE 2012 EDITION TABLE 1
FOR GREENBUSHES MINE, WESTERN AUSTRALIA, AUSTRALIA

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
	• The Competent Person considers that these data spacings are sufficient to establish the degree of geological and grade continuity appropriate for the MRE and ORE estimation procedures, and the JORC Code classifications.
Orientation of Data in Relation to Geological Structure	• Nearly all drill holes are oriented to intersect the mineralisation at a high angle and as such, the Competent Person considers that a grade bias effect related to the orientation of data is highly unlikely.
Sample Security	• The drill sites and laboratory are located on the Greenbushes minesite, with both having controlled access • The sample chain-of-custody is managed by Talison's technical personnel. Samples were collected in pre-numbered bags, for transport from the primary collection site to the laboratory. This generally happens on the day the samples are collected, or on the following day • Sample dispatch sheets are verified against samples received at the laboratory and other issues such as missing samples and so on are resolved before sample preparation commences. The laboratory has ISO 9001 accreditation and has a detailed sample tracking system. • The Competent Person considers that the likelihood of deliberate or accidental loss, mix-up or contamination of samples is very low.
Audits or Reviews	• RSC conducted a review of the 2021 MRE and found no fatal flaws and recommended additional twinned holes in the Kapanga deposit. • Field quality control data and assurance procedures are reviewed by Talison's technical staff on a daily, monthly and quarterly basis • The sampling quality control and assurance of the sampling was reviewed by consultants Quantitative Geoscience in the 2000s, Behre Dolbear Australia in 2018, and as part of IGO's due diligence work by Snowden Mining Industry Consultants in 2019. No adverse material findings were reported in any of these reviews. • A 2021 review by SRK Consulting Australasia (SRK) noted that Talison rigorous quality control programs for assay, which have been in place since 2007, cover ~40% of the

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 1: Sampling Techniques and Data

Criteria	Commentary
	Central Lode data and effectively all the Kapanga drilling. In a recent Competent Person Report review by Behre Dolbear Australia (BDA), BDA noted that there is an apparent positive bias for lithia when comparing nearby Kapanga RC and DD samples, which may be material given most of the Kapanga drilling is RC. BDA further noted that a similar bias is observed by Talison in pit grade control samples, with a 5% factor applied to adjust grades down for forecasting plant head grades.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral Tenement and Land Tenure Status	● Greenbushes is 100% owned by Talison Lithium Australia Pty Ltd (Talison). Talison is 51% owned by TLEA which is the holding company for the Tianqi Lithium (51%) and IGO (49%) JV. The remaining 49% of Talison is owned by Albemarle Corp. ● The WA mineral tenements relevant to Greenbushes' MREs and OREs are tabulated below.

Location	Name	Granted Date	Expiry Date	Area (ha)
Mining	M01/02	28 Dec 1984	27 Dec 2026	969
	M01/03	28 Dec 1984	27 Dec 2026	1000
	M01/04	28 Dec 1984	27 Dec 2026	999
	M01/05	28 Dec 1984	27 Dec 2026	999
	M01/06	28 Dec 1984	27 Dec 2026	985
	M01/07	28 Dec 1984	27 Dec 2026	998
	M01/08	28 Dec 1984	27 Dec 2026	999
	M01/09	28 Dec 1984	27 Dec 2026	987
	M01/10	28 Dec 1984	27 Dec 2026	1000
	M01/11	28 Dec 1984	27 Dec 2026	999
	M01/16	28 Dec 1984	27 Dec 2026	18
	M01/18	28 Dec 1984	27 Dec 2026	70.4
	M07/765	28 Dec 1984	27 Dec 2026	3
Exploration	E70/5540	8 Mar 2021	27 Dec 2026	222.6
General Purpose	G01/01	17 Nov 1986	27 Dec 2026	10
	G01/02	17 Nov 1986	27 Dec 2026	10
Miscellaneous	L01/01	19 Mar 1986	27 Dec 2026	9

● State Forest (managed by WA State Department of Biodiversity, Conservations and Attractions) covers ~55% of the tenure, with most of the remaining (~40%) being private land.

● M01/06, M01/07 and M01/16 cover the operating mining, and processing areas, an area ~2000ha, and contains the entire MRE. The general purpose leases cover the processing facilities.

● There is a sublease agreement between Talison and Global Advanced Metals (GAM), with the latter owning the rights to all non-lithium metals on the tenements.

JORC CODE 2012 EDITION TABLE 1
FOR GREENBUSHES MINE, WESTERN AUSTRALIA, AUSTRALIA

SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Exploration Done By Other Parties	• Mining in the Greenbushes region has been almost uninterrupted since the tin mineral cassiterite was first discovered in 1886, making Greenbushes the longest continuously operating mine in Western Australia. • The first tin miner in the area was the Bunbury Tin Mining Co in 1888 followed by Vulcan Mines who carried out oxide tin sluicing operations from 1935 to 1943. • Many prospectors held small leases in what is now the operational area sinking hundreds of shallow exploration shafts all over the area and numerous exploration adits seeking alluvial and lode deposits. • The Kapanga underground mine operated sporadically in the first half of the 1900s reaching 45m below surface. • From 1945 to 1956 tin dredging commenced using more modern equipment and in 1969, Greenbushes Tin NL commenced open pit mining of oxidized soft rock below surface. • Hard rock open pit tin-tantalum mining and processing at 0.8Mt/a commenced in 1992 with the ore sourced from the now near completed Cornwall Pit. This mining included underground mine development in 2001 to source high grade tantalum ore when the process capacity was increased to 4Mt/a. In 2002, tantalum demand declined rapidly and the tantalum/tin treatment plant was placed into care and maintenance. • Greenbushes Limited commenced open pit mining in 1983 and commissioned a 30kt/a lithium mineral concentrator in 1985. The mining and processing assets were subsequently acquired by Sons of Gwalia Ltd ("SOG") in 1989 and the concentrate production capacity was increased to the 100kt/a in the early 1990s, then increased to 150kt/a by 1997, including the production of chemical grade lithium concentrate. • Resource Capital Fund ("RCF") purchased the Greenbushes Mine tenement package from SOG in 2009 creating the lithium and tantalum company Talison Minerals. RCF then split Talison Minerals into two companies Talison Lithium Limited (Talison) with the lithium mining rights on the tenement package and GAM with the rights to non-lithium minerals on the tenure. • Drilling data available to the 2021 MRE dates back to 1977.

JORC Code 2012 Edition Table 1
for Greenbushes Mine, Western Australia, Australia

Section 2: Reporting of Exploration Results

Criteria	Commentary
Geology	• The Greenbushes Central Lode Deposit is one of the world's largest and highest lithium grade hard rock deposits. The Central Lode is an elongate steeply northwest dipping, lithium rich pegmatite body, that intruded along the Donnybrook-Bridgetown shear zone ~2.53Ga years ago into the older and largely lithium-barren, high grade metamorphic country rocks of amphibolite (hangingwall) and granofels (footwall) of the Balingup Metamorphic Belt. • The tectonic history of the region is complex with up to four phases of correlated deformation and metamorphism. The pegmatite is interpreted to have intruded around the time of the second major tectonic event and was subsequently crosscut by later east-west dolerite intrusives prior to the fourth event. • All rocks have been weathered to depths of ~40m below natural surface. • Greenbushes' lithium bearing pegmatites present as a series of linear dykes and/or en echelon pods that range from a few meters in strike length up to 3km, and with true thickness ranging from 10 to 300m. The pegmatites have intruded at the boundaries between the major sequences of country rocks. • The Kapanga Deposit is a satellite deposit ~300m mine-grid east of the Central Lode with similar geology but with pegmatites generally thinner. The Kapanga pegmatites comprise a package of sub-parallel stacked lodes and pods of variable thickness • Several compositional zones are recognized in the pegmatite, with lithium rich zones observed to occur preferentially on the footwall and hangingwall zones of the Central Lode pegmatite. Tin and tantalum occur in the albite zone of the pegmatite and were the motivation for the historic mining at Greenbushes, mainly from the Cornwall Pit. Generally, the mineralisation presents as stacked higher grade lenses within a low grade alteration envelope. The zonation at Kapanga is broadly similar, with concentration of spodumene in the upper parts of the local sequence. • The high-grade lithium zone of the pegmatite comprises mostly spodumene and quartz, with local parts of the zone containing up to 50% of the lithium bearing mineral spodumene, which has a lithium concentration of ~8% Li_2O.

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Section 2: Reporting of Exploration Results

Criteria	Commentary
	● The lower grade zones of the pegmatites consist of variable proportions of microcline feldspar and albite along with quartz and spodumene with some pegmatite zones containing no spodumene ● Greenbushes' TSF1 mineral resource is the processing tail from earlier phases of tin and tantalum mining and processing from the Central Lode deposits. As such the tailings have similar mineralogy to the Central Lode pegmatite. ● The TSF1 'geology' is characterized by a ~7m thick upper layer of higher-grade 'enriched' tailings overlying a ~7.5m lower grade layer 'depleted' layer, which in turn overlies the pre-existing natural surface. ● All rocks have been extensively lateritised during peneplain formation in the Tertiary, with weathering and lithium leaching effects reaching to depths of up 40m below surface.
Drill Hole Information	● No exploration results are presented in this report. ● The Competent Person considers the MREs give a balanced view of all the drill hole information.
Data Aggregation Methods	● No drill hole intercepts are reported so this item is irrelevant.
Relationship Between Mineralisation Widths and Intercept Lengths	● Apart from a few geotechnical drill holes and selected underground fan DD holes, the majority of the MRE related drilling intersects the mineralisation at a high angle and as such approximates true thicknesses in most cases. ● The Competent Person considers that the risk of a grade bias introduced due to a relationship between intersection angle and grade is very low.
Balanced Reporting	● The Competent Person considers that the MREs are based on all available data and provide a balanced view of the deposits under consideration.
Other Substantive Exploration Data	● For this active mine there is no other substantive exploration data material to the MRE.
Diagrams	● Representative diagrams of the geology and mineral resource extents are included in the main body of this Public Report.
Further Work	● Exploration drilling is continuing within the Greenbushes tenements with several advanced exploration targets on regional pegmatites.

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Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database Integrity	• Talison capture all geoscientific drill hole information for MRE work using laptop interfaces. The data is then stored in an SQL Server database and managed using acQuire software, which is a well-recognized industry software for geoscientific data storage, manipulation and validation. • The acQuire interface has a number of inbuilt validation tools. These include predefined dictionary definitions, valid range check and logical value checks. • Historical drill hole data was manually captured on hard copy log sheets, these were manually transcribed and all material geological logging has been captured in the SQL database. As interpretation of the mineralisation is primarily driven by lithia assays, the Competent Person considers any lack of complete historical geology transfer to be not material. • In 2006, Greenbushes migrated to an integrated SQL Server database for the storage of exploration and production control data. The earlier data were exported across from a Paradox database or Excel file. • Talison selected a random sample of historical assay data transferred into the SQL database and compared the results to the original records to confirm the loading of historical assay records was correct – no material issues were found in this audit process. • Talison validates all data following loading through visual inspection of results on-screen both spatially and using database queries and cross section plots. Typical checks carried out against original records to ensure data accuracy include items such as overlapping records, duplicate records, missing intervals, end of hole checks and so on. • The Competent Person considers the risk of data corruption through transcription errors between initial collection and use in the MRE process to be very low risk.
Site Visits	• The Competent Person for the MRE is the Geology Superintendent for Greenbushes and as such has detailed knowledge of the data collection, estimation, and reconciliation procedures for this MRE revision.

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Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Geological Interpretation	*Central Lode and Kapanga:* ● The Central Lode geological model was prepared by SRK NA and Talison using Leapfrog Geo implicit modeling techniques, and subsequently reviewed and updated by SRK. The Kapanga model was prepared by Talison using Leapfrog Geo implicit modeling techniques and reviewed and updated by SRK. ● A second 3D digital wireframe was prepared in a similar process for the more highly mineralised pegmatite using a >0.7% Li_2O threshold. The high-grade wireframe was nested inside the larger volume pegmatite wireframe. ● The models were prepared using extensive datasets that included geological logging data and geochemical data acquired from resource definition drilling. Grade control data and pit mapping data were also used for Central Lode. The models included the main lithological units, structural features, alteration zones, and grade domains ● The deposits show significant complexity, which is common for most pegmatite deposits. Alternative interpretations are possible for both the geometry and extents of the pegmatites, and for the alteration zones, which have been defined using probabilistic approaches. However, given the relatively good drill coverage, it is unlikely that alternative interpretations will report significantly different grades and tonnages. It is considered that the uncertainty in the geology model is adequately accounted for in the resource classifications. ● A depth of weathering surface was prepared to allow modeling of the oxidized near surface parts of the deposit. *TSF1* ● Multiple current staff at the mining operation were present in the creation of this man-made structure. This along with the survey data that constrains the dam provides for an indicated level of confidence in the geological interpretation of the deposit with respect to spatial constraints and depositional process. ● Geology logging provides a clear indication of the domain boundaries of the natural surface, unmineralised clay layer

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SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
	and mineralized sand/silt zone. The internal division of the sand/silt zone is clearly defined by a geochemical break in the 36 element assay suite. ● The grade and geological continuity of the deposit is a function of the ore types processed through the processing plants that generated the deposited tailings over several years. As tailings are discharged at the walls they flow toward the middle with the heavier spodumene settling out earliest in sub horizontal layers.
Dimensions	*Central Lode and Kapanga:* ● The Central Lode consists of a large primary intrusion surrounded by numerous smaller sub-parallel dykes and pods. It has been interpreted over a north-north westerly strike length of approximately 3.5km, and it dips at approximately 40° to the west. The zone is up to 300m wide and has been interpreted to a depth of several hundred meters below surface. ● The Kapanga deposit is located approximately 300 m to the east of Central Lode. It has been interpreted over a northly strike length of approximately 1.8km. It typically dips at 40–50° to the west, with some steepening to 60° in the southern part of the deposit. The pegmatite has been interpreted as several sub-parallel stacked lodes of varying thickness and length, as well as numerous smaller pods, with an overall thickness of approximately 150m. It has been interpreted to a depth of approximately 450m below the surface. ● The weathered zone typically extends to a depth of 20–40m, and the majority of the lithium has been leached from this zone. ● The Publicly Reported MRE is constrained by a 'break-even' pit optimisation shell that has dimensions of 2.8km along strike 150-180m wide horizontally and extending to a maximum depth of 580m below surface. *TSF1:* ● TSF1's MRE has dimensions of ~1km north south and ~0.7km east west in the mine grid system. ● The mean depth of the combined mineralised tailings (EZ+DZ) ranges between 8 to 15m below current surface.

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Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Estimation and Modeling Techniques	*Central Lode and Kapanga:* ● Consultants SRK prepared the Central Lode/Kapanga MRE for Talison. ● The Mineral Resource Estimates were prepared using conventional block modeling and geostatistical estimation techniques. ● The same model framework was used for Central Lode and Kapanga. However, they were modeled separately using different datasets and estimation procedures and parameters. The two models were combined into a single model for Mineral Resource reporting. ● Leapfrog Edge was used to prepare the Central Lode model. Datamine Studio RM was used to prepare the Kapanga model. The two models were combined and converted to Surpac for handover to Talison's mine planning team. ● KNA studies were used to assess a range of parent cell dimensions, and a size of 20×20×20m (XYZ) was considered appropriate given the drill spacing, grade continuity characteristics, and expected end-user requirements for the combined model. Sub-celling down to 5×5×5m was applied to enable the wireframe volumes to be accurately modeled. ● The domain wireframes were applied as soft boundary estimation constraints in the Central Lode model and as hard boundary estimation constraints in the Kapanga model. ● Probability plots were used to assess for outlier values. Grade cuts were not applied, but distance restrictions were applied to Li_2O and Fe_2O_3 grades above selected thresholds in some domains. ● The parent cell grades were estimated using Ordinary Kriging. Search orientations and weighting factors were derived from variographic studies. Dynamic anisotropic searching was used in Central Lode to adjust the local search orientations to match any localized changes more closely to the strike and dip of the pegmatite units in the geological model. It was not applied for Kapanga where the pegmatite orientations were observed to be more consistent (at the current drill spacing).

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Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
	• A multiple-pass estimation strategy was invoked, with KNA used to assist with the selection of search distances and sample number constraints. Extrapolation was limited to approximately half the nominal local drill spacing. • Local estimates were generated for the following analytes, both as in situ grades (head grades), and concentrate grades: • Kapanga—Li_2O, Fe_2O_3, Sn, Ta_2O_5, Al_2O_3, SiO_2, CaO, MgO • Central Lode—Li_2O, Fe_2O_3, SnO_2, Ta_2O_5, MnO, Na_2O, P_2O_5, CaO • Where possible, the same or similar estimation parameters were used to estimate all variables in each parent cell to ensure that any grade relationships present in the sample data are reproduced in the model. Default grades based on the dataset averages were assigned to cells that did not receive a kriged grade. These cells were flagged accordingly in the model. • Model validation included: • Visual comparisons between the input sample and estimated model grades • Global and local statistical comparisons between the sample and model data • An assessment of estimation performance measures including slope of regression, and percentage of cells estimated in each search pass • A check estimate using nearest neighbor interpolation. *TSF1* • Talison prepared a digital block model template in Surpac software in mine grid coordinates. • The parent block dimensions were set to 80m squares in the horizontal and 1.5m vertically, which approximates half the information spacing horizontally and agrees with the SD sampling length. Sub blocks were permitted down to 10m squares in the horizontal and 0.75m in the vertical to ensure acceptable precision by block volume of the wireframe volumes defining each estimation layer.

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SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
	● The wireframe surfaces were used to prepare blocks for the EZ and DZ as well as the dam walls and the basal clay zone. Only lithia grade and density were estimated. ● Block grades were estimated from the 1.5m long composites using an inverse distance squared algorithm with a 200m wide horizontal, and 50m vertical search that estimated grades for 98% of the model volume in each layer. Blocks not estimated in the search were assigned the mean grade of composites from each zone. ● A minimum of three and a maximum of 16 composites were required for a block to be estimated.
Moisture	● Tonnages for both the Central Lode, Kapanga and TSF1 were estimated on a dry basis.
Cut-off Parameters	*Central Lode and Kapanga:* ● Talison reported the estimate using a 0.5% Li_2O block model cut-off within a break-even pit optimisation shell. The cut-off grade is consistent with the operations' process tailing grades at the time the estimate was prepared. *TSF1:* ● Talison reported the estimate using a 0.7% Li_2O block model cut-off as the processing plants were typically tailing at 0.6% Li_2O at the time of estimation and processing of lower grades of tails are believed to be unrealistic. This will be revised in future based on the performance of the operating retreatment plant.
Mining Factors or Assumptions	*Central Lode and Kapanga:* ● Talison has assumed that mining will continue by conventional open pit drill and blast, and load and haul as currently used in the active Central Lode pits. ● RC grade control will be used to define ore prior to mining, and close spaced patterns will be used to delineate pods of TG ore. ● The resource model will contain some internal dilution, but external dilution has not been intentionally added to the resource model. It is expected that Kapanga will be mined

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SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
	using techniques that that similar to those currently used at Central Lode. ● In order to assist with an assessment of the reasonable prospects of eventual economic extraction, Talison used the combined model to conduct a preliminary pit optimisation study. This was based on current and projected operational data and on pricing provided by their corporate division. ● A series of pit shells were generated, and the Mineral Resource has been limited to the pegmatite contained within the pit shell based on a revenue factor = 1. *TSF1:* ● The tailings will be mined by conventional load and haul surface methods without blasting and processed through the TRP
Metallurgical Factors or Assumptions	*Central Lode and Kapanga:* ● Ore will be processed through the existing spodumene concentration plants to produce TG and CG saleable products. ● Proposed new plants will have similar or superior design parameters to the existing plants. ● Process plant recovery factors and mineralogy for the existing plants are based on historical processing metrics, with these recoveries considered achievable in new proposed chemical grade plants. ● Preliminary metallurgical test work on Kapanga indicates similar mineralogy and that saleable spodumene concentrates are achievable. ● The process flowsheets keep deleterious elements at acceptable levels for customer products and multi-finger stockpile blending is also used to assist in meeting product specifications. ● The technical grade concentrate produced ranges from 5.0 to 7.2% Li_2O and <0.15% Fe, and chemical grade concentrate grades 6.0% Li_2O *TSF1:* ● The tailings will be processed through the TRP with expected lithia recovery of 70%.

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Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Environmental Factors or Assumptions	● The reported Mineral Resources are contained within approved tenement boundaries. Greenbushes is an operating mine that is currently extracting and processing ore from Central Lode. It is expected that future mining, processing, and waste disposal procedures will be similar to the current procedures and be subject to the same or similar permitting requirements. ● the Competent Person reasonably expects that Greenbushes Operation will obtain all future approvals to mine, process, and extract spodumene concentrates in the MRE, and that there are no known insurmountable impediments to gaining additional approvals for additional process plants, expanded infrastructure and water supply. See the relevant Ore Reserve sections further below for more details
Bulk Density	*Central Lode and Kapanga:* ● In situ density of the pegmatite was determined using conventional water displacement methods on over 2,000 drill cores. ● Fresh core is relatively impermeable, and porosity is not a significant issue when performing the water immersion tests. ● The data was used to derive a regression equation for pegmatite to estimate MRE block density based on lithia grade – where Density (t/m^3) = 2.59 + 0.071× %Li_2O. ● The density test results for waste host rock lithologies are averaged, and these values are assigned as defaults to model cells of equivalent lithology A value of 1.8t/m^3 was applied to the oxidized near surface materials, based on mining reconciliation information. *TSF1:* ● A density of 1.67t/m^3 was assigned to all tailings (both EZ and DZ) being the average density of five SD core measurements throughout the deposit.
Classification	*Central Lode and Kapanga:* ● The MRE has been classified into the JORC Code categories of Measured, Indicated and Inferred Mineral Resource based

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Criteria	Commentary
	on Talison's and the Competent Persons assessment of data quality, data spacing and estimation quality. ● The classifications applied to the Mineral Resource Estimates are based on a consideration of the confidence in the geological interpretation, the quality and quantity of the input data, the confidence in the estimation technique, and the likely economic viability of the material. ● The largest source of uncertainty is the reliability of the local estimates and the accuracy of the lithological interpretation, both of which are influenced by drill hole spacing. Based on these considerations, the classifications are largely based on the local drill spacing and estimation performance data. ● For Central Lode, an interim classification of Indicated was assigned to each pegmatite model cell using criteria that included the number of informing drill holes, the average sample distance, and the estimated slope of regression. An interim classification of Inferred was assigned to the remining pegmatite cells. The interim coding was used to create solids that delineated broader areas of consistent classification, and these solid were used to assign the final classification. ● For Kapanga, the drill holes and the pegmatite model cells were examined on east-west cross-sections. An Indicated boundary was defined by delineating strings around areas where the drill spacing was regular, the majority of the model cells had been estimated using the first search pass, and the slope of regression exceeded 0.6. Extrapolation distances beyond the drilling were limited to approximately 20–30m. An Inferred boundary was interpreted to capture any remaining pegmatite between 20–50m beyond the Indicated boundary. ● As described above, the Mineral Resource is limited to the fresh pegmatite contained within a conceptual pit shell generated using a revenue factor = 1. ● JORC Code Measured Mineral Resources were assigned to broken ore stockpiles, where final grade control has given high confidence in the lithia grades. Indicated and Inferred

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Criteria	Commentary
	Mineral Resources were assigned to broken ore stockpiles with lesser quality grade and volume records. *TSF1:* ● The MRE has been classified as JORC Code Indicated Mineral Resource based on Talison's and the Competent Persons assessment of data quality, data spacing and estimation quality. ● The outcome of the MRE process reflects the Competent Person's view of the estimates
Audits or Reviews	● Prior MRE estimates and the Talison's estimation processes have been reviewed in 2018 at a high level by Behre Dolbear Australia Pty Ltd (BDA), who concluded that the estimates were consistent with the requirements of the prevailing JORC Code and that reasonable prospects of eventual economic extraction had been demonstrated. ● In 2020, Snowden Mining Industry Consultants reviewed the prior estimates and process for IGO and concluded there were no fatal flaws in the MRE processes applied for the Central Lode and TSF1 and the estimates were generally low risk. ● The 2021 MRE revision has been reviewed internally by Talison's senior geological staff. ● A December 2021, fatal flaw independent review prepared by resource and mining consultants RSC found no fatal flaws in Talison's method of preparation or reporting of the August 2021 MRE and Ore Reserve Estimation (ORE).
Relative Accuracy/Confidence	● No specific statistical studies have been completed to quantify the estimation precision of either the Central Lode, Kapanga or TSF1 estimates. ● The Mineral Resource Estimates have been prepared and classified in accordance with the guidelines of the JORC Code, and no attempts have been made to further quantify the uncertainty in the estimates. ● The validation checks indicate good consistency between the model grades and the input datasets. The largest source of

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
	uncertainty is considered to be the local accuracy of the geological interpretation and grade estimates. ● The descriptions of the sample collection, preparation and testing procedures, as well as the compiled and assessed QA/QC data, are only available for recent programs, resulting in some uncertainty in the reliability of the earlier datasets. The risks associated with this are partly mitigated against by several factors, including: ● Most of the earlier data were acquired from diamond core drilling, where recovery issues are easier to identify ● The samples have all been prepared and tested by the same laboratory, with only minor changes to procedures ● Routine reconciliation data does not indicate significant data quality issue ● Most of the resources in the area covered by the early drilling have been mined ● The uncertainty associated with data reliability is reflected in the resource classifications ● The Mineral Resource quantities should be considered as global and regional estimates only. The model is considered suitable to support mine design studies, but is not considered suitable for production planning, or for studies that place significant reliance upon the estimates for individual block grades.

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Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
Mineral Resource Estimate for Conversion to Ore Reserves	• The MREs for the Central Lode, Kapanga and TSF1 described in the previous sections of this JORC Table 1 were used as the basis for ORE work. • The MREs are inclusive of the ORE for both the Central Lode, Kapanga and TSF1 estimates
Site Visits	• The Competent Person for the estimate is Andrew Payne, who is a qualified mining engineer, and an employee of Talison Lithium who holds the position of Mine Planning Superintendent.
Study Status	*Central Lode and Kapanga:* • The Central Lode open pit mine has been in operation since the mid-1980s. • The August 2021 ORE study is based on operational budgets, well understood OPEX and CAPEX costs with the level of study equivalent to Feasibility Study or better as defined in the prevailing JORC Code. • Process expansions have been costed and scheduled for in-house studies at least a Pre-Feasibility if not Feasibility Study level. *TSF1* • The study for the exploitation of the TSF1 ORE is consistent with Feasibility Study as defined in the prevailing JORC Code. • The construction of the TRP is complete and commissioning is imminent.
Cut-off Parameters	*Central Lode, Kapanga and stockpiles:* • The cut-off grade is a >=0.7% Li_2O ORE model block threshold after application of key Modifying Factors such as mining, processing and product delivery cost assumptions. • An analysis of a breakeven cut-off grade has been completed and is well below 0.7% Li_2O • A cut-off lower than 0.7% Li_2O is not appropriate for the ORE until test work is completed to test if that material is able to be processed. Material between 0.5% and 0.7% Li_2O and all pegmatite <0.5% Li_2O are stockpile for potential processing later.

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SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	Commentary
	• The ORE is reported within the LOM final pit design *TSF1:* • The cut-off grade is a >0.7% Li2O ORE model block threshold after application of key Modifying Factors such mining, processing and product delivery cost assumptions. • Costs considered include processing and maintenance fixed and variable costs, general administration costs, ore premium including re-handle and overhaul, closure costs and all non-mining related stay-in-business capital expenses.
Mining Factors or Assumptions	*Central Lode:* • The recovery and yield factors translating Resources to Reserves are determined from process plant performance (Technical Grade Plants and Chemical Grade Plant 1) over the last 12 months. Chemical Grade Plant 2 (CGP2) is being commissioned at the time of compiling the Ore Reserve and has not yet reached the modeled recovery or yield. Modeled recoveries and yields for CGP2 have been used to derive the Ore Reserve as those recoveries and yields are expected beyond plant commissioning. • The Resource-to-Reserve translation factors for the 2021 Reserves are 100% of tons and 100% of the lithium grade. The Mineral Resource has been reconciled / calibrated to process plant performance, so no factors were necessary. • The mining method is contractor mining open pit drill and blast, load and haul, which has been executed at the operation since the mid-1980s. • The pit development plan is a series of staged cutbacks using practical mining widths and equipment access, and achievable vertical advance rates. • The pit optimisation that was used to guide the mine design was prepared in Whittle Software using geotechnical parameters recommend by well-respected geotechnical consultant. • Inferred Resources are not applied to the pit optimisation determining the Reserve shell and Pit Design; however Inferred Resources have been included in the LOM schedule

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Criteria	Commentary
	that underpins the cashflow model. Inclusion of these Inferred Resources is not expected to alter the Ore Reserve ● The voids from a former underground mine have not been excluded from the ORE, but the tonnage of ~200kt is not material in terms of the reporting estimation precision. *TSF1:* ● Only the top ~7m of TSF1, which comprises the EZ of mineralisation, is considered for the ORE. ● An average of 0.2m has been considered as ore loss, mainly due to the vegetation cover. ● An average of 0.2m has been considered as floor dilution from the underlying DZ. ● The TSF walls are assumed to remain with a 3:1 slope angle around the margins of the extracted ORE. ● There are no Inferred Mineral Resources associated with the ORE for TSF1
Metallurgical Factors or Assumptions	● Spodumene concentrates have been extracted and sold from Talison's Greenbushes Operation since the mid-1980s using conventional crushing, grinding, gravity, and flotation circuits. ● Processing plant recovery factors from the three (3) existing plants applied to the Reserves calculation are based on historical performance capabilities of the plant, ore grades and ore quality, except for CGP2. This plant was being commissioned at the time of compiling the ORE and has not yet reached the modeled recovery or yield. Modeled recoveries and yields have been used to derive the Ore Reserve as those recoveries and yields are expected beyond plant commissioning. ● The process flowsheets keep deleterious elements at acceptable levels for customer products and multi-finger stockpile blending is also used to assist in meeting product specifications. ● Talison defines 'yield' as the mass percent of ore feed to the process plants that reports to concentrate. The yields are

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Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
	consistent with the lithia (and hence spodumene mineral) grades fed to each respective plant. ● The technical grade concentrate produced ranges from 5.0 to 7.2% Li_2O and <0.15% Fe, and chemical grade concentrate grades 6.0% Li_2O. ● The tailings re-treatment plant (TRP), which is soon to be commissioned, will process the TSF1 ORE at ~2Mt/a. The flow sheet involves scrubbing, attrition, desliming, magnetic separation of iron minerals, the flotation of lithium minerals followed by filtration to a concentrate. ● Greenbushes produces five technical grade products, ranging from 5.0% to 7.2% Li_2O with different target maximum ferric oxide grades ranging from a 0.12% up to 0.25% Fe_2O_3. Chemical grade concentrate grades 6% Li_2O with a 1.0% Fe_2O_3 Grade.
Environmental	● Greenbushes operates under the Department of Mines, Industry Regulation and Safety (DMIRS) requirements and a Department of Water and Environmental Regulation (DWER) environmental license. ● Current permits allow a processing rate of ~4.8Mt/a of ore. ● Approvals to expand the processing capacity to ~9.5Mt/a are in progress with the relevant state and federal authorities and Talison expects that the expansions will be managed under the existing licenses described above. ● To meet a ~9.5Mt/a process rate will require the identification of new surface water catchment sources. ● All approvals for the exploitation of the TSF1 ORE are in place. ● Greenbushes Operation is within a state forest and Talison are in ongoing consultation with the Department of Biodiversity, Conservation and Attractions with respect to mine closure.
Infrastructure	● Greenbushes has mined and processed lithium ore since the mid-1980s and all necessary infrastructure is in place to support the currently approved operations. ● The two planned additional chemical grade plants (CGP3 and CGP4) will require additional power supply and Talison are

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SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES

Criteria	Commentary
	working with Western Power to install a 133kV powerline from Bridgetown to the mine to power the new processing operations. ● A 250 room camp has been established for the GCP2 construction workforce and can be used in future for construction of future plants CGP3 and CGP4. ● Investigations are underway to provide additional catchment water supply from the eastern side of the mine area. ● An additional TSF is required to store excess tailings. Strategies for the location of this facility are being formulated. A lack of tailings storage is not expected to impact on planned production targets and therefore Ore Reserves. ● Strategies are being formulated to provide additional waste dump capacity to support the mining of these Reserves. Land tenure or government approvals are not expected to impact on planned production targets and therefore Ore Reserves ● Applications are in progress to clear areas for additional waste rock dumping. ● No other significant infrastructure is anticipated and sustaining capital costs for infrastructure are included in current plans and supporting studies. ● With the construction of CGP2, Talison has added a concentrate storage shed and associated materials handling facilities at the Port of Bunbury. Additionally, a water treatment plant has been installed at the mine site. ● The ramp-up schedule for the pit optimisation study assumed product CY end productions of ~0.88Mt (CY21), ~1.13Mt (CY22 and CY23), ~1.13Mt (CY24), ~1.54Mt (CY25), ~ 1.7Mt (CY26), and ~2.1Mt (C27 onwards) ● In August of 2019 Talison received Ministerial Approval No. 1111 to undertake Stage 3 and Stage 4 expansion of Greenbushes including the development of larger open pit, construction of two additional chemical grade processing plants and the TRP, and additional crusher and centralized ROM, a new mine services area and explosives storage and handling facility, expansion of the Floyd's Waste Dump, and the establishment of new infrastructure corridors for a bypass road, powerline, pipeline and road corridors.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
Costs	• Capital costs for production expansions include the cost associated with the completion of the TRP plant and the construction of CGP3 and CGP4. The remaining costs for the TRP are based on EPCM estimates by the construction contractor and Talison estimates for owner's costs. The costs for the additional two chemical plants are based on in-house Feasibility Studies and Talison's prior experience with the construction of the newly commissioned CGP2 plant. • Sustaining capital costs are estimated based on Talison's prior experience of cost relative to the value of installed processing operations. • Mining costs are based on current open pit contractor mining costs and have been adjusted for 'rise and fall' terms. • Processing costs (including tailings costs), product transportation costs and administration costs are based on operating budgets, that have been adjusted for planned increases in production and are based on Talison's past extensive experience relating to fixed and variable costs. • WA State royalties are levied at 5% of sales revenue after allowing for deductions of overseas shipping costs, where applicable.
Revenue Factors	• Long term chemical grade product prices and exchange rates are based on reputable, independent forecasts. Long term technical grade product prices are based on current prices and are assumed to remain flat in real terms. • Price and foreign exchange assumptions for Greenbushes are managed by Talison. Sales agreements are commercial in confidence but are consistent with independent forecasts.
Market Assessment	• The continued strong growth in the rechargeable battery sector is expected to drive increasing demand for lithium. • Talison expects to see a decline in market share as forecast lithium market growth outpaces the rate of growth of Talison's sales because of production expansions.
Economic	• An inflation rate of 2.5% per annum was assumed for all prices and costs, except capital costs in 2022 where 6.25% was assumed. • The NPV of the mine plan was determined using a nominal discount rate of 10% per annum.

JORC Code 2012 Edition Table 1
for Greenbushes Mine, Western Australia, Australia

Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
	• The NPV is most sensitive to changes in product price, exchange rates and sales volumes.
Social	• Talison has strong working relationships with the local community and key stakeholders and considers that it has a social license to operate. • Proactive community programs include community programs and projects, tourism, environmental actives, and schools and education programs. • Talison is also a significant employer in the local community with most of its workforce living within a 20-minute drive from the operation.

Other	• Talison considers that there:
	  • Are no material naturally occurring risks associated with the current operation or planned future expansions.
	  • No material issues relating to current legal and marketing agreements.
	  • Are reasonable grounds to expect that all necessary government approvals will be received within the timeframes anticipated for the Feasibility Study expansion plans.

Classification	• The OREs are classified after due consideration of the MRE classifications with Measured Mineral Resources converting to Proved Ore Reserves and Indicated Mineral Resources converting to Probable Ore Reserves after due consideration of all Modifying Factors as described in the JORC Code. • The results reflect the Competent Persons view of the Central Lode and TSF1 OREs. • No portion of Probable Reserves is derived from Measured Resources.
Audits or Reviews	• The prior ORE estimates have been reviewed in 2018 at a high level by Behre Dolbear Australia Pty Ltd (BDA), who concluded that the estimates are consistent with the requirements of the prevailing JORC Code and that reasonable prospects of eventual economic extraction had been demonstrated.

JORC Code 2012 Edition Table 1 for Greenbushes Mine, Western Australia, Australia

Section 4: Estimation and Reporting of Ore Reserves

Criteria	Commentary
	• In 2019 and 2020, Snowden Mining Industry Consultant reviewed the estimates and concluded there were no fatal flaws in the prior ORE processes applied for the Central Lode and TSF1 and the estimates were generally low risk. • In December 2021, fatal flaw review prepared by resource and mining consultants RSC found no fatal flaws in Talison's method of preparation or reporting of the August 2021 MRE and ORE. • In December 2021, review of the mine design for the Central Lode – Kapanga Pit by geotechnical consultants PSM found the pit design largely compliant with prior design recommendations, with suggestions as to some minor revisions related to small local areas of potential higher failure risk related to steeper than recommend over slopes and the presence of underground workings. • BDA in a 2021 review for a Tianqi Prospectus, stated that planned mining rates and mining recovery factors are an acceptable basis for future planning, and that geotechnical conditions are good. BDA also reported that Talison's planned expansions are practical and achievable at low risk give planned replication of existing facilities in which Talison has developed significant expertise. Additionally, BDA stated that it could see no reason that future development applications for the operation would not be forthcoming.
Discussion of Relative Accuracy/ Confidence	• No specified statistical studies have been completed to quantify the estimation precision of either the Central Lode or TSF estimates. • The August 2021 ORE is underpinned by a new block model which has been calibrated to historical mine to mill reconciliations and therefore no factors have been applied to neither tons nor grade.

APPENDIX II

CUOLA PROJECT MINERAL RESOURCE STATEMENT
JORC CODE-CHECK LIST OF ASSESSMENT AND REPORTING CRITERIA, TABLE 1

JORC CODE 2012 EDITION TABLE 1
FOR CUOLA LITHIUM PROJECT, SICHUAN, CHINA

SECTION 1: SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling Techniques	Primary sampling for the Cuola lithium project was completed using diamond core drilling; this was supplemented with surface trench channel sampling. Core sample intervals were determined by geological logging of the core, generally for all the pegmatite intercepts. Sampling length varies from 0.5m to 2.0m, averaging around 1m, honouring the geology. Surface trenches were dug by excavators (about 80%) or by hand (about 20%). Trenches were generally dug in the direction perpendicular to the pegmatite veins and to the depth of the fresh bedrock to reveal the contact of pegmatite veins with schist wall rocks. Surface trench channel samples were collected generally from the trench bottom; sample channels were generally 10cm wide and 5cm deep; sample interval was generally 1-2m, honouring the geology.
Drilling Techniques	Core drilling was conducted by Chinese made drill rigs. The drill hole size is mostly 75mm in diameter with a recovered drill core size of 56mm, which is considered a reasonable core size to collect a good sample for grade analysis.
Drill Sample Recovery	Drill core recoveries for each drill run were determined during geological logging. Core recoveries were generally reasonably good, with a range from 80.3% to 99.8%, averaging 91.7%, for the entire hole and a range of 82.1% to 100.0%, averaging 92.3%, for the pegmatite intervals.
Logging	Drill core for each hole was logged by a geologist on site. Drilled length, drill core length, remaining unrecovered core length, and core recovery for each drill run was recorded; lithology, mineralization and structural information of the core were logged and recorded in detail. Each individual core box was photographed before sampling and the photos were kept in a digital database for future reference and verification.
Sub-sampling Techniques and Sample Preparation	Core samples were collected by a mechanical core splitter by splitting the core in the middle to separate the core into two halves. One half of the core was collected as samples for grade analysis, and the other half was stored in the original core box for future verification, check sampling, metallurgical test sampling,

JORC Code 2012 Edition Table 1 for Cuola Lithium Project, Sichuan, China

Section 1: Sampling Techniques and Data

Criteria	Commentary
	and any other relevant studies. Samples were trucked to the primary analytical laboratory, the West-South Metallurgical Geology Analytical and Test Centre ("West-South Test Centre") located in Pi County, Sichuan Province, which is authenticated in metrology by Certification and Accreditation Administration of China and also holds a Class A qualification certificate issued by the Land and Resource Ministry of China, for grade analysis. Sample preparation was conducted by the West-South Test Centre. All samples were crushed, ground and split according to a standard procedure. A 50g pulp sample was produced for grade analysis. A duplicate pulp sample and the coarse rejects were sent back to Tianqi Shenghe for future verification grade analysis and metallurgical testing work.
Quality of Assay Data and Laboratory Tests	Sample analysis was conducted by the West-South Test Centre. Samples were dissolved by a mixture of nitric acid, hydrofluoric acid and perchloric acid, and were analysed by the Inductively Coupled Plasma-Atomic Emission Spectrometry ("ICP-AES") method for Li_2O, Nb_2O_5, Ta_2O_5, and BeO. Each sample was also analysed for Sn by the oscillopolarography method. Quality assurance/quality control (QA/QC) for sample analysis was carried out by internal check analysis (duplicate sample analysis by the original analytical laboratory), external check analysis (check sample analysis by an independent secondary analytical laboratory) and inserting analytical standards in each batch of the samples. Three blind standard samples were included in each butch of 10 samples to monitor the accuracy of the analytic results. The analytical results of the standards show the analyses are within an acceptable variation range of the standard sample grades.
Verification of Sampling and Assaying	In order to independently verify the reliability of Tianqi Shenghe's sample Li_2O grade, BDA took 20 randomly-selected check samples from the duplicate pulp samples from Tianqi Shenghe's warehouse. These samples were given new BDA sample numbers and were submitted to the West-South Test Centre for Li_2O grade analysis. Analytical results show that the average Li_2O grade of the BDA check samples is 0.933%, which is only approximately 1% below the average Li_2O grade of the original samples of 0.942%. Reasonable correlation was shown by a scatter plot comparing the BDA check sample grade and the original sample grade. BDA considers that the BDA check samples generally confirm the original sample grades.
Location of Data Points	Drill hole collar location was surveyed after drilling; drill hole down-hole deviation was also surveyed by a down-hole survey instrument at an interval of approximately 50m as well as at the

JORC Code 2012 Edition Table 1 for Cuola Lithium Project, Sichuan, China

Section 1: Sampling Techniques and Data

Criteria	Commentary
	bottom of the drill hole; drill hole length recorded by the driller was verified by actual measurement at the same time as the down-hole deviation survey. Surface trench locations were surveyed. A 1:10,000 scale surface geological map was completed for the entire Cuola Project exploration licence area; a more detailed 1:2,000 scale geological map was also completed for the north-western portion of the Cuola Project exploration licence area, where the majority of the Type IV spodumene pegmatite veins are located. The topography was resurveyed in detail and all geological mapping, drilling and trenching activities were conducted based on the new topographic maps.
Data Spacing and Distribution	Sampling covers all the identified spodumene pegmatite veins in the deposit at drill hole/Channel spacing (generally 20m to 60m) appropriate to estimate mineral resources for this type of lithium deposit.
Orientation of Data in Relation to Geological Structure	BDA notes that because of the limitation of drill rigs used for the exploration work by the No.108 Brigade at the time of the drilling, most of the holes were drilled at an angle of 80º, which is less than ideal for the generally steep-dipping spodumene pegmatite veins in the Cuola Project area as the location and thickness of the veins may not be determined accurately when the intersection angle of drill hole with the pegmatite veins is relatively small. However, the nearly horizontal surface trench samples have partially compensated this problem. Because of this orientation limitation, BDA has downgraded the Measured Resource in the original estimate to Indicated Resource for the Cuola Project. BDA recommends the use of more modern drill rigs capable of drilling lower angles for any further drilling for the Cuola Project.
Sample Security	Core samples and surface trench channel samples were transported to the analytical laboratory by truck by the No.108 Brigade with a detailed list of samples. A receipt was provided upon receiving the sample shipment.
Audits or Reviews	BDA reviewed the exploration data and the protocols followed during the drilling and determined that the data presented were generally adequate to support the reported Mineral Resource determinations for the Cuola Project.

JORC Code 2012 Edition Table 1 for Cuola Lithium Project, Sichuan, China

Section 2: Reporting of Exploration Results

Criteria	Commentary
Mineral Tenement and Land Tenure Status	Tianqi Shenghe acquired the exploration licence for the Cuola Project through auction in October 2008. The licence number was T51320081203021204 with an area of 23.77km². The licence area was defined by six inflection points. After a systematic exploration program conducted from 2009 to 2011, the Mineral Resources were well defined for the project, and related technical and mining studies have been conducted subsequently. Tianqi Shenghe received a mining licence with an area of 2.069km² for the Cuola Project on April 6, 2012. The licence number is C5100002012045210124005 and is valid until April 6, 2032; the licence is extendable afterwards. The licence area is separated into four zones with a total of 44 inflection points; these four zones cover all the identified spodumene pegmatite veins with lithium mineral resources within the original exploration licence boundary. The elevation range for the permitted mining area is from 4,100m to 4,580m. The licence allows Tianqi Shenghe to conduct a mining operation at a production rate of 1.2Mtpa. After receiving the mining licence, the original exploration licence for the Cuola Project was relinquished.
Exploration Done by Other Parties	Lithium mineralisation hosted by granitic pegmatite veins in the Jiajika District was first found in the early 1960s by the Ganzi Geological Exploration Brigade of the Geology Bureau of Sichuan Province. Initial systematic exploration work for the Jiajika District was conducted by the No.404 Geological Exploration Brigade of the Bureau of Geology and Mineral Resources of Sichuan Province from 1965 to 1974. A total of 498 granitic pegmatite veins were identified distributed around a granite intrusive, of which 114 veins contains significant lithium mineralisation. The Jiajika District was divided into five sections. The Cuola Project area contains most of the West and Central Sections as well as part of the South Section, North Section and East Section. The currently-operating Jiajika Mine is located in the East Section. The early exploration work was generally focused on the East Section and only limited work was conducted on other sections.
Geology	The Cuola Project area is located on the western limb of the Jiajika dome-shaped anticline and near to the anticlinal core. Fault structures are generally not well developed in the area, but fractures in the north-eastern and north-western directions (X-shaped steep-dipping shear fractures) are well developed and control the distribution of the spodumene pegmatite veins in the project area.

JORC CODE 2012 EDITION TABLE 1
FOR CUOLA LITHIUM PROJECT, SICHUAN, CHINA

SECTION 2: REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
	The Jiajika Granite intruded into the southwest portion of the Jiajika dome-shaped anticline core. The erosion depth is relatively shallow and only the fine-grained boundary phase rock is exposed. The rock consists of mostly microcline, albite-oligoclase and quartz with smaller amounts of muscovite and biotite and trace amounts of tourmaline, apatite, spodumene, garnet, zircon, titanite, rutile, diopside, epidote, hornblende, pyrite, magnetite, ilmenite and molybdenite. The rock is high in silica (more than 70%), low in Ca, Mg and Fe, and rich in rare metals and volatile elements, with Li content up to 0.06-0.15%. The pegmatite veins in the Cuola Project area are believed to be the product of crystallisation differentiation of the Jiajika Granite. Different types of pegmatite veins are distributed in concentric zones surrounding the granite intrusion with Type I microcline pegmatite veins generally within the intrusive body, Type II microcline-albite pegmatite veins and Type III albite pegmatite veins in schists near the intrusive contact zone, and Type IV spodumene pegmatite veins, Type V muscovite pegmatite veins and quartz veins further out from the contact zone. The pegmatite veins generally have similar chemical composition as the granite, with higher rare-metal and volatile contents, indicating that the pegmatite veins and the granite might have developed from the same magma source. A total of 148 pegmatite veins have been identified within the Cuola Project exploration licence area, of which 20 are Type IV spodumene pegmatite veins. The relatively large No.632, No.602, No.603, No.593 and No.60 pegmatite veins and No.594 pegmatite vein group occur in the west portion of the Jiajika District, around the Cuola Lake, at a distance of 2,000-3,000m from the Jiajika Granite intrusion; these spodumene pegmatite veins form the West Section of the Jiajika District. The No.104 vein is located south of the Jiajika Lake and east of the Jiajika Granite at a distance of about 70m from the intrusive contact; this pegmatite vein is part of the Central Section of the Jiajika District.

JORC Code 2012 Edition Table 1
for Cuola Lithium Project, Sichuan, China

Section 2: Reporting of Exploration Results

Criteria	Commentary
	The No.668 vein is located at the outer contact zone southeast of the Jiajika Granite at a distance of 600-700m from the contact. It is parallel to the intrusive contact and is an important spodumene pegmatite vein in the South Section of the Jiajika District. Other smaller spodumene pegmatite veins identified are mostly located within the West Section of the Jiajika District. The spodumene pegmatite veins occur as single veins or vein groups. Individual spodumene pegmatite veins can be shaped as regular or irregular veins or lenses, beaded veins, branching and composite veins and tuberculiform veins. They generally infill fractures in the schists and are 2-35m wide and 85-760m long. The pegmatite veins generally dip to the west and northwest; but some of the veins also dip to the east, southeast and south. The veins generally have a high dip angle, but this varies along the dip direction and is locally overturned. The larger spodumene pegmatite veins in the Cuola Project area include the No.632, No.594 (separated into No.594W, No.594M and No.594E), No.60, No.602, No.603, No.593, No.668 and No.104 veins. The Type IV spodumene pegmatite veins generally consist of 35-40% quartz, approximately 5% microcline, 35% albite, 10-20% spodumene, and 2-3% muscovite, with minor amounts of accessory minerals such as garnet, pyrite, aphrizite, apatite, and cassiterite. Spodumene is generally grey or greyish white, occasionally light green in colour. Its shape is platy, plate-columnar or acicular. The mineral generally occurs as fine crystals (1-4cm long and 0.2-0.5cm wide) with small amounts of smaller and larger crystals. The spodumene crystals generally occur perpendicular to the pegmatite vein walls with small amount at an angle to the walls. Based on sampling and analysis results, the average Li_2O grade of the Type IV spodumene pegmatite veins ranges from 1.21% to 1.47% Li_2O. These veins also contain some beryllium, niobium, tantalum and tin, but the grades are generally not high enough to warrant economic recovery at current technical and economic conditions. The Li_2O grade in the pegmatite veins is generally stable, but it can decrease to below the resource estimation cut-off grade of 0.5% Li_2O towards the ends of the veins along strike. There is commonly a thin low grade shell at the contact with the schist wall rock. The Li_2O grade also often decreases to below cut-off grade at depth.

JORC Code 2012 Edition Table 1 for Cuola Lithium Project, Sichuan, China

Section 2: Reporting of Exploration Results

Criteria	Commentary
	For each individual spodumene pegmatite vein, at the schist-wall rock contact, there is commonly a 3-5cm wide fine-grained greisenisation zone (consisting of mostly quartz, muscovite and a small amount of feldspar) with very low lithium grade, followed by a 0.5-5m wide fine-grained pegmatite zone (consisting of mostly quartz, feldspar and a small amount of muscovite) with a low lithium grade. The middle zone of the vein is generally the fine- to medium-grained quartz-albite-spodumene pegmatite with a small amount of muscovite and tourmaline and good lithium grade
Drill Hole Information	The geological database used for current mineral resource estimation was all generated by systematic detailed exploration work completed from 2009 to 2011 by the No.108 Brigade. Surface trenching and drilling was conducted along exploration lines approximately perpendicular to the pegmatite vein strike designed for each individual pegmatite vein or vein group. The exploration line spacing is 80m for the larger and more regularly-shaped No.632 pegmatite vein and 40m for other smaller and/or less regularly-shaped pegmatite veins or vein groups. A total of 142 diamond drill holes with a total drilled length of 17,575m and a total of 136 surface trenches with a total excavated volume of 28,407m^3 were completed during the period, of which 132 drill holes and 125 trenches intercepted the spodumene pegmatite veins. Drill hole and trench spacing on cross sections were generally 20m to 60m.
Data Aggregation Methods	No drill hole intercepts are reported so this item is irrelevant.
Relationship between Mineralisation Widths and Intercept Lengths	The spodumene pegmatite veins were generally interpreted on cross sections with drill hole and surface trench sampling information. The mineralization widths were based on the interpreted veins and not based on the intercept lengths.
Diagrams	Surface geology maps and typical cross sections with drill hole/ trench information and interpreted spodumene pegmatite veins are included in the CPR.
Balanced Reporting	The Competent Person considers that the Mineral Resource estimates are based on all good available data and provide a balanced view of the deposits under consideration.

JORC Code 2012 Edition Table 1 for Cuola Lithium Project, Sichuan, China

Section 2: Reporting of Exploration Results

Criteria	Commentary
Other Substantive Exploration Data	The exploration work completed in the 1960s and 1970s by the No.404 Brigade is considered not reliable because of the limitation of technologies for drilling, sampling and sample analysis at that time. Therefore, the drilling information from these earlier exploration programs were not used for current Mineral Resource estimation.
Further Work	No further exploration work was planned at this stage.

JORC Code 2012 Edition Table 1
for Cuola Lithium Project, Sichuan, China

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database Integrity	BDA reviewed all the drill hole logs, photographs for all the drill core, analytical certificates for all the analytic samples and the electronic database used for the No.108 Brigade's resource estimation. Comparison of original assay certificate and electronic database for randomly selected samples indicates that there were basically no data entry errors for the electronic database.
Site Visits	A site visit was conducted by BDA's Project Geologist and Competent Person to the Cuola Project in Yajiang County Sichuan Province and to the head office of Tianqi Shenghe in Chengdu, Sichuan from April 14-21, 2018. During the visit, BDA selectively checked the surface geology, located some of the drill holes and surface sample trenches for some of the primary spodumene pegmatite veins. BDA inspected the core storage facility and checked the stored core for some of the drill holes. BDA also visited the incomplete construction work at the project site. In Tianqi Shenghe's head office in Chengdu, BDA discussed the Cuola Project with Tianqi Shenghe's management and technical staff, interviewed the primary technical staff of the No.108 Brigade involved in the 2009-2011 Cuola Project exploration work and confirmed that the No.108 Brigade did complete the exploration work and Mineral Resource estimates described in their exploration geology report. BDA did not make a site visit since 2018 because of the travel restriction caused by the pandemic in the past couple of years but reviewed a drone video taken in October 2021 by Tianqi Shenghe to confirm that there is no change for the status of the project.
Geological Interpretation	For the purpose of Mineral Resource estimation, all drilling and sampling data, along with other relevant geological information, were digitised into the MAPGIS software system by the No.108 Brigade. MAPGIS is a computer software system widely used in China for preparation of plans and sections for mineral resource estimation. Sections and plans used for the September 2011 Mineral Resource estimation of the Cuola Project were produced by MAPGIS. Based on the surface mapping, drilling and surface trench sampling, the spodumene pegmatite veins and relevant geological information were interpreted on the surface geology

JORC Code 2012 Edition Table 1
for Cuola Lithium Project, Sichuan, China

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
	maps and cross sections. For smaller pegmatite veins, a projected long section interpretation was prepared.
Dimensions	The current Cuola Project mining licence has an area of 2.069km^2. The spodumene pegmatite veins within the mining licence occur as single veins or vein groups. Individual spodumene pegmatite veins can be shaped as regular or irregular veins or lenses, beaded veins, branching and composite veins and tuberculiform veins. They generally infill fractures in the schists and are 2-35m wide and 85-760m long. The pegmatite veins generally dip to the west and northwest; but some of the veins also dip to the east, southeast and south. The veins generally have a high dip angle, but this varies along the dip direction and is locally overturned.
Estimation and Modelling Techniques	The parallel section method, a polygonal method based on projected cross sections, was used for the Mineral Resource estimation of the larger, more important spodumene pegmatite veins in the Cuola Project. Mineral resource estimation for other smaller and/or less important veins was estimated by the polygonal method on projected long sections.
Moisture	Tonnages were based on dry bulk density measurements and no moisture was included in the estimates.
Cut-off Parameters	Cut-off parameters used for the Mineral Resource estimates include a boundary cut-off grade of 0.5% Li_2O, a block cut-off grade of 0.7% Li_2O, and a deposit cut-off grade of 1.0% Li_2O. A minimum mining width of 1m and a minimum waste exclusion width of 2m were also used for the estimates.
Mining Factors or Assumptions	No mining limiting factors other than the minimum mining width and minimum waste exclusion width stated above were considered in the Mineral Resource estimates. Mineral Resource estimates have been limited by the horizontal and vertical restrictions on the mining license.
Metallurgical Factors or Assumptions	Tianqi Shenghe has conducted some metallurgical testing for the Cuola Project spodumene ore samples, which indicates that spodumene can be effectively recovered in the selected metallurgical process.

JORC CODE 2012 EDITION TABLE 1
FOR CUOLA LITHIUM PROJECT, SICHUAN, CHINA

SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES

Criteria	Commentary
Environmental Factors or Assumptions	An environmental impact assessment report for the Phase I 600ktpa open-pit mining operation of the Cuola Project was completed by Sichuan Academy of Environmental Protection Science in December 2012, and the Cuola Phase I open-pit mining operation project was approved by Environmental Protection Department of Sichuan Province on February 26, 2013. The Cuola Project site is located at the south-eastern edge of the Qinghai-Tibet plateau at an elevation of over 4,000m and is in an environmentally sensitive area. It is important for Tianqi Shenghe to take appropriate measures for ecological conservation and to avoid any environmental pollution. Tianqi Shenghe's management and staff are all aware of the importance of environmental protection and ecological conservation.
Bulk Density	Spodumene pegmatite bulk density measurement samples were collected from drill cores and surface trenches for the Cuola Project. Bulk density of the dried samples was determined by the wax-coating, water-immersion method. The measurement results show that the bulk density ranges from 2.5t/m^3 to 2.8t/m^3, with an average of 2.71t/m^3. The measurement results also show the bulk density of the spodumene pegmatite is slightly positively correlated with the sample Li_2O grades. The average of the bulk density measurement results for each spodumene pegmatite vein was used as the bulk density of the vein in Mineral Resource estimation.
Classification	Mineral Resources were classified based on the drill hole/surface trench channel spacing for the Cuola Project. For the large No.632 pegmatite vein, Measured Resource was defined by drill hole/ channel spacing of no more than 80m × 40-60m; Indicated Resource was defined by a drill hole/channel spacing of no more than 160m × 60-80m; No extrapolation is allowed from a data point for the Measured and Indicated Resources; Inferred Resources was generally defined by a wider drill hole spacing or extrapolated 40m from the Measured/Indicated Resource blocks. For other smaller pegmatite veins, Measured Resource was defined by drill hole/channel spacing of no more than 40m × 15-20m; Indicated Resource was defined by a drill hole/channel spacing of no more than 80m × 30-40m; no extrapolation is allowed from a data point for the Measured and Indicated

JORC Code 2012 Edition Table 1
for Cuola Lithium Project, Sichuan, China

Section 3: Estimation and Reporting of Mineral Resources

Criteria	Commentary
	Resources; Inferred Resources was generally defined by a wider drill hole spacing or extrapolated 40m from the Measured/ Indicated Resource blocks. As discussed previously, the surface drill holes were mostly drilled at a high angle of 80º, which is less than ideal for the steep-dipping spodumene pegmatite veins in the Cuola Project, as the thickness and location of the veins may not be determined accurately. Because of this limitation, BDA considers the Measured Resource blocks would be more appropriately classified as Indicated. For the purposes of this CPR, BDA has therefore reduced the confidence level of all the Measured Resource blocks in the original resource estimation and has reclassified them as Indicated Resources.
Audits or Reviews	Based on detailed review of the deposit geology, drilling and sampling data, and procedures and parameters used for the estimation of Mineral Resources, BDA is of the opinion that the Mineral Resources estimated by the No.108 Brigade under the 1999 Chinese mineral resource system for the Cuola Project, after reclassifying the Measured Resources to Indicated Resources, conforms appropriately to the equivalent JORC Mineral Resource categories. BDA signed-off the Mineral Resource estimates under 2012 JORC Code. The economic portion of the Indicated Resources can accordingly be used to estimate the Probable Ore Reserves for the Cuola Project.
Discussion of Relative Accuracy/ Confidence	There has been no mine production for the Cuola Project and the Mineral Resource estimates have not been verified by actual mine production. BDA believes that it is very important to reconcile the actual mining production with the Mineral Resource estimates in the future when mining starts for the project. The reconciliation result can be used to adjust the Mineral Resource estimates, if necessary, in the future.

Section 4 (Estimation and Reporting of Ore Reserves) of the JORC Code Table 1 is not applicable as no Ore Reserves were reported for the Cuola Project in this CPR.

APPENDIX III

GLOSSARY

Term/Abbreviation	Description
2012 Act	Mining Rehabilitation Fund Act 2012
AAS	Atomic Absorption Spectroscopy
acQuire	acQuire Technology Solutions Pty Limited
ADB	Action Drill and Blast Pty Ltd
AIMVA	Australasian Institute of Minerals Valuers and Appraisers
Albermarle	Albermarle Corporation Inc.
AMSL	Above Mean Sea Level
AusIMM	Australasian Institute of Mining and Metallurgy
A$	Australian Dollar
BeO	Beryllium Oxide
bcm	Bank Cubic Meter (in situ volume)
BDA	Behre Dolbear Australia Pty Limited
BD	Bulk Density
BMB	Balingup Metamorphic Belt
C1 Pit	Central Lode 1 Open Pit
C3 Pit	Central Lode 3 Open Pit
CG	Chemical Grade
CGP 1, 2, 3 and 4	Chemical Grade Plants 1, 2, 3, and 4
China	People's Republic of China
CMV	Certified Mineral Valuer
CPR	Competent Persons Report
CRM	Certified Reference Material
CSIRO	Commonwealth Scientific and Industrial Research Organization
Cuola Project	Cuola Lithium (Spodumene) Project
DBCA	WA Department of Biodiversity, Conservation and Attractions
DEC	WA Department of Environment and Conservation
DD	Diamond Drill
dia	Diameter
DIP	Deposit Industrial Parameters
DMP	WA Department of Minerals and Petroleum
DSO	Direct Shipping Ore
DWER	WA Department of Water and Environmental Regulations
DZ	Depleted Zone
EMS	Environmental Management System
Environmental Protection Act	Environmental Protection Act 1986 (WA)
EOML	End Of Mine Life
EPC	Engineering, Procurement and Construction Contract
EPCM	Engineering, Procurement and Construction Management
EZ	Enriched Zone
Fe_2O_3	Ferric Oxide
GAM	Global Advanced Metals Ltd
GAMG	Global Advanced Metals Greenbushes Pty Limited
Ganzi Prefecture	Ganzi Tibetan Autonomous Prefecture

Term/Abbreviation	Description
GHD	GHD Pty Limited
Greenbushes Mine	Greenbushes Lithium Mine
ha	Hectare
HARD	Half Absolute Relative Difference
HMS	Heavy Medium Separation
ICP-AES	Inductively Coupled Plasma-Atomic Emission Spectrometry
ID^2	Inverse Distance Squared Technique
IGO	IGO Limited
IIMA	International Institute of Mineral Appraisers
IPO	Initial Public Offering
ISO	International Standards Organization
IVSC	International Valuation Standards Committee
Jiajika District	Jiajika Lithium Mineralisation District
Jiajika Granite	Jiajika Two-Mica Granite Stock
Jiajika Mine	Jiajika Lithium (Spodumene) Mine
Joint Venture	An Incorporated Lithium Joint Venture between Tianqi Lithium Corporation (51%) and IGO limited (49%),
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" as Prepared by the Joint Ore Reserves Committee of the AusIMM, AIG, and the MCA
kg	Kilogram
km	Kilometer
km^2	Square Kilometer
kt	Thousand Tons
ktpa	Thousand Tons per annum
kV	Kilovolts
Lanzhou Institute	Lanzhou Engineering & Research Institute of Nonferrous Metallurgy
LCE	Lithium Carbonate Equivalent
Li_2O	Lithium Oxide
LOM	Life of Mine
L/s	Liters per Second
m	Meter
M	Million
m^3	Cubic Meter
Ma	Million Years
Mbcm	Million Bank Cubic Meters
Mbcmpa	Million Bank Cubic Meters Per Annum
Mining Act	Mining Act 1978 (WA)
μm	Micron (m x 10^{-6})
MnO	Manganese Oxide
mm	Millimeter
MRF	Mining Rehabilitation Fund
MSA	Mine Services Area
Mt	Million Tons
Mtpa	Million Tons Per Annum

Term/Abbreviation	Description
MW	Megawatt
Na_2O	Sodium Oxide
Nb	Niobium
Nb_2O_5	Niobium Oxide
NI 43-101	Canadian Securities Administrators' National Instrument 43-101—Standards of Disclosure for Mineral Projects
NOI	Mining Notice of Intent
No.108 Brigade	No.108 Geological Exploration Brigade
No.404 Brigade	No.404 Geological Exploration Brigade
NPV	Net Present Value
OK	Ordinary Kriging
PEM	Prospectivity Enhancement Multiplier
PLS	Pilbara Minerals Ltd
ppm	Parts Per Million
PRC	People's Republic of China
PSM	PSM Consult Pty Ltd
QA/QC	Quality Assurance/ Quality Control
QG	Quantitative Group Pty Limited
Q-Q Plot	Quantile-Quantile Plot
RC	Reverse Circulation
RCF	Resource Capital Fund
RL	Reduced Level
ROM	Run of Mine
RSC	RSC Mining and Mineral Exploration,
SC	Spodumene Concentrate
SEHK	Stock Exchange of Hong Kong Limited
SG	Specific Gravity
SGM	SG Mining Pty Ltd
Sn	Tin
SOG	Sons of Gwalia Ltd
SQM	Sociedad Quimica y Minera de Chile SA
SRK	SRK Consulting (Australasia)
SRK (NA)	SRK Consulting (North America)
t	Tonne
t/m^3	Tons per Cubic Meter
Ta	Tantalum
Ta_2O_5	Tantalum Oxide
Talison	Talison Lithium Limited
TG	Technical Grade
TGP	Technical Grade Plant
The Listing Rules	The Stock Exchange of Hong Kong Listing Rules
Tianqi	Tianqi Lithium Corporation
Tianqi Shenghe	Tianqi Shenghe Lithium Company Ltd
TLA	Talison Lithium (Australia) Pty Limited
tpa	Tons Per Annum
tph	Tons Per Hour
TRP	Tailings Retreatment Plant
T_3xd	Triassic Xinduqiao Formation

Term/Abbreviation	Description
T_3zh	Triassic Zhuwo Formation
TSF 1, 2, 3 and 4	Tailings Storage Facility 1, 2, 3 and 4
U	Uranium
US$/t	US Dollar Per Ton
VALMIN Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
VAT	Value Added Tax
VWP	Vibrating Wire Piezometer
WA	Western Australia
WACC	Weighted Average Cost of Capital
West-South Test Center	West-South Metallurgical Geology Analytical and Test Center
WHIMS	Wet High Intensity Magnetic Separation
Wood Mackenzie	Wood Mackenzie (Asia Pacific) Pty Limited
WTP	Water Treatment Plant
XRF	X-Ray Fluorescence

Chinese taxes

Taxes applicable to the Company

Corporate income tax

As per the Law of the People's Republic of China on Enterprise Income Tax (hereinafter referred to as Law on Enterprise Income Tax) (《中華人民共和國企業所得稅法》) passed on March 16, 2007 and implemented on January 1, 2008 by the National People's Congress (hereinafter referred to as NPC), which was latest amended by the Standing Committee of the NPC on December 29, 2018, and the Implementing Regulation of the Law of the People's Republic of China on Enterprise Income Tax (hereinafter referred to as Regulation on Enterprise Income Tax) (《中華人民共和國企業所得稅法實施條例》》) promulgated by the State Council on December 6, 2007, which was implemented on January 1, 2008 and revised on April 23, 2019, enterprises are divided into resident enterprises and non-resident enterprises. A resident enterprise means an enterprise lawfully incorporated in the PRC, or an enterprise lawfully incorporated pursuant to the laws of a foreign country (region) but of which the actual management functions are conducted in the PRC. A non-resident enterprise means an enterprise lawfully incorporated pursuant to the law of a foreign country (region) that has an office of premises established in the PRC with no actual management functions performed in the PRC, or an enterprise that has income derived from or accruing in the PRC although it does not have an office or premises in the PRC. Corporate income tax shall be payable by a resident enterprise for income derived from or accruing in or outside the PRC at the rate of 25%. Corporate income tax shall be payable by a non-resident enterprise, for income derived from or accruing in the PRC by its office or premises established in the PRC, and for income derived from or accruing outside the PRC with which the established office or premises has a de facto relationship at the rate of 25%. Where the non-resident enterprise has no office or premises established in the PRC or the income derived or accrued has no de facto relationship with the office or premises established, corporate income tax shall be payable by the non-resident enterprise for income derived from or accruing in the PRC at the rate of 10%. Preferential in enterprise income tax treatments are granted to the important industries and projects whose development is supported and encouraged by the state.

As per the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission (hereafter referred to as NDRC) on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (《關於延續西部大開發企業所得稅政策的公告》) issued on April 23, 2020 and implemented on January 1, 2021, from January 1, 2021 to December 31, 2030, the enterprise income tax on an enterprise in an encouraged industry established in western China shall be paid at a reduced rate of 15%. For the purpose of this article, "enterprise in an encouraged industry" means an enterprise whose main business is within the scope of industry projects set out in the Catalog of Encouraged Industries in Western China (《西部地區鼓勵類產業目錄》) and whose revenue from its main business accounts for 60% or more of its gross income.

Value added tax (VAT)

As per the Interim Value-Added Tax Regulations of the People's Republic of China (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993 and implemented on January 1, 1994 by the State Council and the latest revision made on November 19, 2017, and the Implementing Rules for the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) issued and implemented on December 25, 1993 by the Ministry of Finance and the latest revision made on October 28, 2011, entities and individuals selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in China, or importing goods to China, shall be identified as taxpayers of Value-Added Tax, and shall pay VAT in accordance with the regulations.

As per the Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (《財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知》) (財稅[2016]36號) promulgated on March 23, 2016, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016. As per the Decision of the State Council on Abolishing the Interim Regulations of the People's Republic of China on Business Tax and Amending the Interim Value-Added Tax Regulations of the People's Republic of China (《國務院關於廢止〈中華人民共和國營業稅暫行條例〉和修改〈中華人民共和國增值稅暫行條例〉的決定》) published and taking effective on November 19, 2017, the tax rates of the VAT are respectively 17%, 11%, 6%, and 0%. As per the Circular of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》) (財稅[2018]32號) promulgated on April 4, 2018, since May 1, 2018, where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to be 16% and 10% respectively. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關 於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019, since April 1, 2019, where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 16% and 10% tax rates are adjusted to be 13% and 9% respectively.

Taxes applicable to the shareholders of the Company

The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences resulting from the investment in Shares, nor does it consider the specific circumstances of any investor, some of which may be subject to special regulations. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Prospectus, all of which are subject to change that may have retrospective effect. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong, and other tax consequences of owning and disposing of Shares.

Dividend-related taxes

Individual investors

As per the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as Individual Income Tax Law) (《中華人民共和國個人所得稅法》) issued and implemented on September 10, 1980 by the Standing Committee of the NPC and the latest revision made on August 31, 2018 and the Regulations on Implementation of the Individual Income Tax Law of the People's Republic of China (hereinafter referred to as Regulations on Individual Income Tax) (《中華人民共和國個人所得稅法實施條例》) promulgated and implemented on January 28, 1994 and the latest revision made on December 18, 2018, a resident individual is an individual who is domiciled in China or who is not domiciled in China but has stayed in the aggregate for 183 days or more of a tax year in China. A resident individual shall, in accordance with the provisions of this Law, pay individual income tax on his or her income obtained inside and outside China. A nonresident individual is an individual who neither is domiciled in China nor stays in China or who is not domiciled in China but has stayed in the aggregate for less than 183 days of a tax year in China. A nonresident individual shall, in accordance with the provisions of this Law, pay individual income tax on his or her income obtained inside China. The proportional tax rate of 20% shall apply to income from interest, dividends and bonuses, income from the lease of property, income from the conveyance of property, and contingent income.

As per the Measures for the Administration of Non-resident Taxpayers' Enjoyment of Treaty Benefits (《非居民納稅人享受協定待遇管理辦法》) issued by the State Administration of Taxation on October 14, 2019, non-resident taxpayers' enjoyment of treaty benefits shall be handled in the manner of "self-assessment, enjoy when declare, and retention of relevant materials for review." If a non-resident taxpayer determines through self-assessment that he or she is eligible for treaty benefits, he or she may, when filing tax returns, or when a withholding agent files withholding returns, enjoy tax treaty benefits, and collect and retain relevant materials for review in accordance with these Measures and accept the follow-up administration of tax authorities.

Enterprise investors

In accordance with the Law on Enterprise Income Tax and Regulations on Enterprise Income Tax, generally, enterprise investors as non-resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, shall pay corporate income tax on the incomes generated in China at the tax rate of 10%.

As per the Circular of the State Administration of Taxation on Issues Relating to the Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (國稅函[2008]897號) promulgated and implemented on November 6, 2008, resident enterprises in China should, in distributing dividends for 2008 or any year hereafter to non-resident enterprises holding H-shares of the enterprises, withhold enterprise income tax for such dividends at a tax rate of 10%. Non-resident enterprises holding H-shares of any resident enterprise can, after receiving dividends due to them, on their own file an application to be covered by any tax agreements (or arrangements) to the competent taxation authorities and provide materials proving that they are actually beneficiary owners that meet the requirements of any such tax agreements (or arrangements) or authorize any representative or withholding agent to do so. The competent taxation authorities should, after examining and verifying such matter to be accurate and correct, refund the difference between tax levied and tax payable calculated at a tax rate specified by any such tax agreements (or arrangements).

As per the Official Reply of the State Administration of Taxation on Issues Concerning Levying Enterprise Income Tax on Dividends of B Shares and Other Shares Obtained by Non-resident Enterprises (Guo Shui Han [2009] No. 394) (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批復》) (國稅函[2009]394號) issued and implemented on July 24, 2009, where Chinese resident enterprises that have shares (A share, B share and overseas shares) publicly issued and listed in and outside of China distribute dividends of 2008 and years thereafter to non-resident enterprise shareholders, enterprise income tax at the rate of 10% shall be unifiedly withheld and remitted. Where non-resident enterprise shareholders need to enjoy tax treatments specified in tax agreements, relevant provisions of tax agreements shall apply.

As per the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income and Prevention of Tax Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) issued on August 21 2006 and implemented on December 8, 2006, for the dividend distributed by a resident enterprise of one party to a resident of the other party, the tax may be collected by the other party. However, such tax on such dividends may also be collected by the party of which the dividend-paying company is a resident in accordance with the laws of the party. Nevertheless, if the beneficial owner of the dividend is a resident of the other party, the collected tax shall not exceed: (1) 5% of the total amount of the dividend if the beneficial owner is a company directly holding at least 25% of the assets of the dividend-paying company; (2) 10% of the total amount of the dividend in other circumstances. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (Guo Shui [2009] No. 81) (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》) (國稅[2009]81號) issued and implemented on February 20, 2009.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC enterprise income tax imposed on the dividends received from PRC enterprises. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

Taxes related with income from share transfer

Individual investors

As per the Law on Individual Income Tax and Regulations on Individual Income Tax, the tax rate for income from transfer of property is 20%. The measures for the collection of individual income tax on income from the transfer of stocks shall be provided for separately by the State Council and be filed with the Standing Committee of the NPC.

Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (Cai Shui [1998] No. 61) (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (財稅[1998]61號) issued by the Ministry of Finance and the State Administration of Taxation on March 30, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended IIT Law.

As per the Notice of the Ministry of Finance, the State Administration of Taxation and the China Securities Regulatory Commission about Issues Concerning the Imposition of Individual Income Tax on Income from the Transfer of Restricted Stocks of Listed Company by Individuals (Cai Shui [2009] No. 167) (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (財稅[2009] 167號) issued on December 31, 2009 and implemented on January 1, 2010, and the Supplemental Notice of the Ministry of Finance, the State Administration of Taxation, and China Securities Regulatory Commission on Issues relating to Imposition of Individual Income Tax on Individuals for Income from Transferring Restricted Shares of Listed Companies (Cai Shui [2010] No. 70) (《財政部、國家稅務總局、證監會關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (財稅[2010]70號) issued and implemented on November 10, 2010, as of January 1, 2010, income from individual's transfers of restricted stocks shall be treated as "income from property transfers" and be subject to individual income tax at the proportional tax rate of 20%. Income individuals derive from Shanghai Stock Exchange or Shenzhen Stock Exchange transfers of listed company stocks that are obtained from a listed company's public offering or through a share transfer shall remain exempt from individual income tax.

The above provisions do not clarify whether individual income tax is collected for individuals to transfer shares of Chinese resident's enterprises listed in overseas stock exchanges.

Enterprise investors

In accordance with the Law on Enterprise Income Tax and Regulations on Enterprise Income Tax, generally, enterprise investors as non-resident enterprises that have not set up institutions or establishments in China, or have set up institutions or establishments but the income obtained by the said enterprises has no actual connection with the set-up institutions or establishments, shall pay enterprise income tax in relation to their income originating from China. The rate of corporate income tax of this income is reduced to 10%.

Tax Policies for Shenzhen-Hong Kong Stock Connect

On November 25, 2016, the CSRC and the SFC granted their approvals to Shenzhen Stock Exchange, the Hong Kong Stock Exchange, China Securities Depository and Clearing Company Limited and the HKSCC for formal launch of the Shenzhen-Hong Kong Stock Connect. Trading in shares under the Shenzhen-Hong Kong Stock Connect kicked off on December 5, 2016. Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》 (財稅[2016] 127號)) and the Announcement on Continued Implementation of Individual Income Tax Policies Relating to Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and Mainland and Hong Kong Mutual Recognition of Funds (Notice of the Ministry of Finance No. 93, 2019) (《關於繼續執行滬港、深港股票市場互聯互通機制和內地與香港基金互認有關個人所得稅政策的公告》(財政部公告2019年第93號)):

From December 5, 2016 to December 31, 2022, gains on price difference from transfer of shares derived by mainland individual investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are temporarily exempt from individual income tax. Gains on price difference from transfer of shares derived by mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws.

Dividends derived by mainland individual investors through investment into H shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are subject to 20% of withholding individual income tax by H shares companies. Individual investors who have paid withholding taxes overseas, with effective taxation certificates, can apply to competent taxation authorities under China Securities Depository and Clearing Company Limited for tax credit. Dividends derived by mainland securities investment funds through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are subject to individual income tax pursuant to provisions above. Gains on dividends derived by mainland corporate investors through investment into shares listed on the Hong Kong Stock Exchange via the Shenzhen-Hong Kong Stock Connect are credited to their total income and subject to corporate income tax in accordance with laws. Among them, dividends derived by mainland resident enterprises for holding H shares up to 12 consecutive months are exempt from corporate income tax in accordance with laws. For such dividends derived by mainland enterprises, there will be no withholding tax on dividends payable by H shares companies, and these enterprises are liable for tax reporting and payment.

Hong Kong taxes

Taxation on dividends

No tax is payable in Hong Kong in respect of dividends paid by our Company.

Profits tax

Hong Kong profits tax will not be payable by any shareholders (other than shareholders carrying on a trade, profession or business in Hong Kong and holding the Shares for trading purposes) on any capital gains made on the sale or other disposal of the Shares. Shareholders should take advice from their own professional advisors as to their particular tax position.

Stamp duty

Hong Kong stamp duty will be charged on the sale and purchase of Shares at the current rate of 0.26% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The shareholder selling the Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Shares.

Estate duty

Hong Kong estate duty was abolished effective from February 11, 2006. No Hong Kong estate duty is payable by shareholders in relation to the Shares owned by them upon death.

Foreign exchange administration of China

On January 29, 1996, the State Council promulgated the Administrative Regulations of the People's Republic of China on Foreign Exchange (hereinafter referred to as Administrative Regulations on Foreign Exchange) (《中華人民共和國外匯管理條例》), which took effect on April 1, 1996. On August 5, 2008, the State Council issued the newly revised Administrative Regulations on Foreign Exchange, and due to fundamental change of Chinese international payment balance circumstance, China's foreign exchange reserve has grown rapidly. While the previous Administrative Regulations on Foreign Exchange emphasized management of foreign exchange outflows, the newly revised Administrative Regulations on Foreign Exchange exercises balanced and standard regulations upon both inflows and outflows.

The revision of the new Administrative Regulations on Foreign Exchange is as follows: first, the application scope of Administrative Regulations on Foreign Exchange expands to foreign exchange receipts and payments or foreign exchange operations of overseas entities and individuals in China. Second, the regulation that the current account foreign income of a domestic body must be brought back to China, and the overseas foreign income may be brought back to China or saved overseas is canceled. Third, to expand capital outflow channels, domestic bodies are allowed to provide commercial loans overseas in accordance with Administrative Regulations on Foreign Exchange. Fourth, with foreign exchange management of financial institutions being improved, the financial institutions that operate foreign exchange business must report to the foreign exchange administration the foreign exchange receipts and payments and account change of the clients in accordance with law. Fifth, monitoring of cross-border foreign exchange funds flow is strengthened, and in case that serious imbalance occurs or possibly occurs to international receipts and payments and serous risk occurs or possibly occurs to national economy, the administration can take necessary guaranteeing and control measures upon international receipts and payments. Sixth, supervision and management of foreign exchange transaction strengthened, and wide scope of power was granted to the State Administration of Foreign Exchange (hereinafter referred to as SAFE) so that the supervising and managing capability can be improved. Finally, RMB exchange rate forming mechanism continues to be improved.

According to the Administrative Regulations on Foreign Exchange, current account foreign exchange income may be retained or sold to financial institutions that engage in exchange settlement and sale business. In case that capital account foreign exchange income is retained or sold to the financial institutions that engage in exchange settlement and sale business, it should be approved by the foreign exchange regulator, except the case where it is exempted from approval according to the regulations. Capital account foreign exchange and exchange settlement funds should be used for the purpose that is approved by related regulator or foreign exchange administration. Foreign exchange regulator has the right to exercise supervision and examination upon the use and account change of capital account foreign exchange and exchange settlement funds.

Current account foreign exchange should be paid in accordance with the administration regulations of the State Council foreign exchange administration on exchange paying and purchasing. The payment must be made in the proprietary foreign exchange or in exchange purchasing form to the financial institutions that engage in exchange settlement and sale business with effective documents. Capital account foreign exchange should be paid in accordance with the administration regulations of the State Council foreign exchange administration on exchange paying and purchasing. And the payment must be made in the proprietary foreign exchange or in exchange purchasing form to the financial institutions that engage in exchange settlement and sale business with effective documents. In case that it is provided that approval by the foreign exchange regulator is necessary, the approval procedures must be completed before foreign exchange payment.

Foreign exchanged management related to funds raising

In accordance with the Decision of the State Council on Matters relating to Canceling and Adjusting a Batch of Administrative Examination and Approval Items (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》) (國發[2014]50號) issued and implemented on October 23, 2014, the overseas raised funds bringing home exchange settlement approval under overseas listing foreign share account by SAFE and its branches have been canceled.

In accordance with the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (Hui Fa [2014] No.

54) (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) (匯發[2014]54號) issued and implemented on December 26, 2014, domestic issuers shall go through overseas listing registration at the foreign exchange administration of the registration place within 15 work days as of close of selling of overseas listing shares. Proceeds of Domestic Companies from overseas listing can be either transferred back to China or deposited overseas and the usage of such proceeds shall be consistent with the relevant contents mentioned in publicly disclosed documents such as the prospectus, explanation on the offering of corporate bonds, circular to shareholders and resolution of the board of directors or the general meeting. A Domestic Company (other than banking financial institutions) shall open a corresponding account for exchange settlement and payment (an RMB account, hereinafter referred to as Account for Exchange Settlement and Payment) with the opening bank of its Special Account for a Domestic Company Going Listing Overseas to deposit RMB funds from the settlement of the Special Account for a Domestic Company Going Listing Overseas, proceeds from overseas listing transferred back to China in RMB form, and remitted funds for repurchase of Overseas Shares and the surplus of the funds transferred for repurchase in RMB form. A Domestic Company may, according to its needs and upon the strength of its overseas listing registration certificate, apply to the opening bank for domestic transfer or payment out of its Special Account for a Domestic Company Going Listing Overseas, or for settlement of exchange and remittance to the Account for Exchange Settlement and Payment.

The Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (Hui Fa [2016] No. 16) (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (匯發[2016]16號) issued and implemented on June 9, 2016, unifies policies on discretionary settlement of foreign exchange receipts under capital accounts of domestic institutions. Discretionary settlement of foreign exchange receipts under capital accounts refers to the case in which the foreign exchange receipts under capital accounts (including foreign exchange capital, foreign debts, and repatriated funds raised through overseas listing) subject to discretionary settlement as expressly prescribed in the relevant policies may be settled with banks according to the actual need of domestic institutions for business operations. Domestic institutions may, at their discretion, settle up to 100% of foreign exchange receipts under capital accounts for the time being. The SAFE may adjust the above proportion in due time according to balance of payments. The foreign exchange receipts under capital accounts of a domestic institution and the RMB funds obtained thereby from foreign exchange settlement may be used for expenditure under current accounts within its business scope or expenditure under capital accounts permitted by laws and regulations.

Other related foreign exchanged management

In accordance with the Circular of the State Administration of Foreign Exchange on Further Facilitating Trades and Investments and Improving Authenticity Check (Hui Fa [2016] No. 7) (《國家外匯管理局關於進一步促進貿易投資便利化完善真實性審核的通知》) (匯發[2016]7號) issued and implemented on April 26, 2016, the following measures are taken to promote facilitation of foreign exchange administration and improve the authenticity review: to expand the lower limit of comprehensive position of foreign exchange settlement and sale by banks; to diversify the delivery methods for forward foreign exchange settlement; to unify the policies on administration of foreign debts settlement for Chinese and foreign-funded enterprises; to standardize the administration of foreign exchange receipts and payments involved in offshore resales and repurchases under trade in goods; to standardize the administration of remittance of foreign exchange profits from direct investments, etc.

In accordance with the Circular of the State Administration of Foreign Exchange on Further Advancing the Reform of Foreign Exchange Administration and Improving Examination of Authenticity and Compliance (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (匯發[2017]3號) issued and implemented on January 26, 2017, the following measures are taken to further advance the reform of foreign exchange administration, streamline administration and delegate government powers: to expand the scope of foreign exchange settlement regarding the domestic foreign exchange loans; to permit the transfer of funds under onshore guarantee for offshore loans for domestic use; to further regulate foreign exchange administration of trade in goods; to improve the statistics of overseas deposit of foreign exchange receipts of current account; to continue implementing and improving polices on the administration of the remittance of foreign exchange profit from direct investment; to reinforce the review of the authenticity and compliance of foreign direct investment; to apply the administration of fully-covered overseas lending in Renminbi and foreign currencies, etc.

Notice of Foreign Exchange of Further Facilitating Cross-border Trade and Investment (Hui Fa [2019] No. 28) (《關於進一步促進跨境貿易投資便利化的通知》) (匯發[2019]28號) issued by the SAFE on October 23, 2019 and became effective on the same date, canceled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises and on the use of funds in domestic asset realization accounts for foreign exchange settlement, and relaxed the restrictions on margin use and foreign exchange settlement by foreign investors. Eligible enterprises in pilot regions are allowed to use revenue under such capital accounts as capital funds, foreign debts, and overseas listing revenues for domestic payment without providing banks with authenticity certification materials in advance, and the use of funds should be authentic and compliant, and comply with the existing administrative provisions on the use of revenue under capital accounts.

The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulations applicable to us. This summary is not intended to include all the information which may be important to the potential investors. For discussion of laws and regulations specifically governing the business of the Company, please see section entitled "Regulatory Environment" in this prospectus.

Chinese legal system

The PRC legal system is based on the Constitution of the People's Republic of China (hereinafter referred to as Constitution) (《中華人民共和國憲法》), which was issued and implemented on December 4, 1982 and latest revised on March 11, 2018, and composed of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions, international treaties entered into by the PRC government, and other regulatory documents. Court case verdicts do not constitute binding precedents. However, they may be used for the purposes of judicial reference and guidance.

Laws

Legislative competence

The National People's Congress of the People's Republic of China (hereinafter referred to as NPC) is the highest organ of state power. Its permanent body is the Standing Committee of the National People's Congress (hereinafter referred to as Standing Committee of the NPC).

According to the Constitution and the Legislative Law of the People's Republic of China (hereinafter referred to as Legislation Law) (《中華人民共和國立法法》), which was issued on March 15, 2000, implemented on July 1, 2000, and revised on March 15, 2015. The NPC and the Standing Committee of the NPC exercise the legislative power of the state. The NPC develops and amends the basic laws on criminal matters, civil matters, and state authorities, among others. The Standing Committee of the NPC develops and amends laws other than those developed by the NPC; and when the NPC is not in session, partially supplements and amends laws developed by the NPC, provided that the basic principles in such laws are not violated.

Administrative regulations

The State Council, that is, the central people's government of the People's Republic of China is the executive body of the highest organ of state power and the highest organ of state administration. It has the power to develop administrative regulations according to the Constitution and other laws.

Local regulations, autonomous regulations, and separate regulations

The people's congress and its standing committee of a province, autonomous region, or municipality directly under the central government may, according to the specific circumstances and actual needs of the administrative region, develop local regulations provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congress and its standing committee of a districted city may, according to the city's specific circumstances and actual needs, develop local regulations with respect to urban and rural development and administration, environmental protection, and historical culture protection, among others, provided that such local regulations are not in conflict with the Constitution, laws and administrative regulations, as well as the local regulations of the province or autonomous region where the city is located, unless a law provides otherwise for the development of local regulations by a districted city.

Except for a city where the people's government of a province or autonomous region is located, a city where a special economic zone is located, as well as a relatively large city as approved by the State Council, the specific procedures and time for district cities to begin developing local regulations shall be determined by the standing committee of the people's congresse of the relevant province or autonomous region after comprehensively considering the population, territory area, economic and social development, legislative demand, legislative capacity, and other factors of the districted cities of the province or autonomous region, and be reported to the Standing Committee of the NPC and the State Council for recordation.

The people's congress and its standing committee of an autonomous prefecture may exercise a districted city's power to develop local regulations in accordance with relevant provisions.

The people's congress and its standing committee of the province or city where a special economic zone is located shall, according to the empowerment decision issued by the NPC, develop regulations to be enforced within the special economic zone.

The people's congress of an ethnic autonomous area has the power to develop autonomous regulations and special regulations according to the political, economic and cultural characteristics of the local ethnicities.

Rules

The ministries and commissions of the State Council, the People's Bank of China, the National Audit Office, and other organs with administrative functions directly under the State Council may, in accordance with laws and administrative regulations, decisions and orders of the State Council, develop rules within their respective power.

The people's government of a province, an autonomous region, a municipality directly under the central government, a districted city, or an autonomous prefecture may develop rules in accordance with laws, administrative regulations, and the local regulations of the province, autonomous region, or municipality.

Application of laws

The Constitution has the supreme legal effect, and no laws, administrative regulations, local regulations, autonomous regulations, special regulations or rules may contravene the Constitution. The effect of laws is higher than that of administrative regulations, local regulations and rules. The effect of administrative regulations is higher than that of local regulations and rules. The effect of local regulations is higher than that of the rules of local governments at the same or a lower level. The effect of local rules developed by the people's government of a province or autonomous region is higher than that of the rules developed by the people's government of a districted city or an autonomous prefecture within the administrative region of the province or autonomous region.

Where certain provisions of laws, administrative regulations, or local regulations are legally adapted in the autonomous regulations or separate regulations of an autonomous region, the provisions of the autonomous regulations or separate regulations shall apply only in the autonomous region. Where, according to empowerment, certain provisions of laws, administrative regulations, or local regulations are adapted in the regulations of a special economic zone, the provisions of the regulations of the special economic zones shall apply only in the special economic zone. The rules of different departments of the State Council shall be equally effective, as well as State Council departmental rules and the rules of local governments, and these rules shall be implemented within their respective power.

The NPC has the power to modify or revoke inappropriate laws enacted by its Standing Committee and has the power to revoke autonomous regulations or separate regulations approved by its Standing Committee that contravene the Constitution or the Legislation Law; the Standing Committee of the NPC has the power to revoke administrative regulations that contravene the Constitution or laws, has the power to revoke local regulations that contravene the Constitution or laws or administrative regulations, and has the power to revoke autonomous regulations and separate regulations approved by the standing committee of the people's congress of a province, autonomous region, or municipality directly under the central government that contravene the Constitution or the Legislation Law; the State Council has the power to modify or revoke inappropriate departmental rules or local government rules; the people's congress of a province, autonomous region, or municipality directly under the central government has the power to modify or revoke inappropriate local regulations developed or approved by its standing committee; the standing committee of a local people's congress has the power to revoke inappropriate rules developed by the people's government at the same level; the people's government of a province or autonomous region has the power to modify or revoke inappropriate local rules developed by the people's government at the next lower level; the empowering authority has the power to revoke regulations developed by the empowered authority which transcend the scope of empowerment or contravene the purpose of the empowerment, and when necessary, may revoke the empowerment.

Interpretation of law

According to the Constitution and the Legislation Law, the power to interpret a law shall be vested in the Standing Committee of the NPC. According to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law issued on June 10, 1981, in cases where the limits of articles of laws and decrees need to be further defined or additional stipulations need to be made, the Standing Committee of the NPC shall provide interpretations or make stipulations by means of decrees.

Interpretation of questions involving the specific application of laws and decrees in court trials shall be provided by the Supreme People's Court. Interpretation of questions involving the specific application of laws and decrees in the procuratorial work of the procuratorates shall be provided by the Supreme People's Procuratorate. If the interpretations provided by the Supreme People's Court and the Supreme People's Procuratorate are at variance with each other in principle, they shall be submitted to the Standing Committee of the NPC for interpretation or decision.

Interpretation of questions involving the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be provided by the State Council and the competent departments.

In cases where the limits of locally enacted rules and regulations need to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of the provinces, autonomous regions, and municipalities directly under the central government which have formulated these rules and regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local rules and regulations shall be provided by the competent departments under the people's governments of the provinces, autonomous regions, and municipalities directly under the central government.

Chinese judicial system

Trial organization

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China （《中華人民共和國人民法院組織法》）, as issued on July 5, 1979, implemented on January 1, 1980 and latest revised on October 26, 2018, the people's courts are divided into the Supreme People's Court, the local people's courts at all levels, and the special people's courts.

The Supreme People's Court is the highest judicial organ of the State. The Supreme People's Court supervises the trials of the local people's courts at all levels and the special people's courts. The Supreme People's Court may explain the issues on the specific application of law in the trial work.

The local people's courts at various levels are divided into basic people's courts, intermediate people's courts and higher people's courts.

Basic people's courts include: people's courts of counties and autonomous counties, people's courts in cities not divided into districts and people's courts of municipal districts. A basic people's court may set up a number of people's tribunals according to the local conditions, population and cases. A people's tribunal is an integral part of the basic people's court, and its judgments and rulings shall be the judgments and rulings of the basic people's court.

The intermediate people's courts include: intermediate people's courts of municipalities directly under the jurisdiction of provinces or autonomous regions, intermediate people's courts established within municipalities directly under the central government, intermediate people's courts of autonomous prefectures and intermediate people's courts established according to prefectures in provinces or autonomous regions.

Higher people's courts include: higher people's courts of provinces, higher people's courts of autonomous regions, and higher people's courts of municipalities directly under the central government.

A people's court may set up necessary professional tribunals according to the needs of the trial work.

The setup, organization, functions and powers, and appointment and dismissal of judges of special people's courts shall be prescribed by the Standing Committee of the NPC.

Civil litigation

The Civil Procedure Law of the People's Republic of China (hereinafter referred to as Civil Procedure Law) （《中華人民共和國民事訴訟法》）, as issued and implemented on April 9, 1991 and latest revised on December 24, 2021, sets forth the procedures to be followed in lodging a civil litigation, performing judicial jurisdiction by people's courts, conducting civil litigation and the procedures for enforcing civil judgments or rulings. For civil actions conducted within the territory of the People's Republic of China, all parties involved shall comply with the Civil Procedure Law.

According to territorial jurisdiction, civil cases shall be heard by a people's court where the defendant concerned is located. The parties to a contractual dispute or any other property dispute may agree in writing to be subject to the jurisdiction of the people's court at the place having connection with the dispute, such as where the defendant is domiciled, where the contract is performed, where the contract is signed, where the plaintiff is domiciled or where the subject matter is located, etc., provided that such agreement does not violate the provisions of the Civil Procedure Law regarding the level of jurisdiction and exclusive jurisdiction.

Aliens, stateless persons and foreign enterprises and organizations that institute or respond to proceedings in a people's court shall have the same procedural rights and obligations as citizens, legal persons and other organizations of the PRC. If the courts of a foreign country impose restrictions on the civil procedural rights of citizens, legal persons and other organizations of the PRC, the people's courts of the PRC shall implement the principle of reciprocity in respect of the civil procedural rights of citizens, enterprises and organizations of that foreign country.

The parties must perform civil judgments or rulings that have become legally effective. Where a party refuses to perform a ruling or judgment, the other party may apply to the people's court for enforcement. Alternatively, a judge may transfer the case to the enforcement officer for enforcement. The parties must perform any written mediation agreement or other legal document that is enforceable by people's courts. Where a party refuses to perform such a document, the other party may apply to the people's court for enforcement. The right to apply for enforcement may be exercised within two years.

Upon receiving an application for enforcement or a document for the handover of enforcement, an enforcement officer shall issue a notice of enforcement to the person subject to enforcement and may immediately take enforcement measures. If a person subject to enforcement fails to perform the act specified in a judgment, ruling or other legal document in accordance with the notice of enforcement, the people's court may compel performance or entrust a relevant work unit or other person with such performance, at the expense of the person subject to enforcement.

If a party applies for enforcement of a legally effective judgment or ruling made by a people's court and the party subject to enforcement or his property is not located within the territory of the PRC, the applicant may directly apply for recognition and enforcement to the foreign court with jurisdiction. Alternatively, the people's court may, pursuant to an international treaty concluded or acceded to by the PRC or in accordance with the principle of reciprocity, request the foreign court to recognize and enforce the judgment or ruling.

If a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court of the PRC, the party concerned may directly apply for recognition and enforcement to the intermediate people's court with jurisdiction of the PRC. Alternatively, the foreign court may, pursuant to the provisions of an international treaty concluded between or acceded to by the foreign state and the PRC, or in accordance with the principle of reciprocity, request the people's court to recognize and enforce the judgment or ruling. Having received an application or a request for recognition and enforcement of a legally effective judgment or ruling of a foreign court, a people's court shall review such judgment or ruling pursuant to international treaties concluded or acceded to by the PRC or in accordance with the principle of reciprocity. If, upon such review, the people's court considers that such judgment or ruling neither contradicts the basic principles of the law of the PRC nor violates State sovereignty, security and the public interest, it shall rule to recognize its effectiveness. If enforcement is necessary, it shall issue an order of enforcement, which shall be implemented in accordance with the relevant provisions of the Law. If such judgment or ruling contradicts the basic principles of the law of the PRC or violates State sovereignty, security or the public interest, the people's court shall refuse to recognize or enforce the judgment or ruling.

The Company Law, the Special Regulations, and the Mandatory Provisions

The companies limited by shares that are incorporated in China and intending to list in Hong Kong Stock Exchange shall mainly comply with the following three Chinese laws and regulations:

The Company Law of the People's Republic of China (hereinafter referred to as Company Law) （《中華人民共和國公司法》） was issued by the Standing Committee of the NPC on December 29, 1993 and took effect on July 1, 1994, and revised respectively on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, and October 26, 2018. The Company Law revised at the latest was put into force on October 26, 2018.

According to Article 85 and Article 155 of the Company Law (1993 version), with approval of the securities administration of the State Council, a joint stock limited company may make a share subscription or have its stocks listed overseas, the specific regulations thereof shall be formulated by the State Council, the State Council issued and implemented the Special Regulations of the State Council on Share Offering and Listing Overseas by Joint Stock Limited Companies (hereinafter referred to as Special Regulations) （《國務院關於股份有限公司境外募集股份及上市的特別規定》） on August 4, 1994, which is applicable to the overseas share subscription and listing of joint stock limited companies.

According to Article 13 of the Special Regulations, the Securities Committee of the State Council, together with the company approval department authorized by the State Council, may provide specific stipulations concerning essential clauses in the articles of association of a company, the former Securities Commission of the State Council and the former State Economic Restructuring Commission jointly issued and implemented the Mandatory Provisions of Articles of Association of Companies Listing Overseas (hereinafter referred to as Mandatory Provisions) （《到境外上市公司章程必備條款》） on August 27, 1994, setting forth essential clauses in the articles of association of a company limited by shares which intends to seek a listing overseas. Accordingly, the Mandatory Provisions have been incorporated into the Articles of Association of the Company (the summary is attached at Exhibit VIII hereto).

According to the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders' General Meetings (Guo Han [2019] No. 97) (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》) （國函 [2019]97 號） (hereinafter referred to as Official Reply) promulgated on October 17, 2019, for those joint stock limited company registered in China but listed overseas, the requirements for the notice period for convening a shareholders' general meeting, shareholders' proposal right, and the procedures for convening a shareholders' general meeting shall be collectively governed by the relevant provisions of the Company Law, and no longer be governed by the provisions of Article 20 through Article 22 of the Special Regulations.

Main provisions in the Company Law, the Special Regulations, and the Mandatory Provisions that are applicable to the Company are summarized and listed below.

General provisions

A joint stock limited company sets up within the territory of the PRC according to the provisions of the Company Law. A company is an enterprise legal person, which has independent legal person property and enjoys the right to legal person property. It shall bear the liabilities for its debts with all its property. For a joint stock limited company, a shareholder shall be liable for the company to the extent of the shares he has subscribed for.

Incorporation

A joint stock limited company may be established either by way of promotion or by way of public subscription. The establishment of a company by way of promotion refers to that the promoters establish a company by subscribing for all of the shares to be issued by the company. The establishment of a company by way of public subscription refers to that the promoters establish a company by subscribing for some of the shares to be issued by the company and offering the remaining shares to the general public or to particular classes of investor. To establish a joint stock limited company, there shall not be less than two but not more than 200 promoters, of whom a majority shall be domiciled within the territory of China.

Where a joint stock limited company is established by way of promotion, its registered capital shall be the total share capital subscribed for by all of its promoters as recorded in the company registration authority. No shares shall be offered to any other person before the shares subscribed for by the promoters are paid up. Where a joint stock limited company is established by way of public subscription, its registered capital shall be the total paid-in capital as recorded in the company registration authority. Where otherwise provided for in any other laws, administrative regulations and decisions of the State Council in respect of the actual paid-in registered capital and the minimum registered capital for joint stock limited companies, the provisions thereof shall prevail.

Where a joint stock limited company is established by way of promotion, the promoters shall fully subscribe in writing for the shares and pay the corresponding capital provided for in its articles of association. In the case of capital contributions made with non-monetary assets, the promoters shall go through the relevant procedures for the transfer of property rights in accordance with the law. Any promoter who fails to make capital contributions in accordance with the provisions of the preceding paragraph shall be liable for breach of contract in accordance with the promoters' agreement. The promoters of a joint stock limited company established by way of public subscription shall subscribe for no less than 35% of the total shares unless otherwise required by any law or administrative regulation.

Where full payment has been made for any public offer of shares, the subscriptions shall be verified and certified by a lawfully established capital verification institution. The promoters shall hold a company establishment meeting composed of the promoters and subscribers within 30 days of receipt of all subscriptions. The promoters shall notify each subscriber of or publicly announce the date of the establishment meeting no less than 15 days in advance of the establishment meeting. The establishment meeting may not be held unless promoters and subscribers representing a majority of the total shares attend. At the founding meeting, issues to be handled include the approval of the articles of association, and the election of the board of directors' members and the board of supervisors' members. A resolution of the founding meeting on abovementioned matters shall be passed by subscribers who represent more than half of the voting rights of all subscribers present at the meeting.

The board of directors shall, within 30 days after the establishment meeting ends, file a registration application with the company registration authority. Upon issuance of the business license by the company registration authority, the company limited by shares should be immediately founded officially and have corporate capacity. A joint stock limited company established by way of public subscription that makes a public offer of its stock shall, in addition to the documents referred to above, submit to the company registration authority the approval documents issued by the securities regulatory institution under the State Council.

The promoters of a joint stock limited company shall be liable as follows: (1) in the event that the company is not established, the promoters shall be jointly and severally liable for the debts and expenses incurred in pre-establishment activities; (2) in the event that the company is not established, the promoters shall be jointly and severally liable for refunding the paid-in capital of the subscribers plus interest thereon calculated at the bank interest rate for the relevant period; (3) where, in the course of establishing the company, its interests are damaged due to the negligence of the promoters, the promoters shall be liable to compensate the company.

Share capital

According to the Company Law, any issuance of shares shall be conducted with fairness and impartiality. Shares of the same class shall have the same rights and benefits. Shares of the same class issued at the same time shall be issued at the same price and shall be subject to the same conditions. The price of shares purchased by any organization or individual shall be the same. Shares may be issued at a price equal to or at a premium to their par value, but shall not be issued at a price below par value.

According to the Special Regulations and the Mandatory Provisions, a joint stock limited company shall obtain the approval of the Securities Committee of the State Council before offering its shares to given or non-given investors overseas. The shares issued offered to investors and listed overseas by joint stock limited companies (foreign capital share listed overseas) shall be in the form of registered stocks, with par value indicated in RMB and subscribed for in foreign currencies. The shares issued in foreign currency to overseas investors are overseas-listed foreign shares, while the shares issued in RMB to domestic investors are domestic shares. According to the Special Regulations, upon approval by the Securities Committee of the State Council, an agreement may be made with the underwriters in their underwriting contracts that beyond the underwriting amount, the shares may be reserved at a rate of no more than 15% of the foreign shares listed overseas to be offered.

According to the Company Law, any company that issues share certificates in registered form shall prepare a register of members, which shall record the following matters:

(1) the name and address of each shareholder;

(2) the number of shares held by each shareholder;

(3) the serial numbers of share certificates held by each shareholder; and

(4) the date on which each shareholder acquired the shares.

Increase of share capital

According to the Company Law, where a company issues new shares, a resolution on the following matters shall be made by the shareholders' general meeting: (1) Type and number of the new shares; (2) Issuing price of the new shares; (3) Commencement and ending dates for the issuance of the new shares; and (4) Class and number of the new shares to be issued to the existing shareholders.

Where any company offers new shares to the public upon the approval of the securities regulatory institution under the State Council, it shall issue a new share prospectus and financial reports, and shall produce an application for shares. A company that issues new shares may set the offer price according to its business operations and financial status. Any company that successfully completes a new offer of shares shall amend its registered details maintained by the company registration authority and make a public announcement thereon.

Reduction of share capital

According to the Company Law, where a company finds it necessary to reduce its registered capital, it must prepare its balance sheet and schedule of assets. The reduction shall be approved by the shareholders representing more than two-thirds of the voting rights of all shareholders present at the shareholders' general meeting. The company shall, within ten days of the date on which it decides to reduce its registered capital, notify its creditors and make a public announcement about the proposed reduction in capital in a newspaper within 30 days of the date on which it decides to reduce its registered capital. Any creditor shall, within 30 days of receipt of such a notice or, where it does not receive a notice, within 45 days of the date of the public announcement, be entitled to require the company to repay its debt in full or to provide a corresponding guaranty. Where a company reduces its registered capital, the company shall handle relevant procedures for change with the company's registration authority in accordance with the law.

Redemption of shares

According to the Company Law, no company shall purchase its own shares other than in any of the following circumstances: (1) where a company reduces its registered capital; (2) where the company plans to merge with a company which is one of its existing shareholders; (3) where the company plans to use shares for employee stock ownership plan or equity incentives; (4) where a shareholder requests the company to purchase the shares held by him since he objects to a resolution of the shareholders' general meeting on the combination or division of the company; (5) where the company plans to use shares for converting convertible corporate bonds issued by the listed company; (6) where it is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' general meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and

(6) of the preceding paragraph may, pursuant to the bylaws or the authorization of the shareholders' general meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present. After purchasing its own shares pursuant to the provisions above, a company shall, under the circumstance set forth in item (1), cancel them within 10 days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

Transfer of shares

According to the Company Law, shareholders may transfer their shares in accordance with the law. Any transfer of shares by a shareholder shall be carried out via a lawfully established stock exchange or by any other means prescribed by the State Council. A transfer of registered stock shall be effected by way of a shareholder's endorsement or by any other means prescribed by the relevant laws or administrative regulations. Following any transfer, the company shall record the name and address of the transferee in the register of members. The register of members may not be modified within the 20 days preceding any shareholders' general meeting or within five days preceding any ex-dividend date fixed by the company. Any law that provides otherwise in relation to the amendment of details recorded in the register of members of a listed company shall prevail over the provisions of this Article. Any transfer of stock issued in bearer form shall take effect immediately on delivery of the share certificate to the transferee by the shareholder. According to the Mandatory Provisions, within 30 days before the shareholders' general meeting is held, or within five days prior to the benchmark date determined by the company for dividend distribution, the formalities for change of registration of the shareholder register due to stock transfer shall not be carried out.

According to the Company Law, company shares held by the promoters of the company shall not be transferred within one year of the date of incorporation of the company. Shares issued prior to any public offer of shares shall not be transferred within one year of the date on which the shares of the company are first listed and traded on a stock exchange. Directors, supervisors and senior officers of a company shall notify the company of the shares they hold and any changes therein. During their respective terms of office, any shares transferred by any of the company's directors, supervisors and senior officers in any year shall not exceed 25% of the relevant individual's total stake in the company. Company shares held by any director, supervisor or senior officer shall not be transferred within one year of the date on which the shares are first listed and traded on a stock exchange. Any of the aforesaid persons who ceases to hold his post shall not transfer any of his shares within six months of the date on which he ceased to hold his post. Any other restrictions on transfers of shares held by directors, supervisors and senior officers may be specified in the articles of association.

Shareholders

Under the Company Law and the Mandatory Provisions, a shareholder of ordinary shares of a company shall have the rights:

(1) to receive the distribution of dividends and other forms of profits in proportion to the shares it holds in the company;

(2) to attend or entrust an agent to attend shareholders' general meeting and to exercise the voting right;

(3) to supervise and manage business operations of the company and to raise proposals or inquiries;

(4) to transfer the shares under laws, administrative regulations and the articles of association;

(5) to be informed under articles of association;

(6) when the company is terminated or liquidated, to receive distribution of remaining property of the company in proportion to the shares the shareholder holds in the company;

(7) to exercise other rights granted under laws, administrative regulations and the articles of association.

A shareholder of ordinary shares of a company shall have the obligations:

(1) to comply with articles of association;

(2) to pay for the shares the shareholder has subscribed for according to its subscription mode;

(3) to fulfill other obligations imposed under laws, administrative regulations and the articles of association.

A shareholder is not required to be liable for any additional capital other than the condition agreed upon by the subscriber at the time of subscription.

Shareholders' general meetings

Under the Company Law and the Mandatory Provisions, the shareholders' general meeting of a company shall exercise the following powers:

(1) to determine the company's operation guidelines and investment plans;

(2) to elect and replace the directors, and decide the remuneration for the directors;

(3) to elect and replace the supervisors who also serve as shareholders, and decide the remuneration for such supervisors;

(4) deliberate on and approve reports of the board of directors;

(5) deliberate on and approve reports of the board of supervisors;

(6) deliberate on and approve annual budgets and final accounts of the company;

(7) deliberate on and approve the company's profit distribution plans and loss recovery plans;

(8) to decide on resolutions concerning increase or decrease of registered capital of the company;

(9) to decide on resolutions concerning matters such as company merger, division, dissolution or liquidation;

(10) to decide on resolutions concerning the issuance of bonds of the company;

(11) to decide on resolutions concerning appointment, removal or discontinuation of further service of an accounting firm for the company;

(12) to revise the articles of association of the company;

(13) to deliberate on any proposal made by the shareholders representing at least 5% of voting shares of the company;

(14) other issues on which the shareholders' general meeting shall make resolutions according to laws, administrative regulations and articles of association.

Shareholders' general meeting include annual shareholders' general meeting and extraordinary general meeting, and shall be called upon by the board of directors. Annual shareholders' general meeting shall be held annually within six months after the end of the prior accounting year. Under any of the following circumstances, an extraordinary general meeting shall be held within two months:

(1) Where the number of directors is less than two-thirds of the number specified in the company's articles of association or minimum number required by the Company Law or;

(2) Where the unrecovered losses of the company amount to one-third of the total share capital;

(3) Where the shareholders holding at least 10% of the outstanding voting shares in the company request in writing to hold the extraordinary general meeting;

(4) where the extraordinary general meeting is held as the directors deems necessary or the supervisors so require;

(5) in any other circumstance specified in articles of association.

Under the Company Law, a shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors. Where the chairman is unable or fails to perform his duties, the meeting shall be presided over by the deputy chairman of the board of directors. Where the deputy chairman of the board of directors is unable or fails to perform his duties, the meeting shall be presided over by a director nominated by a majority of the directors. Where the board of directors is unable or fails to fulfill its obligations to convene a shareholders' general meeting, the board of supervisors shall convene and preside over the meeting. Where the board of supervisors does not convene or preside over the meeting, a shareholder who holds or shareholders who together hold 10% or more of the company's shares for 90 consecutive days or more may convene and preside over the meeting on his or their own initiative.

According to the Official Reply, for those joint stock limited company registered in China but listed overseas, the requirements for the notice period for convening a shareholders' general meeting, shareholders' proposal right, and the procedures for convening a shareholders' general meeting shall be collectively governed by the relevant provisions of the Company Law under which shareholders shall be notified no less than 20 days in advance of a shareholders' general meeting of the time and place of the meeting and the matters to be considered at the meeting, and shareholders shall be notified no less than 15 days in advance of an extraordinary general meeting. The Company Law does not provide for the quorum of a shareholders' general meeting.

Under the Company Law, Other than shares registered in the name of the company, which shall have no voting rights attached, each share shall have one vote at a shareholders' general meeting.

The shareholders' general meeting may adopt a cumulative voting system for the election of directors and supervisors pursuant to the articles of association or by way of a resolution made at its meeting. For the purpose of the Law, the term "cumulative voting system" refers to a voting system whereby shareholders can multiply their voting rights by the number of candidates and cast their votes for one candidate for director or supervisor.

Under the Company Law and the Mandatory Provisions, resolutions of a shareholders' general meeting include ordinary resolutions and special resolutions. An ordinary resolution shall be passed with more than half of the voting rights held by the shareholders (including the proxies of shareholders) present at the meeting. A special resolution shall be passed with more than two-thirds of the voting rights held by the shareholders (including the proxies of shareholders) present at the meeting.

Ordinary resolutions of a shareholders' general meeting shall be made on: (1) work reports of the board of directors and the board of supervisors; (2) proposed profit distribution plans and loss recovery plans by the board of directors; (3) dismissal of directors and supervisors and their remuneration and payment; (4) annual budgets and final settlement reports, balance sheets, profit statements and other financial statements of the company; (5) other matters except those required to be determined in special resolutions under laws, administrative regulations or the articles of association.

Special resolutions of a shareholders' general meeting shall be made on: (1) increase and decrease of capital, and issuance of any stock, warrant and other similar securities, of the company; (2) issuance of bonds of the company; (3) split-up, merge, dissolution and liquidation of the company; (4) amendments to the articles of association; (5) other matters that, as determined in ordinary resolutions of a shareholders' general meeting, have material impact on the company that they need to be determined in special resolutions.

According to the Company Law, the shareholders' general meeting shall take minutes of decisions made on matters discussed at its meetings. The chair of the meeting and directors present shall sign the minutes, which shall be retained together with a list of signatures of shareholders present and any powers of attorney in case of proxy.

Under the Mandatory Provisions, shareholders holding different classes of shares are classified shareholders. The classified shareholders shall have corresponding rights and obligations according to laws, administrative regulations and the articles of association. To change or remove any right of classified shareholders, such change or removal shall be approved by a special resolution at a shareholders' general meeting or approved at a shareholders' general meeting convened by the affected classified shareholders according to the Mandatory Provisions. To this end, domestic capital shareholders and H shareholders shall be deemed as different classified shareholders.

Board of directors

According to the Company Law, a joint stock limited company shall establish the board of directors, members of which shall range from five to nineteen. The board of directors may include employee representatives. Employee representatives who serve as board directors shall be democratically elected by the company's staff at a staff representative assembly, general staff meeting or otherwise.

The term of office of directors shall be specified by the articles of association, but in any case shall not exceed three years. Any director may, upon the expiration of his term of office, hold the directorship in consecutive terms if re-elected. Where the re-election of directors is not held in time after the term of office of the existing directors has expired, or where the number of members of the board of directors falls below the quorum due to the resignation of any director during his term of office, the original director shall, before the newly-elected director assumes his post, carry out duties as a director in accordance with the laws, administrative regulations and articles of association.

According to the Company Law and the Mandatory Provisions, the board of directors shall be responsible to the shareholders' general meeting and shall exercise the following functions and powers:

(1) convene meetings of the shareholders' general meeting and report to the shareholders' general meeting on its work;

(2) execute resolutions of the shareholders' general meeting;

(3) determine the company's operational plans and investment plans;

(4) formulate the company's annual budgets and final accounts;

(5) formulate the company's profit distribution plans and loss recovery plans;

(6) formulate the company's plans on the increase or reduction of its registered capital and on the issuance of corporate bonds;

(7) formulate the company's plans on the combination, division, dissolution or transformation of the company;

(8) make decisions on the establishment of the company's internal management departments;

(9) to appoint or dismiss general manager of the company; appoint or dismiss, upon the general manager's recommendation, deputy general managers of the company and financial principal; and determine their remunerations;

(10) develop the company's basic management system;

(11) to work out plans on amending the articles of association.

Where a board of directors decides the abovementioned matters, except that the matters in Items (6), (7) and (11) shall be decided by more than two-thirds of the directors, the matters may be determined by more than half of the directors.

Board Meetings

Under the Company Law and the Mandatory Provisions, the board of directors shall convene no less than two meetings per year and shall notify all directors and supervisors no less than ten days in advance of the meeting. A proposal to hold an interim meeting of the board of directors may be put forward by shareholders representing one tenth or more of the voting rights, or by one-third or more of the directors or supervisors. The chairman of the board of directors shall, within ten days of receiving such a proposal, call and preside over a meeting of the board of directors. Where the board of directors holds an interim meeting, it may separately decide the method of and time limit applicable to notifications about meetings of the board of directors.

No meeting of the board of directors may be held unless a majority of directors are present. Any board resolution shall be adopted by a majority of directors. Each director shall have one vote in any resolution put to a vote of the board of directors. Directors shall attend meetings of the board of directors in person. Where any director is unable to attend the meeting for any reason, he may issue a written proxy appointing another director to attend the meeting on his behalf and stating the scope of his authorization.

The board of directors shall take minutes of decisions made on matters discussed at its meetings, which shall be signed by directors present. Directors shall be responsible for resolutions of the board of directors. Where a resolution of the board of directors violates any law, administrative regulation, articles of association, or any resolution of the shareholders' general meeting and causes any serious loss to the company, the directors who participated in adopting the resolution shall compensate the company. Where a director is proven to have raised an objection to the relevant resolution and his objection is recorded in the minutes, the director may be exempted from liability.

Chairman of the Board

Under the Company Law, the board of directors shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman are elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and examine the implementation of board resolutions. The vice chairman shall assist the work of the chairman. In the event that the chairman is incapable of performing or not performing his duties, the duties shall be performed by the vice chairman. In the event that the vice chairman is incapable of performing or not performing the duties, a director nominated by more than half of the directors shall perform the duties.

Eligibility of directors

Under the Company Law and the Mandatory Provisions, whoever is under any of the following circumstances is not allowed to assume the post of a director:

(1) any person who does not have civil capacity or who has limited civil capacity;

(2) any person who has been convicted of any criminal offense in the nature of corruption, bribery, disseizin, misappropriation or disrupting the economic order of the socialism market and five years have not elapsed since any penalty imposed has been completed, or any person who has ever been deprived of his political rights due to any crime and five years have not elapsed since the penalty imposed was completed;

(3) any former director, factory director or manager of a company or enterprise which has been declared bankrupt and liquidated in circumstances where he was personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation of the company or enterprise was completed;

(4) any former legal representative of a company or enterprise which has had its business license revoked and has been ordered to close its business operations due to any violation of law in circumstances where the former legal representative was personally liable for the revocation of the business license and three years have not elapsed since the date of revocation;

(5) any person who has significant unpaid due debts;

(6) The person is under juridical investigation for any violation of criminal law, which is pending;

(7) The person cannot hold the post of company leader under laws or administrative regulations;

(8) The person is a non-natural person;

(9) The person, as confirmed by competent authorities, has violated securities regulations or was involved in any other fraud or dishonesty behavior, where less than five years have elapsed since the date of confirmation.

The validity of an action taken with regard to a bona fides third party by a director for and on behalf of a company will not be affected by any noncompliance in his or her capacity, election or eligibility.

Board of supervisors

According to the Company Law and the Mandatory Provisions, a joint stock limited company shall have the board of supervisors comprised of no less than three members. The board of supervisors shall include shareholders' representatives and an appropriate proportion of employee representatives. The proportion of employee representatives shall be specified in the articles of association but in any event shall account for no less than one-third of the supervisors appointed. The representatives of the shareholders shall be elected and dismissed by a shareholders' general meeting, and the representatives of the staff members shall be elected and dismissed democratically through a staff representative assembly, general staff meeting, or in other forms.

The directors, managers, CFO and other senior executives shall not concurrently serve as supervisors in a company.

The board of supervisors shall have one chairman and may have a deputy chairman. The chairman and deputy chairman shall elected by a majority of supervisors. According to the Letter of the Overseas Listing Department of the China Securities Regulatory Commission and the Production System Department of the State Commission for Restructuring the Economic System on Opinions concerning the Supplement and Amendment to Articles of Association by Companies to be Listed in Hong Kong (Zheng Jian Hai Han [1995] No. 1) (《中國證監會海外上市部、國家體改委生產體制司關於到香港上市公司對公司章程作補充修改的意見的函》)（證監海函[1995]1號）, appointment or removal of the president of the board of supervisors shall be adopted by affirmative voting of more than two-thirds of members of board of supervisors.

The chairman of the board of supervisors shall call and preside over meetings of the board of supervisors. Where the chairman of the board of supervisors is unable or fails to perform his duties, the deputy chairman of the board of supervisors shall call and preside over meetings of the board of supervisors. Where the deputy chairman of the board of supervisors is unable or fails to perform his duties, a supervisor nominated by a majority of supervisors shall call and preside over meetings of the board of supervisors.

The term of office of a supervisor shall be three years. Any supervisor may, upon the expiration of his term of office, hold the supervisor's post in consecutive terms if re-elected. Where the re-election of a supervisor is not held in time after the expiration of the term of office of the existing supervisor, or where the number of members of the board of supervisors falls below the quorum due to the resignation of any supervisor during his term of office, the original supervisor shall, before the newly-elected supervisor assumes his post, carry out duties as a supervisor in accordance with the relevant laws, administrative regulations and articles of association.

The board of supervisors which is responsible for the shareholders' general meeting shall exercise the following functions according to law:

(1) to inspect the financial affairs of the company;

(2) to supervise the duty-related acts of the directors, managers and other executives in violation of the laws, administrative regulations and the articles of association;

(3) to require any director or senior officer to take corrective action where his actions damage the interests of the company;

(4) to check financial materials such as accounting reports, business reports and plans for profit distribution that the board of directors plans to submit to the shareholders' general meeting, and appoint certified public accountants and auditors to provide assistance to recheck on behalf of the company in case of any problem;

(5) to propose to hold extraordinary general meeting;

(6) to negotiate with directors or bring an action against directors for and on behalf of the company;

(7) to exercise other functions and powers stipulated in articles of association.

Supervisors will be present without voting right at the meetings of board of directors.

Supervisors may attend meetings of the board of directors as non-voting attendees, and may raise questions or put forward suggestions about matters to be decided by the board of directors. The board of supervisors find that the company is running abnormally, they may commence an investigation. The expenses incurred due to employment of lawyers, certified public accountants, auditors and other professionals when the board of supervisors exercises its power shall be assumed by the company.

Manager and executives

According to the Company Law and the Mandatory Provisions, a company may have one manager, who shall be appointed or dismissed by its board of directors. The manager shall be responsible to the board of directors and shall exercise the following functions and powers:

(1) to direct the production and operation management of the company and organize the implementation of the resolutions made by the board of directors;

(2) organize the implementation of the company's annual operational plans and investment plans;

(3) draw up plans on the establishment of the company's internal management departments;

(4) draw up the company's basic management system;

(5) formulate the company's specific rules and regulations;

(6) propose the appointment or dismissal of the company's any deputy manager and financial principal;

(7) decide on the appointment or dismissal of executive personnel other than those whose appointment or dismissal is to be decided by the board of directors;

(8) perform other functions and powers granted by the articles of association and the board of directors.

The manager shall attend meetings of the board of directors. The board of directors of a company may appoint one of its members to serve concurrently as the manager of the company. The manager who is not a director shall have no voting right at the meeting. The manager shall persist in honesty and good faith, and perform assiduous obligations as per provisions of laws, administrative regulations and the articles of association, when exercising duties and powers.

According to the Company Law, a senior officer refers to any manager, deputy manager, financial principal, secretary to the board of directors of a listed company, or any other person specified in the articles of association.

Obligations of directors, supervisors and executives

According to the Company Law, the directors, supervisors and senior officers of a company shall comply with laws, administrative regulations, and the articles of association and shall owe duties of fidelity and due diligence to the company.

No director, supervisor or senior officer may take any bribe or other illegal gain by taking advantage of his position or misappropriate company assets for personal use. No director or senior officer may:

(1) misappropriate company funds;

(2) divert company funds into an account held in his own name or in the name of any other individual;

(3) loan company funds or provide any guaranty to any other person by using company property in violation of the articles of association without first obtaining the consent of the shareholders' general meeting or the board of directors;

(4) become a party to any contract or business dealings with the company in violation of the articles of association without first obtaining the consent of the shareholders' general meeting;

(5) seek business opportunities for himself or for any other person by taking advantage of his position, or operate on his own behalf or on behalf of any other person any business similar in nature to that of the company, without first obtaining the consent of the shareholders' general meeting;

(6) personally accept any commission on any transaction to which the company is a party;

(7) unlawfully disclose confidential company information;

(8) act in any way that is inconsistent with his duty of fidelity to the company.

Any income received by any director or senior officer in violation of this Article shall be treated as the property of the company.

Where any director, supervisor or senior officer violates any law, administrative regulation, or the articles of association in the course of performing his duties, he shall be liable to compensate the company for any loss thereby caused to the company.

Where the shareholders' general meeting requires any director, supervisor or senior officer to attend the meeting as a non-voting attendee, he shall do so and shall answer the shareholders' inquiries.

The directors and senior managers shall faithfully offer relevant information and materials to the board of supervisors or the supervisor of a limited liability company that does not have a board of supervisors, none of them may impede the board of supervisors or supervisor from exercising their powers. Where a director or executive violates laws, administrative regulations or the articles of association while performing duties, the shareholder who holds, or the shareholders who jointly hold, more than one percent of the shares in the company limited by shares for more than 180 consecutive days, may request in writing to the board of supervisors to bring an action against such person before a people's court; provided that if a supervisor violates laws, administrative regulations or the articles of association while performing duties, the abovementioned shareholder(s) may request in writing to the board of directors to bring an action against such person before a people's court.

Finance and accounting

As per the Company Law and the Mandatory Provisions, the financial accounting system of a company shall be formulated in accordance with provisions of laws, administrative regulations and Chinese accounting standards formulated by the competent financial department of the State Council. Financial statements shall be prepared at the end of each accounting year and reviewed in accordance with law. The board of directors shall, at the annual shareholders' general meeting, submit to shareholders the financial reports prepared by the company as required by relevant laws, administrative regulations, and regulatory documents enacted by local governments and competent departments.

The financial report of company shall be prepared for inspection by shareholders at the offices of the company 20 days in advance of the date on which the annual shareholders' general meeting is held. A joint stock limited company that has offered its shares to the public shall publicize its financial report. A company listed in Hong Kong shall at least send the said report to all shareholders of foreign-funded shares listed overseas by prepaid post. The recipient address shall be the one recorded in the shareholder register.

Financial statements of a company shall be prepared in accordance with the Chinese accounting standards and regulations as well as the international accounting standards or the accounting standards of the country or region overseas where the company is listed. Any significant discrepancy between the financial statements prepared respectively pursuant to the two aforementioned standards shall be specified in the notes of the financial statements. The company distributes its after-tax profit of the current accounting year based on the after-tax profit of the two statements, whichever is smaller. The company shall announce or disclose the interim performance or financial materials prepared in accordance with the Chinese accounting standards and regulations as well as the international accounting standards or the accounting standards of the country or region overseas where the company is listed.

According to the Company Law, where a company distributes its after-tax profits for the current financial year, it shall draw 10% of its profits as the company's statutory common reserve, provided that a company with an aggregate common reserve of more than 50% of the company's registered capital may elect not to draw any statutory common reserve any more. Where the aggregate balance of the company's statutory common reserve is insufficient to cover any loss the company made in the previous financial year, the current financial year's profits shall first be used to cover the loss before any statutory common reserve is drawn therefrom in accordance with the provisions of the preceding paragraph. Where any company has drawn a statutory common reserve from its after-tax profits, it may, subject to a resolution of the shareholders' general meeting, draw a discretionary common reserve from its after-tax profits. Where losses have been covered and the statutory and discretionary common reserves have been drawn, the remaining after-tax profit of a company limited by shares shall be distributed in proportion to the shares held by each shareholder, unless otherwise specified in its articles of association. Where the shareholders' general meeting or board of directors distributes profits in violation of the provisions of the preceding paragraph before losses are covered and the statutory common reserve is drawn, the profits distributed must be returned to the company. No profit may be distributed for shares held by the company itself.

Any stock premium received by a joint stock limited company from the issuance of stock at a premium to par and any other income to be included in the capital reserve account under any relevant provisions of the finance department under the State Council shall be recorded as the company's capital reserve.

A company's common reserves shall be used to cover losses made in past years, to enhance the company's productivity and expand its business or to increase its registered capital; however, a company's capital reserve shall not be used to cover the company's losses. Where the statutory common reserve is converted into capital, the value of the remaining common reserve shall be no less than 25% of the company's registered capital prior to the conversion.

A company shall not maintain any set of accounts that differs from its statutory accounting books. No company assets may be held in any account opened in the name of any individual.

Engagement with accounting firms and termination of engagement

The Company Law provides that any proposed appointment or dismissal of an accounting firm as the company's auditor shall be subject to a resolution of the shareholders' general meeting or of the board of directors in accordance with the provisions of the articles of association. Any meeting of the shareholders' general meeting or meeting of the board of directors that votes to dismiss any accounting firm as its auditor shall allow the accounting firm to express its own opinions. A company shall provide the accounting firm appointed as its auditor with accurate and complete accounting documents and books, financial reports, and other accounting information, and may not refuse to do so or conceal any such accounting records or make any false statement to its auditor.

As per the Special Regulations and the Mandatory Provisions, a company shall engage an independent accounting firm that complies with relevant regulations of the state to audit the annual report of the company and review other financial reports of the company. The term of engagement shall begin at the closing of the company's annual shareholders' general meeting of the current year, and end at the closing of the annual shareholders' general meeting of next year.

Profit allocation

As per the Company Law, a company shall not distribute profit before covering losses and accruing statutory common reserve fund. The Special Regulations require the payment of dividends and other allocations to the shareholders of foreign-funded shares listed overseas shall be distributed and calculated in RMB, and paid in a foreign currency. The company shall delegate an agent of collection for the shareholders of foreign-funded shares listed overseas in accordance with the Mandatory Provisions.

Amendment of articles of association

As per the Company Law, any resolution made at a shareholders' general meeting on the amendment to the company's articles of association shall be adopted by the shareholders representing more than two-thirds of the voting rights at the meeting. The Mandatory Provisions provides that the company may modify the company's articles of association in accordance with provisions of law, administrative regulations and the company's articles of association. Any amendment to the articles of association, in the case of concerning the Mandatory Provisions, shall come into force as of the approval of the company's auditing department authorized by the State Council and Securities Committee of the State Council; and, in the case of concerning company registration, shall register the modification in accordance with law.

Dissolution and liquidation

As per the Company Law and the Mandatory Provisions, a company should be dissolved for any of the following reasons: (1) the term of operation expires; (2) the shareholders' general meeting resolves to dissolve the company; (3) dissolution of the company is necessary due to any combination or division to which the company is a party; (4) the company is declared bankrupt in accordance with law for inability to pay off the debts due; (5) the business license is canceled, or it is ordered to close down or to be dissolved according to laws; (6) the company is ordered to close down in accordance with law for violation of laws and administrative regulations; or (7) where a company faces material difficulty in operation and management such that the interests of its shareholders will suffer heavy losses if the company continues to exist, and there is no other way to resolve the problem, the shareholders representing more than ten percent of the voting rights of all the shareholders of the company may file a request with the competent people's court to dissolve the company.

In the case of reason (1), a company may nevertheless continue in existence by amending its articles of association. As per the preceding regulation, any amendment to the articles of association shall be adopted by shareholders representing more than two-thirds of voting rights at the shareholders' general meeting.

Where the company is dissolved for reason (1), (2), (5) or (6), a liquidation group shall be formed within fifteen days of the date on which the circumstances leading to the dissolution of the company occurred in order to effect the liquidation. Where a liquidation group is not formed within the time limit specified, the company's creditors may petition the people's court to appoint appropriate individuals to form a liquidation group. The people's court shall approve such a petition and form a liquidation group in order to liquidate the company in a timely manner.

Where the company is dissolved for reason (4), the competent people's court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and relevant professionals to form a liquidation group for liquidation. Where the company is dissolved for reason (6), the competent authorities shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation group for liquidation.

A liquidation group shall exercise the following functions and powers during the course of the liquidation:

(1) liquidate the company's assets and produce a balance sheet and schedule of assets;

(2) notify the company's creditors by way of notice or public announcement;

(3) manage and clear the remaining business of the company;

(4) pay outstanding taxes and any tax liability incurred in the course of the liquidation;

(5) liquidating the claims and the debts of the company;

(6) dispose of the company's residual assets; and

(7) represent the company in any civil litigation to which it is a party.

A liquidation group shall, within ten days of its formation, notify the company's creditors of its formation, and shall make a public announcement at least three times in a newspaper on the formation of a liquidation group within 60 days of its formation. Any creditor shall, within 30 days of receipt of a notice or within 45 days of the public announcement in the event that the relevant creditor does not receive a notice, make a claim to the liquidation group on the debt owed to him. In making a claim for any debt outstanding, a creditor shall describe the relevant details and provide supporting evidence. The liquidation group shall record all debts claimed. The liquidation group may not repay any creditor during the debt claim period.

A liquidation group shall, after liquidating the assets of the company and producing a balance sheet and schedule of assets, draft a liquidation plan and present it to the shareholders' general meeting or to the people's court for confirmation (or competent authorities in accordance with the Mandatory Provisions) for confirmation.

Any remaining assets after payment of liquidation expenses, employee wages, social insurance premiums and statutory indemnity premiums, outstanding taxes and outstanding debts may, shall be distributed on a pro rata basis in accordance with the respective proportion of stock held by each shareholder.

A company in liquidation shall continue in existence during the course of the liquidation but may not conduct any new business unconnected with the liquidation. No company assets may be distributed to any shareholder before being applied as described in the previous paragraph.

Where, after liquidating the assets of a company and formulating a balance sheet and schedule of assets, a liquidation group finds that the company's assets are insufficient to meet its obligations in full, it shall file a bankruptcy petition with the people's court. Where the people's court declares the company bankrupt, the liquidation group shall hand over administration of the liquidation to the people's court.

On completion of any company liquidation, the liquidation group shall draft a liquidation report and submit it to the shareholders' general meeting or to the people's court for confirmation, and shall submit it to the company registration authority to apply for the cancelation of the registration of the company. The liquidation group shall also make a public announcement about the fact that the company has been terminated. As per the Mandatory Provisions, after the completion of the liquidation of a company, the liquidation group shall prepare a liquidation report as well as the statement and financial account book of receipts and disbursements during the period of liquidation. The said report, statement and account book shall be submitted to the shareholders' general meeting or competent authorities for confirmation upon review by certified public accountants of China. The liquidation group shall, within 30 days from the confirmation of shareholders' general meeting and competent authorities, deliver the aforementioned documents to the company registration authority for the purpose of applying for the deregistration of the company and the public announcement on the termination of the company.

Overseas listing

As per the Special Regulations, joint stock limited companies may issue their stocks to given or non-given investors and list them overseas with the approval of the Securities Committee of the State Council. The board of directors may make separate arrangements for the plan of issuing and listing foreign capital stocks and domestic capital stocks approved by the Securities Committee of the State Council. Plans for the issuance and listing of foreign capital stocks and domestic capital stocks formulated in accordance with provisions set forth in the preceding paragraph may be executed separately within 15 months starting from the approval date given by the Securities Committee of the State Council.

Lost stocks

Where any registered stocks are stolen, lost or damaged, the shareholder concerned may, pursuant to the procedures of public notice for assertion of claim provided for in the Civil Procedure Law request a competent people's court to declare the stocks invalid. After the people's court has so declared, the said shareholder may apply to the company concerned for re-issuance of the stocks.

The Mandatory Provisions set forth special regulations on the loss of stocks by shareholders of foreign-funded shares listed overseas and H stocks, and those provisions are incorporated into the company's articles of association.

Merger and division

As per the Company Law and the Mandatory Provisions, the board of directors of a company shall propose a plan on merger or division of the company and proceed with relevant review formalities in accordance with law if the plan is approved pursuant to the company's articles of association. Shareholders against the plan shall be entitled to request the company or shareholders for the plan to buy their shares at a fair price. The content of the resolution on merger or division shall be incorporated in a special document available for the shareholders. The said document shall also be sent, by post, to shareholders of foreign-funded shares listed overseas of a company listed in Hong Kong.

A corporate combination may be effected by merger or consolidation. To carry out a corporate combination, parties to the combination shall conclude an agreement with each other and formulate balance sheets and schedules of assets. The parties to a combination shall, within 10 days of making the resolution on combination, notify their respective creditors and, within 30 days, make at least three public announcements in a newspaper. Any creditor may, within 30 days of receiving the said notice or, in the event that the creditor does not receive such a notice, within 45 days as of the issuance of the said public announcement, require the company to repay its debts in full or to provide a corresponding guaranty. In any corporate combination, the claims and debts of the parties to the combination shall be succeeded by the company that survives the combination, or by the newly-established company in case of a consolidation.

In a corporate division, the assets of any company shall be divided accordingly. The parties thereto shall conclude a merger agreement and prepare the balance sheet and a list of property. The company shall inform its creditors within 10 days of the date on which the decision to proceed with the division is made, and shall make at least three public announcements about the division proposal in a newspaper within 30 days of the date on which the decision to proceed with the division is made. Unless otherwise agreed by the company and its creditors in any written agreement regarding the repayment of company debts concluded prior to any division, the companies that result from the division shall be jointly and severally liable for the existing debts of the company.

Where, as a result of any corporate combination or division to which a company is a party, any of the company's registered details change, the company shall amend its registered details with the company registration authority. In the event that any company that is a party to a combination or division is dissolved, it shall be deregistered in accordance with the law. In the event that any new company results from any combination or division, it shall comply with the procedures for establishment of a company as provided by law.

Laws and regulations on securities

China has enacted several laws and regulations on the issuing and trading of shares and disclosure of information. In October 1992, the State Council established Securities Committee of the State Council and China Securities Regulatory Commission (hereinafter referred to as CSRC). The Securities Committee of the State Council is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the future of security market, instructing, coordinating and supervising all security-related authorities, and managing the CSRC. The CSRC is the executive body of the Securities Committee. It fulfills its function to draft regulatory rules on security market, to supervise securities companies, public offering of securities of Chinese companies in the PRC and overseas, and trade of securities, to compile statistics material related to securities, and to conduct relevant research and analysis. The State Council consolidated the two departments and reformed the CSRC in April 1998.

The State Council enacted and implemented the Interim Provisional Regulations on the Administration of Share Issuance and Trading （《股票發行與交易管理暫行條例》）on April 22, 1993 to regulate the issuing and trading of stocks, acquisition of listed company, preservation, liquidation and transfer of listed stocks, and information disclosure, investigation, punishment and dispute arbitration of the listed company.

The State Council enacted and implemented the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint stock limited Companies （《國務院關於股份有限公司境內上市外資股的規定》）on December 25 1995 mainly for the purpose of standardizing the issue and transactions of foreign shares domestic listed by joint stock limited companies.

On December 29, 1998, the Standing Committee of the NPC passed the Securities Law of the People's Republic of China (hereinafter referred to as Securities Law) （《中華人民共和國證券法》） which became effective as of July 1, 1999 and was amended on August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014, and December 28, 2019. It is the first national securities law in China, and is composed of 14 chapters and 226 articles covering the regulation of issuing and trading of securities, acquisition of listed companies, obligation and responsibility of stock exchanges, security companies and the security regulatory authorities of the State Council, etc. The Securities Law regulates the activities of the Chinese securities market from all aspects.

Article 224 of the Securities Law stipulates that where a domestic enterprise directly or indirectly offers securities abroad or has its securities listed and traded abroad, the relevant provisions issued by the State Council shall be complied with. At present, the issuing and trading of shares issued overseas (H shares included) is principally subject to the rules enacted by the State Council and the CSRC.

Arbitration and enforcement of arbitration awards

The Arbitration Law of the People's Republic of China (hereinafter referred to as Arbitration Law) （《中華人民共和國仲裁法》） was adopted by the Standing Committee of the NPC on August 31, 1994, came into effect on September 1, 1995, and was respectively revised on August 27, 2009 and September 1, 2017. The arbitration Commission may formulate provisional arbitration rules in accordance with the Arbitration Law and the relevant provisions of the Civil Procedure Law before the formulation of the arbitration rules by the China Arbitration Association. The parties settling disputes by means of arbitration shall reach an arbitration agreement on a mutually voluntary basis. An arbitration commission shall not accept an application for arbitration submitted by one of the parties in the absence of an arbitration agreement. A people's court shall not accept an action initiated by one of the parties if the parties have concluded an arbitration agreement, unless the arbitration agreement is invalid.

The arbitration clauses shall be included in the issuer's articles of association pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Listing Rules) （《香港上市規則》） and the Mandatory Provisions, and in the contract between the issuer and each director and supervisor pursuant to the former so that an arbitration is available in case of any dispute and claim between a H-share holder and: (1) the issuer; (2) the directors, supervisors, managers or other senior management members of the issuer; and (3) holders of domestic shares. The arbitration matter refers to any dispute or claim of rights that is related to company affairs and arises from the rights and obligations stipulated in the articles of association, the Company Law, and other applicable laws and administrative regulations.

When the aforesaid dispute or claim of rights is submitted for arbitration, it shall constitute the entire claim or dispute, and all persons who have a cause of action based on the same facts giving rise to such dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is a company or any shareholder, director, supervisor, or other senior management member of a company, submit to the arbitration.

Dispute in respect of the definition of shareholders and dispute in relation to the register of shareholders may not be resolved by arbitration.

A claimant may elect for arbitration to be carried out at China International Economic and Trade Arbitration Commission (hereinafter referred to as CIETAC) in accordance with its Rules or the Hong Kong International Arbitration Center (hereinafter referred to as HKIAC) in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim to arbitration, the other party must submit to the arbitrary body selected by the claimant. If a claimant refers the arbitration to HKIAC, any party involved in the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the HKIAC.

Pursuant to the Arbitration Law and the Civil Procedure Law, the arbitration award shall be final and conclusive and binding on all parties. The parties shall execute an arbitration award. If one party fails to execute the award, the other party may apply to a people's court for enforcement in accordance with the relevant provisions of the Civil Procedure Law, and the court shall enforce the award.

Where the party against whom the application is made presents evidence that the arbitral award falls under any of the following circumstances, the people's court shall, after examination and verification by a collegiate bench formed by the people's court, rule to deny execution: (1) the parties have neither included an arbitration clause in their contract, nor subsequently reached a written arbitration agreement; (2) the matters decided in the award exceed the scope of the arbitration agreement or are beyond the arbitral authority of the arbitration institution; (3) the composition of the arbitral tribunal or the arbitration procedure did not conform to statutory procedure; (4) the evidence used as a basis for rendering an award is fabricated; (5) the other party to the case conceals important evidence, which is substantial enough to affect the impartial ruling by the arbitration institution; (6) one or several arbitrators acts corruptly, accepts bribes or engages in malpractice for personal benefits or made an award that perverted the law. If a people's court holds that the enforcement of an arbitration award is contrary to the public interest, the people's court shall issue a ruling not to enforce the award.

On December 2, 1986, the Standing Committee of the NPC passed a resolution to accede to the Convention on the Recognition and Enforcement of Foreign arbitrary Awards (hereinafter referred to as New York Convention) (《承認及執行外國仲裁裁決公約》) adopted on June 10, 1958. The New York Convention stipulates that each Contracting State shall recognize arbitrary awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon, under the conditions laid down in the following articles. There shall be no substantially more onerous conditions or higher fees or charges imposed on the recognition or enforcement of arbitrary awards to which this Convention applies than those imposed on the recognition or enforcement of domestic arbitrary awards. Recognition and enforcement of an arbitrary award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that: (1) the subject matter of the difference cannot be settled by arbitration under the law of that country; or (2) the recognition or enforcement of the award would be against the public policy of that country.

The Standing Committee of the NPC passed a resolution to accede to the New York Convention and announced: (1) China applies the Convention on the basis of reciprocity to the recognition and enforcement of awards made only in the territory of another party to the Convention; and (2) China applies the Convention only to disputes arising out of legal relationships, whether contractual or not, which are considered as commercial under Chinese law making such declaration.

An arrangement was reached between Hong Kong and the Supreme People's Court of the PRC for the mutual enforcement of arbitral awards. On June 18, 1999, the Supreme People's Court of the PRC adopted the Arrangement on Mutual Enforcement of Arbitral Awards between Mainland and Hong Kong Special Administration Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》), which became effective on February 1, 2000 and a number of supplemental arrangements have since been issued (collectively, the "arrangement"). In accordance with this arrangement, awards made by PRC arbitral authorities under the Arbitration Law can be enforced in Hong Kong, and Hong Kong arbitration awards are also enforceable in Mainland China.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland China and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) promulgated by the Supreme People's Court on July 3, 2008 and implemented on August 1, 2008, in the case of final judgment, defined with payment amount and enforcement power, made between the court of China and the court of the Hong Kong Special Administrative Region in a civil and commercial case with written jurisdiction agreement, any party concerned may apply to the People's Court of China or the court of the Hong Kong Special Administrative Region for recognition and enforcement based on this arrangement. "Choice of court agreement in written" refers to a written agreement defining the exclusive jurisdiction of either the People's Court of China or the court of the Hong Kong Special Administrative Region in order to resolve dispute with particular legal relation occurred or likely to occur by the party concerned. Therefore, the party concerned may apply to the Court of China or the court of the Hong Kong Special Administrative Region to recognize and enforce the final judgment made in Mainland China or Hong Kong that meet certain conditions of the aforementioned regulations.

Summary of major differences in Company Laws for Hong Kong

The Laws of Hong Kong applicable to companies incorporated in Hong Kong are mainly Companies Ordinance （《公司條例》）, Companies (Winding Up and Miscellaneous Provisions) Ordinance （《公司（清盤及雜項條文）條例》）and other Hong Kong Legislation (hereinafter collectively referred to as Hong Kong Legislation), which are supplemented by the common law and equity rules applicable in Hong Kong. The Company, as a joint stock limited company established in the PRC and seeking to list H-shares on the Hong Kong Stock Exchange, is subject to the Company Law and other rules and regulations promulgated under the Company Law.

A summary of the major differences in the laws and regulations respectively applicable to the companies incorporated in Hong Kong and the company limited by shares incorporated and existing under the Company Law is carried out as follows. However, this summary is not an exhaustive comparison.

Incorporation of a company

Pursuant to the Hong Kong Legislation, a company with share capital becomes an independent legal entity upon its registration with the head of the Companies Registry. A company can be incorporated as a public company or a private company. Pursuant to the Hong Kong Legislation, provisions of pre-emptive rights shall be included in the articles of association of a private company incorporated in Hong Kong, but are not required in that of a public company.

In accordance with the Company Law, a joint stock limited company may be established either by way of promotion or by way of public subscription.

Share capital

In accordance with the Hong Kong Legislation, a company may specify in its articles of association the maximum number of shares that it may issue. Once such maximum number is declared, the company does not need to issue shares in full. Therefore, the maximum number of shares that the company may issue may be larger than the issued share capital. Under this circumstance, the directors of a Hong Kong company may, with the prior approval of the shareholders (if necessary), issue new shares of the company. The Company Law does not specify the maximum number of shares to be issued. Our registered capital is the amount of our issued share capital. If we want to increase our registered capital, we must obtain the approval at the shareholders' general meeting and abide by applicable regulations of relevant governments and regulatory authorities in China.

The Laws of Hong Kong does not specify the minimum capital for a company incorporated in Hong Kong. The Company Law does not provide for a minimum registered capital of a company limited by shares unless otherwise prescribed by laws, administrative regulations and the decisions of the State Council on the actual payment of registered capital and the minimum registered capital of a company limited by shares.

In accordance with the Company Law, shares may be in the form of monetary or non-monetary assets (except for property that cannot be contributed as specified by laws and administrative regulations). Where a subscription is made in non-monetary property, the transfer formalities of its property rights shall be handled in accordance with the law. Following the establishment of a joint stock limited company, where it is found that the actual value of any non-financial asset used as a capital contribution for the establishment of the company is clearly lower than its value as stipulated in the articles of association, the promoter who made the capital contribution shall make up the shortfall, failing which, other promoters shall be jointly and severally liable for the shortfall. However, pursuant to the Hong Kong Legislation, a company incorporated in Hong Kong is not subject to such restrictions.

Equity and restrictions on transfer

In general, a company's A-shares, which are denominated and subscribed in RMB, can be subscribed for and traded by Chinese investors, qualified foreign institutional investors or qualified overseas strategic investors. In addition, the company's A-shares, as qualified Shenzhen-Stock-Connect securities, can be, in a limited number, subscribed for and traded by Hong Kong investors and other foreign investors in accordance with the rules of Shenzhen-Hong Kong Stock Connect. Shares listed overseas denominated in RMB but subscribed for in a currency other than RMB may only be subscribed for and traded by investors in Hong Kong, Macao and Taiwan or any country or territory overseas or qualified domestic institutional investors. If the H-shares are qualified Hong Kong Stock Connect securities, they may also be subscribed for and traded by Chinese investors in accordance with the rules of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

Pursuant to the Company Law, Company shares held by the promoters of the company shall not be transferred within one year of the date of incorporation of the company. Shares issued prior to any public offer of shares shall not be transferred within one year of the date on which the shares of the company are first listed and traded on a stock exchange.

Directors, supervisors and senior officers of a company shall notify the company of the shares they hold and any changes therein. During their respective terms of office, any shares transferred by any of the company's directors, supervisors and senior officers in any year shall not exceed 25% of the relevant individual's total stake in the company. Company shares held by any director, supervisor or senior officer shall not be transferred within one year of the date on which the shares are first listed and traded on a stock exchange. Any of the aforesaid persons who ceases to hold his post shall not transfer any of his shares within six months of the date on which he ceased to hold his post. Any other restrictions on transfers of shares held by directors, supervisors and senior officers may be specified in the articles of association.

There are no restrictions on shareholdings and transfers of shares under Hong Kong law apart from (i) the restriction on the Company to issue additional Shares within six months after the Global Offering, and (ii) the prohibition of controlling shareholders from disposing of shares within 12 months after the lockup.

Financial assistance for acquisition of shares

While the Company Law does not prohibit or restrict a company or its subsidiaries from providing financial assistance for the purpose of purchasing shares in the company, the Mandatory Provisions contain several restrictions similar to those in the Hong Kong Legislation on such financial assistance provided by the company and its subsidiaries. In accordance with the Mandatory Provisions, a company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the company. Purchasers of shares in the company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the company. The company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligators in order to reduce or discharge their obligations.

Changes in rights over classified shares

While there is no specific provision in the Company Law for changes in rights over classified shares, the Mandatory Provisions provide for special rules for the voting procedures of shareholders holding different classes of shares. These rules have been incorporated into the articles of association of the Company, and relevant summary is set out in Exhibit VIII hereto.

In accordance with the Hong Kong Legislation, the rights attached to any class of shares may only be changed if (1) the written consent of the holder representing at least 75% of the total voting rights of the holders of the relevant class of shares is obtained, (2) such change is approved by the holders of the relevant class of shares through a special resolution at an independent shareholders' general meeting, or (3) there is any provision for changing such rights in the articles of association of the company.

The company (as required in the Hong Kong Listing Rules and the Mandatory Provisions) has provided protection for class shareholders' rights in the company's articles of association in a manner similar to the Laws of Hong Kong. Holders of domestic shares and foreign shares listed overseas are defined as different classes in the articles of association, but the special procedures for voting by classified shareholders are not applicable to the following cases:

(1) with the approval of the special resolution at the shareholders' general meeting, the company issues domestic shares and foreign shares listed overseas separately or simultaneously every 12 months, and the number of domestic shares to be issued and that of foreign shares listed overseas to be issued do not exceed 20% of the number of the issued shares of their own class;

(2) the plan for issuing domestic shares and foreign shares listed overseas at the time of establishment of the company shall be completed within 15 months from the date of approval by the Securities Commission of the State Council.

The Mandatory Provisions also contain detailed provisions on what is considered as change or revoking of the rights of class classified shareholders.

Director

Unlike the Hong Kong Legislation, the Company Law has no provision on the report of the interests of directors in major contracts, restrictions on certain benefits and guarantees for the directors' debts provided by the company to directors, and prohibition of compensation for resignation without the approval of shareholders. However, the Mandatory Provisions impose certain restrictions on the contract of interest, as well as the provisions for directors to receive compensation for losing their positions. These provisions are included in the Company's articles of association and summarized in Exhibit VIII hereto.

Board of supervisors

The directors and senior management of the company are subject to the supervision of the Board of Supervisors under the Company Law, but a Board of Supervisors is not required for a company incorporated in Hong Kong under the Hong Kong Legislation. In accordance with the Mandatory Provisions, the supervisors shall, in exercising their powers, act in good faith in the best interests of the company, and perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

Derivative action by minority shareholders

Where a director violates the fiduciary duty to the company and controls the majority voting rights of the shareholders' general meeting, thereby effectively preventing the company from suing the director for breach of liability in its own name, the minority shareholders may file a derivative action against such director as per the Laws of Hong Kong. Where any director, supervisor or senior management personnel of the company violates laws, administrative regulations or the company's articles of association during the performance of duties, causing damage to the company, the minority shareholders are entitled to file a lawsuit in the people's court to investigate such person's liability in accordance with the Company Law. In addition, the Mandatory Provisions provide that the company may take other measures when any director, supervisor and senior management personnel violates his/her duties to the company.

In addition, as a condition for the listing of H-shares on the Hong Kong Stock Exchange, each director and supervisor of the company (as an agent of each shareholder) must make a commitment to the company to allow minority shareholders to take action against directors and supervisors who fail to fulfill their respective duties.

Protection of minority shareholders' rights

In accordance with the Laws of Hong Kong, where a shareholder complains about the unfair conduct of a company incorporated in Hong Kong and damage to his/her interests, he/she may apply to the court for winding up the company or applying for an appropriate decree governing the affairs of the company. In addition, where the number of such applications of shareholders reaches a specific value, the Financial Secretary may appoint an inspector and grant him/her a broad statutory power to investigate the affairs of the company incorporated in Hong Kong.

Pursuant to the Company Law, where a company faces material difficulty in operations and management such that the interests of its shareholders will suffer heavy losses if the company continues to exist, and there is no other way to resolve the problem, the shareholders representing more than ten percent of the voting rights of all the shareholders of the company may file a request with the competent people's court to dissolve the company.

Pursuant to the Mandatory Provisions, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below: (1) relieving a director or supervisor from the responsibility to act honestly in the best interest of the company; (2) permitting a director or supervisor (for his/her own or another person's benefit) to deprive the company of its property in any way, including (but not limited to) any opportunities that are favorable to the company; or (3) permitting a director or supervisor (for his/her own or another person's benefit) to deprive other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the company submitted to and adopted by the shareholders' general meeting in accordance with the articles of association of the company.

Notice of shareholders' general meetings

Pursuant to the Company Law, the notice of an annual shareholders' general meeting and that of an extraordinary general meeting shall be issued no less than 20 days and 15 days prior to the meeting respectively. A limited company incorporated in Hong Kong shall send a notice of an annual shareholders' general meeting at least 21 days in advance and of other meetings 14 days in advance.

Quorum of shareholders' general meetings

In accordance with the Laws of Hong Kong, the quorum for a shareholders' general meeting shall be not less than two shareholders, except as otherwise provided in the articles of association. For a company with only one shareholder, the quorum shall be a one shareholder. The Company Law has no stipulation on the quorum of the a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions stipulate that the company shall receive the reply on the meeting of shareholders representing at least 50% of the voting rights at least 20 days prior to the scheduled date of the meeting, and then convene a shareholders' general meeting. Where the above percentage is less than 50%, the company shall notify shareholders of by notice within five days and then can convene a shareholders' general meeting.

Voting rights

Pursuant to the Laws of Hong Kong, an ordinary resolution shall be approved by half of the shareholders attending the shareholders' general meeting in person or by proxy, while a special resolution shall be approved by no less than three-quarters. Pursuant to the Company Law, any resolution of the shareholders' general meeting shall be passed by the shareholders representing more than half of the voting rights of all shareholders present at the meeting. However, a resolution of the shareholders' general meeting on modification of the articles of association, increase or reduction of the registered capital, merger, division or dissolution, or the conversion of the company shall be passed by the shareholders representing more than two-thirds of the voting rights of all shareholders present at the meeting.

Financial disclosure

Pursuant to the Company Law, the financial report of a joint stock limited company shall be prepared for inspection by shareholders at the offices of the company 20 days in advance of the date on which the annual shareholders' general meeting is held. A joint stock limited company that has offered its shares to the public shall publicize its financial report, and shall, at the end of each accounting year, prepare a financial and accounting report which shall be audited by an accounting firm in accordance with the law. Pursuant to the Hong Kong Legislation, a company incorporated in Hong Kong shall send copies of financial statements, director's reports and auditor's reports to be used by shareholders at the annual shareholders' general meeting at least 21 days prior to the meeting.

In accordance with Chinese law, we shall prepare financial statements pursuant to China's accounting standards. Pursuant to the Mandatory Provisions, the financial statements of the company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) overseas where shares of the company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

Pursuant to the Special Regulations, the documents of information compiled by a company for disclosure at home and abroad shall not contradict each other. Where there are differences between the information disclosed at home, abroad or in different countries and regions, the company shall disclose the differences simultaneously at relevant stock exchanges respectively in accordance with the domestic and foreign laws, regulations and rules of stock exchanges.

Information about directors and shareholders

Pursuant to the Company Law, shareholders are entitled to inspect the company's articles of association, minutes of the shareholders' general meetings and financial and accounting reports. Pursuant to the Mandatory Provisions, shareholders are entitled to inspect and copy (subject to cost or reasonable fees) information about the shareholders and directors, which is similar to the rights of shareholders of a Hong Kong company under the Laws of Hong Kong.

Receiving agents

Pursuant to the Company Law and the Laws of Hong Kong, dividends become debts payable to shareholders upon declaration. Pursuant to the Mandatory Provisions, the company shall appoint receiving agents to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed overseas.

Pursuant to the Hong Kong Legislation, a registered trust company is a receiving agent who, on behalf of H-share shareholders, collects dividends declared and other unpaid payments related to the shares owned by the company.

Company reorganization

A company incorporated in Hong Kong may be reorganized in multiple manners, including transferring all or part of the business or property of the company to another company in the voluntary liquidation process or reaching a compromise or arrangement between the company and its creditors or members in accordance with the Hong Kong Legislation; provided that the aforesaid shall be subject to a court decision. The merger, division or dissolution, or the conversion of a Chinese company shall be approved at the shareholders' general meeting.

Dispute and arbitration

In Hong Kong, disputes between a shareholder (a party) and a company incorporated in Hong Kong or its director (the other party) may be settled by a court. Pursuant to the Mandatory Provisions, disputes shall be submitted to China International Economic and Trade Arbitration Commission or Hong Kong International Arbitration Center for arbitration (the one elected by the claimant) and be arbitrated in accordance with its securities arbitration rules.

Compulsory withdrawal

Pursuant to the Company Law, when a company distributes its after-tax profit to shareholders, it shall first allocate the amount stipulated by itself to its statutory common reserve fund. There is no relevant provision in the Hong Kong Legislation.

Remedies

Pursuant to the Company Law, where any director, supervisor or senior officer violates any law, administrative regulation, or the articles of association in the course of performing his duties, he shall be liable to compensate the company for any loss thereby caused to the company. In addition, pursuant to the Hong Kong Listing Rules, the company shall include remedies similar to those provided in the Laws of Hong Kong (including cancelation of contracts and claiming profits from directors, supervisors or senior management personnel) in the articles of association.

Dividends

Pursuant to the articles of association, the company may, in accordance with Chinese laws, make tax withholdings in respect of any dividend or other distribution to shareholders and pay taxes payable to the relevant tax authorities. The time limit for filing a claim for debt repayment (including the recovery of dividends) is six years under the Laws of Hong Kong and three years under the Chinese law. The company shall not exercise any right to confiscate any unclaimed H-share dividends until the applicable time limit expires.

Fiduciary duty

The common law of Hong Kong defined the directors' fiduciary responsibility. Pursuant to the Company Law, the directors, supervisors and senior management personnel of a company shall be faithful and diligent to the company. Pursuant to the Special Regulations, directors, supervisors and senior management personnel shall abide by the principle of good faith, safeguard the interests of the company, and shall not take advantage of their positions and powers in the company to seek personal gain.

Suspension of shareholder registration

Pursuant to the Hong Kong Legislation, the full registration suspension of the transfer of shareholders' registered shares within one year shall not exceed 30 days (or 60 days under special circumstances); while pursuant to the Mandatory Provisions, no share transfer may be registered within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the company for the purpose of distribution of dividends.

Summary of certain differences in listing rules

As our A-shares are listed on the Shenzhen Stock Exchange, we shall comply with the Listing Rules of Shenzhen Stock Exchange (hereinafter referred to as Shenzhen Listing Rules) （《深圳證券交易所股票上市規則》）. The summary of certain differences between the Hong Kong Listing Rules and the Shenzhen Listing Rules is set forth below.

(1) Periodic financial report

There are significant differences in financial reporting standards and practices, such as industry-specific financial reporting requirements, preliminary results announcements, forms and content of periodic financial reports, and subsequent examination and approval of periodic financial reports.

(2) Provisions on the classification and disclosure of notifiable transactions

The provisions on the classification and disclosure of notifiable transactions in the Hong Kong Listing Rules are different from those in the Shenzhen Listing Rules.

(3) Related/connected transactions

The connected persons as defined in the Hong Kong Listing Rules are different from the related parties as defined in the Shenzhen Listing Rules. In addition, the provisions on the disclosure of connected transactions and the shareholders' approval are different from those on the disclosure of related transactions and shareholders' approval, and their respective exemptions are also different.

(4) Disclosure of insider information

The scope, time and method of disclosure of insider information in the Hong Kong Listing Rules and the Shenzhen Listing Rules are different.

This Appendix contains a summary of our Articles of Association with the primary purpose of providing an overview of the Articles of Association to potential investors. Since the following information herein is in summary form, it is impossible for it to contain any and all information that may be important to potential investors.

The Articles of Association and the amendments thereto are adopted or approved by shareholders at the General Meetings in accordance with applicable laws and regulations (including the Company Law of the PRC, the Securities Law of the PRC, the Special Provisions of the State Council on Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the P.R.C, the Mandatory Provisions of Articles of Association of Companies Seeking a Listing Outside the PRC, the Guidelines on the Articles of Association of Listed Companies, and Hong Kong Listing Rules) and will take effect on the Listing Date.

Shares

The Company's shares shall take the form of stock. The Company shall set up ordinary shares at any time. The ordinary shares issued by the Company include domestic shares and foreign shares. The Company may, subject to the needs of the company approval authorities authorized by the State Council, set up other types of shares such as preferential shares in accordance with relevant laws and administrative regulations. Under appropriate circumstances, it will be ensured that preferred shareholders receive sufficient voting rights.

With the approval of the securities regulatory authority under the State Council, the Company may issue shares to Domestic Investors and Overseas Investors.

The Overseas Investors referred to in the preceding paragraph shall mean investors from any foreign country or from Hong Kong, Macao and Taiwan who subscribe for shares issued by the Company; Domestic Investors refer to investors within the territory of the People's Republic of China other than the aforementioned regions.

Increase and Decrease in Shares and Repurchase

The Company may, upon resolution made by a Shareholders' General Meeting, adopt the following methods to increase its capital according to the needs of operation and development and pursuant to the provisions of laws and regulations:

(1) Public issue of shares;

(2) Private Offering of shares;

(3) Placement of new shares to existing shareholders;

(4) Issue of bonus shares to existing shareholders;

(5) Conversion of capital reserves into share capital;

(6) Any other methods stipulated by laws and administrative regulations and approved by China Securities Regulatory Commission.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant laws, administrative regulations, departmental rules and the listing rules of the place where the shares of the Company are listed after having been approved in accordance with the provisions of the Articles of Association and the listing rules of the place where the shares of the Company are listed.

The Company may reduce its registered capital. The Company's reduction of registered capital shall be handled pursuant to the Company Law and other relevant provisions and the procedures stipulated in the Articles of Association.

The Company may, in accordance with the provisions set out in the laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association and subject to the approval of the relevant competent authorities of the PRC, repurchase its outstanding shares under the following circumstances:

(1) Reduction of the Company's registered capital;

(2) Merge with other companies that hold shares of the Company;

(3) Utilization of shares for employee stock ownership plan or as equity incentives;

(4) A shareholder objecting to the resolution on the Company's merger or division passed by the Shareholders' General Meeting requests that the Company buy back his shares;

(5) Utilization of shares for conversion of corporate bonds issued by the listed company convertible into its shares;

(6) Necessary for the listed company to safeguard its value and shareholders' rights and interests;

(7) Other circumstances permitted by laws and administrative regulations.

Except for the above, the Company shall not purchase its own shares.

The Company may choose one of the following ways to purchase its own shares:

(1) Making a repurchase offer to all shareholders in the same proportion;

(2) Repurchasing by public trading on a stock exchange;

(3) Repurchasing by agreement outside the stock exchange;

(4) Other circumstances as permitted by laws, administrative regulations and relevant competent authorities.

Transfer of Shares

All H shares that have been paid up in the share capital are freely transferable under the Articles of Association; however, the Board of Directors may refuse to recognize any transfer instrument without claiming any reason unless the following conditions are met:

(1) The transfer instrument and other documents relating to the ownership of any shares or affecting the ownership of the shares shall be registered and shall be paid to the Company in accordance with the fee standards stipulated in the Hong Kong Listing Rules, but such fees shall not exceed the maximum fee as set out by Hong Kong Stock Exchange from time to time in the Hong Kong Listing Rules;

(2) The transfer instrument only covers H shares listed in Hong Kong;

(3) The stamp duty payable of the transfer instrument has been paid;

(4) Relevant share certificates and other evidence reasonably required by the Board of Directors certifying that the transferors have the right to transfer such shares have been submitted;

(5) If the shares are intended to be transferred to joint holders, the number of registered joint shareholders shall not exceed four;

(6) There is no lien of the Company attached to the relevant shares.

The Company shall not accept its shares as the subject matter of pledge rights.

The Company or its subsidiaries shall not, at any time, provide any financial assistance to anyone who purchases or intends to purchase shares of the Company in any way. The aforementioned persons who purchase shares of the Company include those who directly or indirectly assume obligations due to the purchase of shares of the Company.

Neither the Company nor its subsidiaries shall, at any time, provide financial assistance in any way to reduce or relieve the obligations of the aforementioned obligors.

The provisions of this Article shall not apply to the circumstances described in Article 41 of the Articles of Association.

The foregoing financial assistance includes, but is not limited to, the following forms:

(1) Grants;

(2) Guarantees (including assuming liability or providing property by the guarantor to ensure that the obligor fulfills the obligation), compensation (but does not include compensation caused by the Company's own fault), the relinquishment or waiver of rights;

(3) Providing a loan or entering into a contract for the Company to perform its obligations prior to the other party, as well as the change of the parties to the loan or the contract, and the transfer of the rights in the loan or the contract, etc.;

(4) Financial assistance provided by the Company in any other way in the event that the Company is unable to repay its debts, has no net assets or will result in a substantial reduction in net assets.

The foregoing obligations include the obligations that shall be undertaken by the obligor due to entering into a contract or making arrangements (no matter whether the contract or arrangement is enforceable, whether the contract or arrangement shall be undertaken by the obligor alone or jointly with any other person) or changing its financial situation in any other way.

The following actions shall not be deemed as foregoing prohibited financial assistance by the Company or its subsidiaries:

(1) The relevant financial assistances provided by the Company which is honestly for the benefit of the Company, and the main purpose of which is not to purchase shares of the Company, or which is an attachment part of a master plan of the Company;

(2) Distribution of the Company's property as a dividend pursuant to law;

(3) Distribution of dividends in the form of shares;

(4) Reduction of registered capital, buyback shares, and adjustment of the shareholding structure, etc., in accordance with the Articles of Association;

(5) The Company provides loans for its normal business activities within its business scope (but this shall not result in a decrease in the Company's net assets, or even if it constitutes a decrease, the financial assistance is paid out of the Company's distributable profits);

(6) The Company provides funds for the Employee Stock Ownership Plan (but this shall not result in a decrease in the Company's net assets, or even if it constitutes a decrease, the financial assistance is paid out of the Company's distributable profits).

Stock and Register of Shareholders

The Company's stocks are registered.

Matters that shall be stated in the Company's stock shall include, in addition to the provisions stipulated in the Company Law, other matters required by the stock exchange where the Company is listed.

The Company may issue overseas listed foreign shares in the form of overseas depository receipts or other derivative means of shares in accordance with the laws and the practice of registration and deposit of securities in the place where the shares of the Company are listed.

The Company shall maintain a Register of Shareholders to register the following items:

(1) the name, address (residence), occupation or nature of each shareholder;

(2) the types and quantities of shares held by each shareholder;

(3) the amount paid or payable with respect to the shares held by each shareholder;

(4) the number of shares held by each shareholder;

(5) the date on which each shareholder is registered as a shareholder;

(6) the date on which each shareholder ceases to be a shareholder.

The Register of Shareholders shall be the sufficient evidence to prove that the shareholder holds the shares of the Company; except where there is any evidence to the contrary.

Subject to the Articles of Association and other applicable regulations, once the shares of the Company are transferred, the name of the transferee of the shares shall be included in the Register of Shareholders as the holder of such shares.

The assignment and transfer of shares must be registered in the Register of Shareholders.

The Company may, according to the understanding and agreement reached by the securities competent authority of the State Council and the overseas securities regulatory agency, deposit the register of overseas listed foreign shareholders abroad and entrust an overseas agency to manage it. The original copy of register of holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall keep a copy of the Register of Shareholders of overseas listed foreign shares in the domicile of the Company; the entrusted overseas agency shall at any time ensure the consistency of the original and duplicate copies of the Register of Shareholders of overseas listed foreign shares.

In case of any discrepancy between the original and duplicate copies, the original copy shall prevail.

Within thirty (30) days prior to the Shareholders' General Meeting, or within five (5) days before the date of the Company's decision to distribute dividends, the registration of changes in the Register of Shareholders due to the transfer of shares shall not be carried out.

Where the relevant laws and regulations of the place where the shares of the Company are listed contain provisions on the period of closure of the register of shareholders prior to a shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

When the Company convenes a Shareholders' General Meeting, distributes dividends, liquidates and engages in other acts that need to confirm the shareholding of shareholders, the Board of Directors or the convener of the Shareholders' General Meeting shall determine the Date of Record, and the shareholders registered by the end of the Date of Record shall be the shareholders of the Company.

Anyone who has objection to the register of shareholders and requests that his or her name be registered on or removed from the Register of Shareholders, may apply to the court of competent jurisdiction to correct the Register of Shareholders.

In the event of paperless issuance of and trading in the shares of the Company, other requirements stipulated by the securities regulatory authorities and stock exchanges of the places where the shares of the Company are listed shall apply.

Shareholders and Shareholders' General Meetings

Shareholders

A shareholder of the Company is a person who legally holds shares of the Company and whose name is registered on the Register of Shareholders.

Shareholders shall enjoy rights and assume obligations depending on the types and percentages of shares they hold; shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

The ordinary shareholders of the Company shall enjoy the following rights:

(1) Obtain dividends and other forms of distribution of gains based on the number of shares held by them;

(2) Request, convene, preside over, participate in or appoint an agent of the shareholders to attend Shareholders' General Meetings and exercise the corresponding voting rights according to laws;

(3) Supervise the operation of the Company, propose recommendations or present inquiries;

(4) Transfer, donate or pledge the shares held by him or her in accordance with the provisions of laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed and the Articles of Association;

(5) Obtain relevant information in accordance with the provisions of the Articles of Association, including:

1. Obtaining a copy of the Articles of Association subject to payment of cost and expense;

2. Having the right to access and copy the following items after paying a reasonable fee:

   (1) A copy of the register of all shareholders;

   (2) Personal data of the Company's directors, supervisors, president (general manager) and other senior officers, including:

      (a) Current and previous names and aliases;

      (b) Primary address (residence);

      (c) Nationality;

      (d) Full-time and all other part-time occupations and positions;

      (e) Identification documents and their numbers.

   (3) A report on the status of the issued share capital of the Company;

   (4) The total face value, quantity, maximum and minimum repurchase price of each category of its own shares repurchased by the Company ever since the previous fiscal year, and the report of the Company's full payment for this purpose (subdivided as domestic shares and H-shares);

   (5) Counterfoils of corporate bonds;

   (6) Minutes of the Shareholders' General Meetings (for shareholders' reference only) and copies of special resolutions of the Company, resolutions of the Board of Directors and the Board of Supervisors;

   (7) The latest audited financial statements of the Company, the reports issued by the Board of Directors, the accounting firm and the Board of Supervisors;

   (8) A copy of the latest annual report submitted to the Chinese industry and commerce administration or other competent authority for filing;

The Company must place the above documents in items (1) to (8) except (2) and any other applicable documents at the Company's Hong Kong address as required by the Hong Kong Listing Rules for inspection by the public and shareholders free of charge (except for the minutes of the Shareholders' Meeting, which are only available to shareholders). The shareholders of the Company may also access to the resolutions of the Board of Directors and the Board of Supervisors of the Company.

(6) Participate in the distribution of the Company's remaining assets according to the shares it holds when the Company terminates or liquidates;

(7) Shareholders who object to resolutions on the merger and division of the Company made at the Shareholders' General Meetings may request the Company to buy back its shares;

(8) For independent directors who do not have the qualifications or abilities of independent directors, fail to perform their duties independently or fail to safeguard the legitimate rights and interests of the Company and minority shareholders, shareholders who

individually or collectively hold 1% or more of the Company's shares may submit proposal to the Board of Directors of the Company to question or recall such independent directors.

(9) Other rights as stipulated in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The Articles of Association, resolutions of the Shareholders' General Meetings or resolutions of the Board meetings shall be in compliance with relevant laws and regulations, and shall not deprive or restrict any legal rights of shareholders. The Company shall protect shareholders' rights according to law and pay attention to protecting the legitimate rights and interests of minority shareholders.

Where a shareholder requests to inspect the relevant information or obtain information mentioned in the preceding article, it shall provide the Company with a written document proving the class and quantity of his or her shares. The Company shall provide such information after verifying the shareholder's identity as required.

The ordinary shareholders of the Company shall undertake the following obligations:

(1) Comply with laws, administrative regulations and the Articles of Association;

(2) Make payment for shares subscribed pursuant to the equity participation method;

(3) Shall not divest except for the circumstances stipulated by laws and regulations;

(4) Shall not abuse the rights of shareholders to harm the interests of the Company or other shareholders; shall not abuse the independent status of the Company's legal person and the limited liability of the shareholders to damage the interests of the Company's creditors;

(5) Other obligations stipulated in the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

Shareholders of the Company may publicly solicit other shareholders' rights to convene, propose, nominate, and vote on the Shareholders' General Meetings, however, such solicitation shall not be conducted in a paid or disguised paid form.

If any shareholder abuses his or her shareholder rights to cause losses to the Company or other shareholders, it shall be liable for compensation according to law.

If any shareholder abuses the independent status of the Company's legal person and the limited liability of the shareholders to evade debt, and seriously damages the interests of the Company's creditors, it shall bear joint and several liabilities towards the Company's debts.

Shareholders shall not be liable for the subsequent addition of any share capital other than the conditions agreed by the subscribers of the shares at the time of subscription.

General provisions on Shareholders' General Meetings

The Shareholders' General Meeting shall be the power organ of the Company and shall exercise the following functions and powers pursuant to the law:

(1) Decide on the business policies and investment plans of the Company;

(2) Elect and replace directors and supervisors who are not employee representatives, and determine the remuneration of such directors and supervisors;

(3) Review and approve reports of the Board of Directors;

(4) Review and approve reports of the Board of Supervisors;

(5) Review and approve the Company's annual financial budget plan and final account plan;

(6) Review and approve the Company's profit distribution plan and loss recovery plan;

(7) Adopt resolutions on the Company's increase or decrease of registered capital;

(8) Adopt resolutions on the issuance of corporate bonds and other securities and listing;

(9) Adopt resolutions on the merger, division, dissolution, liquidation or change of company form;

(10) Amend the Articles of Association;

(11) Adopt resolutions on the appointment or removal of the accounting firm;

(12) Review and approve the related transactions with related parties in which the Company intends to enter into, the amount of which is more than RMB30 million, and is more than 5% of the Company's audited net assets of the latest period (except for the Company's external guarantee and received cash assets);

(13) Review and approve the matters of purchase and sale of major assets within the preceding 12 consecutive months which reaches 30% of the Company's audited total assets of the latest period;

(14) Review and approve the matters of purchase, sale or replacement of major asset restructuring as stipulated in laws and regulations or normative documents other than item (13) of this Article;

(15) Review and approve the major transactions of which the accumulated amount meets the following standards within one year (excluding cash grants, etc.):

1. The total assets involved in the transaction account with the amount more than 50% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;

2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts with the amount more than 50% of the Company's audited operating income in the most recent fiscal year and the absolute amount more than RMB50 million;

3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts with the amount more than 50% of the Company's audited net profit in the most recent fiscal year and the absolute amount more than RMB5 million;

4. The transaction amount (including commitment debts and expenses) accounts for more than 50% of audited net assets of the Company of the latest period with the absolute amount of more than RMB50 million;

5. The profit generated by the transaction accounts for more than 50% of the audited net profit of the Company in the most recent fiscal year with the absolute amount of more than RMB5 million.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

(16) Consider and approve securities investments and derivatives transactions under the following circumstances:

1. Securities investments (including new share placing or subscription, securities repurchase, investments in stocks and depositary receipts, bond investment, entrusted wealth management and other investment behaviors recognized by Shenzhen Stock Exchange. Entrusted wealth management refers to the listed company's engagement of banks, trusts, securities, funds, futures, insurance asset management institutions, financial asset investment companies, private fund managers and other professional financial institutions to invest with and manage its assets or purchase the relevant wealth management products) with total amount more than 50% of the Company's audited net assets of the latest period and the absolute amount more than RMB50 million;

2. The Company's derivative transactions beyond the scope of authority of the Board and not for hedging purposes;

3. Related party derivative transactions between the listed company and its related parties.

(17) Review and approve the guarantees stipulated in Article 66 of the Articles of Association;

(18) Review and approve the matters of changes of the use of raised funds;

(19) Review the equity incentive plan;

(20) Review and approve the transactions and investments of financial derivatives of the Company and its holding subsidiaries that exceed 15% (including 15%) of the latest audited total assets and with the amount of more than RMB1 billion (including RMB1 billion) (excluding foreign exchange hedging operations) and foreign exchange hedging operations whose amount account for more than 30% (including 30%) of the latest audited total assets of the Company;

(21) Consider and approve the provision of financial assistance under the following circumstances:

1. The most recent audited gearing ratio of the assistance recipient exceeds 70%;

2. The amount of any single financial assistance or total amount of financial assistance provided in the preceding 12 consecutive months exceeds 10% of the Company's audited net assets of the latest period;

3. Other circumstances stipulated by the Shenzhen Stock Exchange.

(22) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (1) and (2) of Article 27 of the Articles of Association;

(23) Consider proposals of shareholders who individually or jointly hold 3% or more of the voting shares of the Company;

(24) Other matters that shall be decided by the Shareholders' General Meetings as required by the laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The following external guarantees of the Company shall be submitted to the Shareholders' General Meetings for review and approval after having been reviewed and approved by the Board of Directors.

(1) Any single guarantee with guarantee amount exceeding 10% of the Company's audited net assets of the latest period;

(2) Any guarantee to be provided after the total amount of external guarantees provided by the Company and its subsidiaries has reached or exceeded 50% of the Company's audited net assets of the latest period;

(3) Any guarantee to be provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the Company's audited total assets of the latest period;

(4) Any guarantee to be provided for a party with a gearing ratio of over 70%;

(5) Any guarantee with total guarantee amount for the preceding 12 consecutive months exceeding 30% of the Company's audited total assets of the latest period;

(6) Any guarantee with total guarantee amount for the preceding 12 consecutive months exceeding 50% of the Company's audited net assets of the latest period and absolute amount exceeding RMB50 million;

(7) Any guarantee to be provided for the Company's shareholders, actual controllers and related parties thereof;

(8) Other guarantees stipulated in the relevant laws, administrative regulations, departmental rules, normative documents or the listing rules of the place where the shares of the Company are listed.

When the Shareholders' General Meetings considers the guarantee item (5) of the preceding paragraph, it shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the Shareholders' General Meetings considers the proposals on providing guarantee for the shareholders, the actual controller and its related parties, such shareholders or the shareholders who are under the control of the actual controller shall not participate in such voting. Such voting shall be passed by more than half of the voting rights held by other shareholders attending the Shareholders' General Meetings.

In any of the following circumstances, the Board of Directors of the Company shall convene an extraordinary general meeting within two months from the occurrence date of the fact:

(1) When the number of directors falls short of the statutory minimum number required by the Company Law or is less than 2/3 of the total number of directors of the Company as stipulated in the Articles of Association;

(2) When the Company's unrecovered losses reach 1/3 of the total paid-up share capital;

(3) When the shareholders who hold 10% or more of the shares with voting rights issued by the Company, individually or in aggregate, request in writing to convene an extraordinary general meeting;

(4) When the Board of Directors deems it necessary;

(5) When the Board of Supervisors proposes to convene;

(6) When the independent director proposes to convene;

(7) Other circumstances as stipulated in laws, administrative regulations, departmental rules, normative documents, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The number of shares as described in the above item (3) shall be calculated according to the written requirement proposed by the shareholder.

Convening of Shareholders' General Meetings

Independent directors shall have the right to propose to the Board of Directors on convening of an extraordinary general meeting. Where an independent director calls an extraordinary general meeting, the Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and the Articles of Association. Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of a board resolution; where the Board of Directors does not give consent to convening of an extraordinary general meeting, it shall state the reason and make an announcement.

The Board of Supervisors shall have the right to propose to the Board of Directors on convening of an extraordinary general meeting, and shall do so in writing. The Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting within 10 days from receipt of the proposal, pursuant to the provisions of laws, administrative regulations and Articles of Association. Where the Board of Directors gives consent to convening of an extraordinary general meeting, a notice on convening of the extraordinary general meeting shall be issued within 5 days from passing of the board resolution; the consent of the Board of Supervisors shall be obtained for any change to the original requisition in the notice. Where the Board of Directors does not give consent to convening of an extraordinary general meeting, or does not issue feedback within 10 days from receipt of the requisition, the Board of Directors shall be deemed as unable to perform or failed to perform the duties of convening of a Shareholders' General Meeting, and the Board of Supervisors may proceed to convene and chair an extraordinary general meeting.

Where the shareholders call an extraordinary general meeting or a separate meeting of classes of shareholders, they shall proceed in accordance with the following procedures:

(1) Two or more holders of shares who hold 10% or more of the Company's shares with voting rights individually or in aggregate on the proposed meeting may sign one or more writing proposals in the same format, propose the Board of Directors to convene an extraordinary general meeting or a separate meeting of classes of shareholders, as well as illustrate the topics of the meeting. The number of shares as described in the above paragraph shall be calculated according to the written requirement proposed by the

shareholder. The Board of Directors shall issue written feedback on consent or non-consent to convening of the extraordinary general meeting or other separate meeting of classes of shareholders within 10 days from receipt of the above-stated writing proposals, pursuant to the provisions of laws, administrative regulations and the Articles of Association.

(2) Where the Board of Directors gives consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, a notice on convening of the extraordinary general meeting or a separate meeting of classes of shareholders shall be issued within 5 days from passing of the board resolution; the consent of the holders shall be obtained for any change to the original requisition in the notice, unless otherwise specified in laws, regulations, the Articles of Association, or relevant rules issued by the securities regulatory institution where the shares of the Company are listed, such provisions shall prevail.

(3) Where the Board of Directors does not give consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, or does not issue a feedback within 10 days from receipt of the requisition, holders of shares who hold 10% or more of the Company's shares individually or in aggregate have the right to propose to the Board of Supervisors on convening of an extraordinary general meeting or a separate meeting of classes of shareholders, and shall do so in writing.

Where the Board of Supervisors gives consent to convening of an extraordinary general meeting or a separate meeting of classes of shareholders, a notice on convening of the extraordinary general meeting or a separate meeting of classes of shareholders shall be issued within 5 days from receiving the requisition; the consent of the holders shall be obtained for any change to the original proposal in the notice.

Where the Board of Supervisors does not issue a notice of a shareholders' general meeting or a separate meeting of classes of shareholders within the stipulated period, the Board of Supervisors shall be deemed as not convening and chairing the shareholders' general meeting or separate meeting of classes of shareholders, and holders of shares who hold 10% or more of the Company's shares individually or in aggregate for 90 or more consecutive days may proceed to convene and chair the meeting on their own initiative.

Where the Board of Supervisors or the shareholders proceed(s) to convene a general meeting, the Board of Directors shall be notified in writing, and records shall be filed with the CSRC branch at the location of the Company and the stock exchange.

Prior to announcement of resolutions passed by the shareholders' general meeting, the shareholding percentage of the convening shareholders (holders of ordinary shares and preferential shareholders with restored voting rights) shall not be less than 10%.

The convening shareholders shall submit the relevant proof materials to the CSRC branch at the location of the Company and the stock exchange at the time of issuance of notice of the general meeting and announcement of resolutions passed by the general meeting.

For the shareholders' meetings convened by the Board of Supervisors or shareholders themselves, the Board of Directors and the board secretary shall cooperate, provide necessary support and fulfill the obligation of information disclosure in a timely manner. The Board of Directors shall provide the register of members as at the date of record. Where the Board of Directors fails to provide the register of members, the convener may apply to the securities depository and clearing institution to obtain such register of members with the announcement on convening the general meeting. The register of members obtained by the convener shall not be used for any purpose other than convening a general meeting.

Where the Board of Supervisors or the shareholders proceed(s) to convene a general meeting, the necessary expenses shall be borne by the Company.

Motions and Notices of Shareholders' General Meeting

When the Company convenes a Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, as well as shareholders who hold 3% or more of the Company's shares individually or in aggregate, shall have the right to propose motions.

Holders of ordinary shares who hold 3% or more of the Company's shares individually or in aggregate may propose provisional motions 10 days before convening of a Shareholders' General Meeting and submit them in writing to the convener. The convener shall issue a supplementary notice of the general meeting within two days upon receipt of the proposal, and announce the contents of the provisional motions.

Except for circumstances stipulated in the preceding paragraph, upon announcement of the notice of Shareholders' General Meeting, the convener shall not amend the motions set out in the notice of Shareholders' General Meeting or insert new motions.

The Shareholders' General Meetings shall not vote on or pass the resolutions which are not specified in the notice convening the general meetings or not meeting the provisions of Article 76 of the Articles of Association.

The convener shall inform each shareholder of the annual general meeting by way of announcement 20 days before the meeting, and shall inform each shareholder of the extraordinary general meeting by way of announcement 15 days before the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held.

After issuance of the notice for general meeting, the general meeting shall not be postponed or canceled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancelation, the convener shall give a notice stating reasons at least 2 business before the original meeting date.

The Proceeding of Shareholders' General Meetings

All shareholders in the register as at the date of share record or their proxies shall have the right to attend a Shareholders' General Meeting, and exercise voting rights pursuant to the relevant laws, regulations and the Articles of Association.

A shareholder may attend and vote at the Shareholders' General Meeting in person or by proxy.

A shareholder's appointment of a proxy shall be in writing. The instrument appointing a proxy shall be signed by the appointing shareholder or its representative authorized in writing; where the appointing shareholder is a legal person, the common seal of the legal person or the signature of its director/authorized official shall be affixed. The instrument appointing a proxy issued by a shareholder shall include the following information:

(1) Name of the proxy and the number of shares the proxy represents;

(2) Whether the shareholder has voting rights;

(3) The instructions on voting for, against or abstention of voting for each agenda item of the Shareholders' General Meeting;

(4) Date of issuance of the proxy form and the validity period;

(5) Signature (or affixation of seal) by the entrusting party or the agent entrusted by him in writing. Where the entrusting party is a corporate shareholder, the seal of the corporate shareholder shall be affixed or the signature of the director or officially authorized entrusting proxy shall be signed.

The proxy form of voting right shall be kept at the Company's premises or any other premises designated in the notice of meeting 24 hours before the meeting of relevant issues proposed on the proxy form is convened or 24 hours before the appointed time for voting. Where a proxy form for a voting proxy is signed by a person authorized by the entrusting party, the proxy form or any other authorization document shall be notarized. The notarized proxy form or any other authorization document and the proxy form for a voting proxy shall be kept at the Company's premises or any other premises designated in the notice of meeting.

Where the entrusting party is a legal person, its legal representative or Board of Directors or the person authorized by any other decision-making organ shall represent the legal person to attend the Shareholders' General Meeting.

The Shareholders' General Meeting shall be convened by the Board and presided over and chaired by the Chairman of the Board. Where the Chairman of the Board is unable to attend the Shareholders' General Meeting, the deputy Chairman shall preside over and chair the Shareholders' General Meeting; where the Chairman and deputy Chairman are unable to attend the Shareholders' General Meeting, the Chairman may appoint one of the directors of the Company to act on his behalf; where the chairman of meeting is not appointed, shareholders who attend the meeting may elect one of their number as the chairman of meeting; where the shareholders are unable to elect a chairman of meeting due to any reason, the shareholder holding the largest number of voting shares present at the meeting (in person or by proxy) shall serve as the chairman of the meeting.

The Chairman of the Board of Supervisors shall chair a Shareholders' General Meeting convened by the Board of Supervisors. Where the Chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor nominated by more than half of the supervisors shall chair the meeting.

In the case of a Shareholders' General Meeting convened by shareholders, the convenor shall recommend a representative to preside over the meeting.

Where the chairman of the meeting violates the rules of procedure and as a result thereof, the Shareholders' General Meeting is unable to continue, upon consent of the shareholders holding more than half of voting rights and present at the Shareholders' General Meeting, the Shareholders' General Meeting may elect a person to chair the meeting so that the meeting may continue.

At an annual general meeting, the Board of Directors and the Board of Supervisors shall report to the Shareholders' General Meeting on the work done in the past year. And each independent director shall submit his work report.

Voting and Resolutions at Shareholders' General Meetings

Resolutions of a Shareholders' General Meeting shall comprise ordinary resolutions and special resolutions.

An ordinary resolution of a Shareholders' General Meeting shall be passed by votes representing more than 1/2 of voting rights of shareholders who are present at the Shareholders' General Meeting (including their proxy).

A special resolution of a Shareholders' General Meeting shall be passed by votes representing more than 2/3 of voting rights of shareholders who are present at the Shareholders' General Meeting (including their proxy).

The following matters shall be passed as ordinary resolutions of a Shareholders' General Meeting:

(1) Work reports of the Board of Directors and the Board of Supervisors;

(2) Profit distribution plan and loss offset plan formulated by the Board of Directors;

(3) Appointment and removal of members of the Board of Directors and the Board of Supervisors and their remuneration and payment method;

(4) The Company's annual budget, final accounts, balance sheet, profit statement and other financial reports;

(5) The Company's annual report;

(6) Appointment and dismissal of accounting firm;

(7) Related party transactions of the Company, of which amount is over RMB30 million and accounts for more than 5% of the absolute value of latest audited net asset of the Company;

(8) Matters stipulated in items (15) and (16) of Article 65 of the Articles of Association;

(9) Guarantees stipulated in Article 66 of the Articles of Association (except item (4));

(10) Changes in the investment projects funded by the capital raised;

(11) Any other matters other than those required to be adopted as special resolutions by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be passed as special resolutions of a Shareholders' General Meeting:

(1) The Company's increase or decreases in registered capital, issue of any kind of stocks, warrant or any other similar securities;

(2) Issuance of corporate bonds;

(3) Division, merger, dissolution and liquidation of the Company;

(4) Amendments to the Articles of Association;

(5) Issues stipulated in items (13) and (14) of Article 65 of the Articles of Association;

(6) Share option incentive plan;

(7) Any other matters stipulated by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association, or those which have a significant impact on the Company if to be passed by an ordinary resolution of a Shareholders' General Meeting and which are deemed necessary to be passed as a special resolution.

Shareholders (including their proxy) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall be entitled to one vote.

Where material issues affecting the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner.

The shares held by the Company shall have no voting right, and shall not be included in the total number of shares with voting rights of shareholders present at the Shareholders' General Meeting.

The Board of Directors, independent directors, shareholders holding 1% or more of voting shares, or investor sponsors established in accordance with laws, administrative regulations or the provisions of the securities regulatory authority of the State Council may act as solicitors, or entrust securities companies and securities service agencies, to publicly request the Company's shareholders to entrust it to attend the general meeting and exercise shareholder's rights such as the right to propose and vote.

In the case of soliciting shareholders' rights in accordance with the preceding paragraph, the solicitor shall disclose the solicitation documents and the Company shall provide assistance.

Solicitation of voting rights of shareholders in the form of compensation or disguised compensation shall be prohibited. The Company and the convener of the Shareholders' General Meeting shall not set minimum shareholding percentage restricted for solicitation of voting rights.

Where a related party transaction is considered at a general meeting, the interested shareholder(s) shall abstain from voting, and the voting shares held by the interested shareholder(s) shall not be counted in the total number of voting shares. The announcement on the resolutions of the general meeting shall fully disclose the voting of the non-interested shareholders.

The abstaining and voting procedures for interested shareholders in considering related party transactions are as follows:

(1) Where a shareholder is interested in a matter to be considered at a general meeting, such shareholder shall disclose his interest in the matter to the Board of Directors before the holding of the general meeting;

(2) In considering related party transactions at a general meeting, the chairman of the meeting shall identify the interested shareholder(s) and explain the interests of the interested shareholder(s) in the related party transactions;

(3) The chairman of the meeting shall announce that the interested shareholder(s) shall abstain from voting and that the non-interested shareholder(s) shall consider and vote on the related party transactions;

(4) A resolution on related party transactions shall be passed by more than half of the voting shares of non-interested shareholders present at the meeting. Where the transaction falls within the scope of special resolution, it shall be passed by more than 2/3 of the voting shares of non-interested shareholders present at the meeting;

(5) Where the interested shareholder(s) fail(s) to disclose the interest or to abstain from voting in accordance with the foregoing procedures, the resolutions on such related party transactions shall be invalid.

Special voting procedure for class shareholders

Shareholders with different kinds of shares are class shareholders.

Class shareholders enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a general meeting and by the affected class shareholders at a separate general meeting convened in accordance with Articles 131 to 135 of the Articles of Association.

The following circumstances shall be regarded as alteration or abolishment of rights of some class shareholders;

(1) Increase or reduce the number of the classes of shares, or increase or decrease the number of classes of shares having voting rights, distribution of power and other special rights equal or superior to the shares of such classes;

(2) Change all or some of the classes of shares to other kinds of shares, or change all or some of the other classes of shares to these classes of shares or grant change right of these classes shares;

(3) Cancel or reduce right of obtained and existing dividend or accumulated dividend of these classes of shares;

(4) Reduce or cancel rights of these classes of shares to obtain preference dividends or to obtain preference fortune allocation in Company liquidation;

(5) Increase, cancel or reduce rights of these classes of shares with respect to the conversion right, selection right, voting right, transfer right, preferred allotment right and the right to obtain Company's securities.

(6) Cancel or reduce right of these classes of share to charge payable payment of the Company with special currency.

(7) Set up new classes of shares that have the equivalent or more voting right, distribution of power and other special rights as they have;

(8) Restrict transfer right or ownership of these classes of shares, or increase such restrict;

(9) Right to issue these classes of shares or subscription right or share transfer right of the other classes of shares;

(10) Increase right and special right of other classes of shares;

(11) Company reorganization plan requires different class shareholders to bear with responsibilities without following proportions in the reorganization;

(12) Revise or abolish clauses as regulated in this section.

Whatever the class shareholders that suffer from influence aroused by the above articles have voting right or not, they shall have voting rights on matters involved in items (2) to (8), (11) to (12) of Article 130. However, the interested shareholders shall not have voting rights on the separate meeting of classes of shareholders.

Definitions on the interested shareholders as described in the above clauses are as follows:

(1) Where the Company sends repurchase offer to all shareholders in accordance with Article 28 of the Articles of Association according to the same proportion or the Company repurchases its shares with open transaction in the stock exchange, the "interested shareholder" refers to a controlling shareholder as defined in the Articles of Association;

(2) Where the Company repurchases its shares according to protocol except for transaction at the stock exchange as regulated in Article 28 of the Articles of Association, the "interested shareholder" refers to a shareholder related to this protocol;

(3) In the reorganization plan of Company, the "interested shareholder" refers to a shareholder who bear responsibilities lower than those of other shareholders of these classes of shares, or other shareholders who have different interests from the one of shareholders in these classes of shares.

Resolution of class shareholders' meeting shall be adopted only by more than 2/3 of the voting shares present at the class shareholders' meeting as per Article 131.

The following circumstances do not apply to the special procedure for voting of class shareholders:

(1) Where the Company shall issue domestic shares and overseas listed foreign shares every 12 months respectively or at the same time as a special resolution approved on the Shareholders' General Meeting, and the number of domestic shares and overseas listed foreign shares to be issued shall not exceed 20% of the issued ones respectively;

(2) Where the Company's plan for issuing domestic shares and overseas listed foreign shares upon establishment has been completed within 15 months after the plan has been approved by securities regulatory institution of the State Council;

(3) Where shareholders of domestic shares of the Company transfer their shares to the foreign investors and listed on the foreign stock exchange as approved by securities regulatory institution of the State Council.

Board of Directors

Directors

The directors of a Company shall be natural persons. The directors do not need to hold shares of the Company. Directors include executive directors, non-executive directors and independent non-executive directors.

Directors shall be elected or replaced at a Shareholders' General Meeting and may be removed from office prior to the expiry of their tenure, and the tenure shall be 3 years. Upon expiry of the tenure of a director, the tenure may be renewed if he/she is re-elected. However, the continuous appointment of independent non-executive director may not exceed 6 years.

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following fiduciary obligations towards the Company:

(1) Shall not make use of powers to accept bribes or other illegal income or encroach upon the Company's assets;

(2) Shall not misappropriate the Company's funds;

(3) Shall not deposit the Company's assets or funds into an account opened in his own name or the name of another individual;

(4) Shall not violate the provisions of the Articles of Association in providing a loan to others using the Company's funds or providing guarantee for others using the Company's assets without the consent of a Shareholders' General Meeting or the Board of Directors;

(5) Shall not enter into a contract or transaction with the Company which violates the provisions of the Articles of Association or without the consent of a Shareholders' General Meeting;

(6) Shall not make use of powers to seek business opportunities which rightfully belong to the Company for himself/herself or others without the consent of a Shareholders' General Meeting, or engage in the same type of businesses as the Company on his own or for others;

(7) Shall not pocket commissions of transactions with the Company;

(8) Shall not disclose Company secrets without authorization;

(9) Shall not make use of their relationships to compromise the interests of the Company;

(10) Any other fiduciary obligations stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Income derived by a director from violation of the provisions of this Article shall belong to the Company; where the Company suffers losses thereto, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations and the Articles of Association, and bear the following duty of diligence towards the Company:

(1) Exercise the rights conferred by the Company prudently, seriously and diligently to ensure that the commercial activities of the Company comply with laws and administrative

regulations of the State and the requirements of various economic policies of the State and the commercial activities shall not exceed the scope of business stipulated in the business license;

(2) Treat all shareholders fairly;

(3) Get a timely grasp of the status of the Company's business and management;

(4) Issue a written confirmation the securities issue documents and regular reports of the Company to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a director cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The director may directly apply for disclosure if the Company fails to do so;

(5) Provide the relevant information and materials to the Board of Supervisors truthfully, and shall not hinder exercise of powers by the Board of Supervisors or the supervisors;

(6) Fulfill duties prudently according to the business decision-making principles during the business activities and defend interests of the Company and all shareholders with all efforts;

(7) Any other duty of diligence stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Board of Directors

The Board of Directors shall comprise 8 directors, and the number of independent non-executive directors shall account for more than 1/3 of the total and shall not be less than three.

The Board of Directors shall exercise the following powers:

(1) Convene Shareholders' General Meetings, and submit work reports to Shareholders' General Meetings;

(2) Implement resolutions of Shareholders' General Meetings;

(3) Decide on the Company's business plans and investment schemes;

(4) Formulate the Company' annual budgets and final accounts;

(5) Formulate the Company's profit distribution plan and loss offset plan;

(6) Formulate the Company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;

(7) Formulate the Company's plans for significant acquisition, acquisition of the Company's shares or merger, division, dissolution and change of Company form;

(8) Review and approve related party transactions with transaction amount accounting for over 0.5% and below 5% of the absolute value of the Company's audited net assets of the latest period;

(9) Review and approve the matters of purchase and sale of major assets conducted within the preceding 12 consecutive months, the amount of which accounts for over 2% and below 30% of the Company's audited net assets of the latest period;

(10) Review and approve major transaction matters of investment of the Company to other entities (including setting the holding subsidiary of the Company, joint -stock Company, and additional investment towards the holding subsidiary, joint -stock Company, cooperative enterprise and associated enterprise), rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), entrusted wealth management, financial subsidy, the amount of which reaches the following standards:

1. The total assets involved in the transaction account for over 2% and below 50% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;

2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited operating income in the most recent fiscal year with the absolute amount of more than RMB30 million;

3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts for over 2% and below 50% of the Company's audited net profit in the most recent fiscal year with the absolute amount of more than RMB1 million;

4. The transaction amount (including commitment debts and expenses) accounts for over 2% and below 50% of audited net assets of the Company of the latest period with the absolute amount of more than RMB30 million;

5. The profit generated by the transaction accounts for over 2% and below 50% of the audited net profit of the Company in the most recent fiscal year with the absolute amount of more than RMB1 million;

provided however that, where the aforesaid transactions are in the nature of financial subsidy, whatever the absolute amount is, it shall be submitted to the Board of Directors for review as required by this regulation;

(11) Review and approve matters of external guarantees, mortgage of assets, financial derivatives (including foreign exchange hedging), investment and so forth which are out of authorization range of Shareholders' General Meeting;

(12) Decide on setting up of working institution of Board of Directors and the Company's internal management organizations accordingly;

(13) Appointment or dismissal of the Company's president (general manager) and the board secretary, head of the audit department, representative of the securities affairs; appointment or dismissal of senior officers such as chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth based on nomination by the president (general manager), and decide on their remuneration and incentives and penalties;

(14) Formulate the Company's basic management rules;

(15) Formulate plans for amendment of the Articles of Association;

(16) Manage information disclosure by the Company;

(17) Propose to a Shareholders' General Meeting on appointment or replacement of accounting firm which conducts audit for the Company;

(18) Listen to the Company president (general manager)'s work reports and inspect the president (general manager)'s work performance;

(19) Where any controlling shareholder or actual controller of the Company encroaches upon Company's assets or capitals, the Board of Directors shall apply for judiciary freeze of shares of the controlling shareholder according to laws and pay back Company's assets or capitals encroached on by the controlling shareholder by selling off Company shares of the controlling shareholder;

(20) Pass resolutions on the Company's acquisition of its own shares under the circumstances specified in items (3), (5) and (6) of Article 27 of the Articles of Association;

(21) In charge of constructing the company strategy and enterprise culture and other powers authorized by provisions of laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Material matters of the Company shall be subject to the group decision-making of the Board of Directors. Where the Chairman of the Board is authorized by the Board of Directors to exercise part of its powers during the intersessional period, the principles and specific contents of the authority shall be clearly stated. Any statutory power that is required to be exercised by the Board of Directors shall not be exercised by the Chairman of the Board or president (general manager) on its behalf through authorization.

The Board of Directors shall appoint a Chairman and a Deputy Chairman. The Deputy Chairman shall assist the Chairman in work. The Chairman and Deputy Chairman shall be elected and removed by a simple majority of directors.

The Company shall adopt a lead independent director system. The lead independent director shall be elected by more than 1/2 of the independent directors and in charge of coordinating actions of the independent directors and communicating and coordinating with non-independent directors and senior officers of the Company on behalf of the independent directors. Official powers of the lead independent director shall be stipulated in the Working System for Independent Directors.

The Chairman of the Board of Directors shall exercise the following powers and implement the following major obligations:

(1) Chair Shareholders' General Meetings, convene and chair board meetings and urge the directors to attend the meeting of Board of Directors personally;

(2) Actively promote formulation and improvement of each interior system of the Company, strengthen construction of the Board of Directors, promote legal governance of the Company, urge and inspect execution of the resolutions made by the Board of Directors and inform other directors of relevant information in time;

(3) Get a timely grasp of execution of resolutions made by the Board of Directors from the president (general manager) and other senior officers and key executors;

(4) Guarantee all directors and board secretary's rights to know, create a nice working environment for them to fulfill their powers; and do not pull back their fulfillment of powers in any way;

(5) Chairman of the Board of Directors shall immediately urge the board secretary to fulfill his obligations for information disclosure in time after receiving report of significant matters of the listed Company;

(6) Sign important documents of the Board of Directors;

(7) In the event that force majeure such as extraordinarily serious natural calamities happens, the Chairman of the Board of Directors shall implement special disposition right on the Company's matters in accordance with laws and regulations as well as in conformity with the Company's interests, and report to the Board of Directors and on the Shareholders' General Meeting;

(8) Review and approve on related party transactions with the affiliated person of which transaction amount is lower than 0.5% of the absolute value of audited net assets of the Company of the latest period;

(9) Review and approve the matters of purchase and sale of assets, conducted within the preceding 12 consecutive months, the amount of which is less than 2% of the audited total assets of the Company of the latest period;

(10) Review and approve transaction matters of investment of the Company to other entities (including setting a subsidiary of the Company, joint-stock Company, and making additional investment towards the subsidiary, joint-stock Company, cooperative enterprise and associated enterprise), purchase or sales of assets, rent or lease of assets, signing management contract (including entrusting business operation, entrusted business operation, etc.), the amount of which reaches the following standards:

1. The total assets involved in the transaction account for less than 2% of the Company's most recent audited total assets. Where the total assets involved in the transaction have both book value and valuation value, it shall be calculated on the basis of whichever is higher;

2. The related operating income of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited operating income in the most recent fiscal year, or the absolute amount of which is less than RMB30 million;

3. The related net profit of the subject matter of transaction (such as equity) in the most recent fiscal year accounts, the amount of which is less than 2% of the Company's audited net profit in the most recent fiscal year, or the absolute amount of which is less than RMB1 million;

4. The transaction amount (including the incurred debts and expenses) accounts for less than 2% of audited net assets of the Company of the latest period, or the absolute amount of which is less than RMB30 million;

5. The profit generated by the transaction accounts for less than 2% of the audited net profit of the Company in the most recent fiscal year, or the absolute amount of which is less than RMB1 million.

(11) Decide on the candidates to be appointed or recommended as directors, supervisors or Senior officers of subsidiaries and investees of the Company;

(12) Sign on the securities issued by the Company;

(13) Other powers and other obligations as authorized by the Board of Directors.

The Board of Directors shall set up special committees including audit and risk management committee, strategy and investment committee, salary and assessment committee, nomination and governance committee, and formulate implementation rules for major responsibilities, resolution procedure and rules of procedure of each specialized committee, etc. Working rules of each specialized committee shall be revised and explained by the Board of Directors. The special committees shall be accountable to the Board of Directors and fulfill duties as specified in the Articles of Association and as authorized by the Board, and proposals of the committees shall be submitted to the Board of Directors for examination and decision. The Board of Directors shall be responsible for formulating the procedures governing the work of the special committees and regulate their operations.

The Board of Directors shall convene at least four regular meetings every year, convened by the Chairman of Board of Directors. The Chairman shall convene the board meetings and issue a written notice to all the directors and supervisors 14 days before the meeting is held. Meeting agenda and relevant meeting files shall be sent to all directors and supervisors three (3) days before the holding of the meeting.

Chairman of Board of Directors, shareholders who hold 1/10 or more of the voting rights, one-third or more of the directors or the Board of Supervisors may requisition for an interim board meeting. The Chairman of Board of Directors shall convene and chair a board meeting within 10 days from receipt of the requisition. In case of urgent matters, an extraordinary Board meeting may be convened if proposed by three or more directors or the president (general manager) of the Company.

The quorum of a board meeting shall be a simple majority of the directors. Unless otherwise provided in the Articles of Association, board resolutions shall be passed by a simple majority of all the directors.

When the Board of Directors resolves on matters under items (6), (7) and (15) of Article 148 of the Articles of Association as well as guarantees, the above shall be approved by more than 2/3 of directors on the board meeting as well as more than 2/3 of the independent directors.

One person one vote shall apply to voting for board resolutions. When the number of votes for and the one of votes against are equivalent, the Chairman of the Board of Directors reserves the right to vote one more, unless otherwise provided in laws, administrative regulations or the relevant rules of the place where the shares of the Company are listed.

A director who is related to an enterprise involved in a board resolution shall abstain from voting for the board resolution and shall not represent another director in exercise of voting rights. The board meeting may be held with the quorum of a simple majority of unrelated directors, and resolutions passed by the board meeting shall require a simple majority of votes of unrelated directors.

Where the number of unrelated directors present at the board meeting is less than three, the said matter shall be tabled at a Shareholders' General Meeting for deliberation.

President (general manager) and other senior officers

The Company shall establish the position of a president (general manager) to be nominated by the Nomination and Governance Committee of the Board of Directors, appointed or terminated by the Board of Directors. Chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth are based on nomination by the president (general manager), appointment and dismissal of the Board of Directors.

Senior officers of the Company include president (general manager), chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and board secretary.

The fiduciary obligations stipulated in Article 138 and the diligence obligations stipulated in items (4) to (6) of Article 139 of the Articles of Association shall also apply to senior officers. Apart from such obligations, the president (general manager) as well as other senior officers shall perform the following obligations:

(1) Highlight and introduce motions for the Board of Directors to resolve;

(2) Cooperate with the Board of Supervisors and independent directors to work;

(3) Senior officers shall sign on the securities issue documents and regular reports of the Company for written confirmation in order to ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a senior officer cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The senior officer may directly apply for disclosure if the Company fails to do so.

Persons who hold positions other than director, supervisor or other executive offices in the Company's controlling shareholder shall not act as the Company's senior officers. The senior officers of the controlling shareholder concurrently holding the office of the director or supervisor of the Company shall ensure that they have sufficient time and efforts to fulfill their duties with the Company.

The tenure of a president (general manager) shall be three years, renewable upon re-appointment.

The president (general manager) shall be accountable to the Board of Directors and shall exercise the following powers:

(1) Preside over the Company's production and business management, organize implementation of board resolutions, and report to the Board of Directors on his work;

(2) Organize implementation of the Company's annual business plans and investment plans;

(3) Formulate the Company's plans for establishment of internal management organizations;

(4) Formulate the Company's basic management rules;

(5) Formulate the Company's specific rules and regulations;

(6) Review and approve daily business contract of the Company (except matters that shall be approved by the Shareholders' General Meeting, board meeting and Chairman of Board of Directors as stipulated above);

(7) Propose to the Board of Directors on appointment or termination of the Company's chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager);

(8) Decide on appointment or termination of management personnel other than those whose appointment or termination is decided by the Board of Directors;

(9) Any other powers conferred by the Articles of Association or the Board of Directors.

The president (general manager) shall be present at board meetings and non-managing director (general manager) does not have voting right at the board meeting.

Senior officers such as the Company's chief financial officer (person-in-charge of finance), executive vice president (deputy general manager), senior vice president (deputy general manager), vice president (deputy general manager) and so forth shall be appointed or dismissed by the president (general manager) proposing to the Board of Directors, and assist the president (general manager) in work.

The Company shall appoint a board secretary who is a senior officer of the Company and shall be nominated by the Chairman of the Board and appointed and dismissed by the Board of Directors. The board secretary of Company shall be a natural person with necessary specialized knowledge and experience.

The main duties of the board secretary are as follows:

(1) Ensure the integrity of organization files and record of the Company;

(2) Ensure the Company prepare and hand over reports and files that are required by the authorized institution according to laws;

(3) Ensure well setting up of the register of shareholders of the Company, and ensure the people that are authorized to get Company record and file to get them in time;

(4) Responsible for preparation of the Company's Shareholders' General Meetings and board meetings, safekeeping of documents and administration of information of the Company's shareholders, handling information disclosure matters and investment relationship work etc.

The board secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

Senior management personnel who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in execution of Company duties and cause the Company to suffer losses shall be liable for compensation.

Board of supervisors

Supervisors

Directors, president (general manager) and other senior officers shall not act as supervisor concurrently. The spouses and immediate family members of the directors and senior officers of the Company shall not serve as supervisors of the Company during the term of office of the directors and senior officers of the Company.

Supervisors shall comply with laws, administrative regulations and the Articles of Association, perform supervision duties, and bear fiduciary obligations and diligence obligations towards the Company, shall not make use of powers to accept bribes or other illegal income, and shall not encroach upon the Company's assets.

The tenure of a supervisor shall be three years, renewable upon re-appointment.

The supervisors shall ensure the timely and fair disclosure of information by the Company and the truthfulness, accuracy and completeness of the information disclosed. Where a supervisor cannot guarantee or has objections to the truthfulness, accuracy and completeness of the information in the securities issue documents and regular reports of the Company, he shall express his opinions and state the reasons in written confirmation, which shall be disclosed by the Company. The supervisor may directly apply for disclosure if the Company fails to do so.

The supervisors shall have the right to be present at board meetings and make inquiries or proposals pertaining to board resolutions.

The supervisors shall not make use of their relationships to harm the interests of the Company; where the Company suffers losses thereto, the supervisors shall be liable for compensation. The Company shall take effective measures to protect the supervisors' right to know and provide necessary assistance for the supervisors to perform their duties, and no one shall interfere with or obstruct it.

The supervisors who violate the provisions of laws, administrative regulations, departmental rules or the Articles of Association in performing duties and cause the Company to suffer losses shall be liable for compensation.

Board of supervisors

The Company shall establish a Board of Supervisors. The Board of Supervisors shall comprise 3 supervisors with a Chairman. The appointment and termination of the Chairman shall be elected by more than 2/3 of all the supervisors.

The Chairman of the Board of Supervisors shall convene and chair meetings of the Board of Supervisors; where the Chairman of the Board of Supervisors is unable to perform his duties or does not perform his duties, a supervisor shall be elected by a simple majority of the supervisors to convene and chair meetings of the Board of Supervisors.

The Board of Supervisors shall include shareholder representatives, external supervisors and an appropriate percentage of employee representatives, out of which, the ratio of employee representatives shall not be less than one-third. External supervisors in the Board of Supervisors refer to supervisors that are appointed as supervisors other than shareholder representatives and internal supervisors. The shareholder representatives shall be nominated from shareholders who hold 3% or more of the Company's shares individually or in aggregate; external supervisors shall be nominated on the Board of Supervisors, elected or replaced by Shareholders' General Meeting; and employee representative supervisors shall be elected and removed on the employee representative congress or employee congress or in any other democratic form.

The Board of Supervisors shall be accountable to the Shareholders' General Meeting and exercise the following powers:

(1) Examine securities issuance documents and regular reports prepared by the Board of Directors and issue written examination opinions, which shall be confirmed in writing through signature of supervisors;

(2) Inspect the financial affairs of the Company:

1. Review the Company's financial report and financial statement; review quarterly, interim and year-end financial reports of the Company upon veracity, accuracy and integrity principles; and the Company shall submit one copy to the Board of Supervisors within 10 days after the financial report is available.

2. Review financial position of the Company at any time, check financial accounting materials and other files related to the Company's finance, and ask for relevant files and data;

3. Check development of financial management of the Company, and verify veracity and legality of financial accounting report of the Company;

4. Verify financial files such as financial report, business report, profit allocation plan, etc. that are proposed to be submitted to the Shareholders' General Meeting. Regarding any question, the Board of Supervisors may entrust the certified public accountant and certified auditor to review in the name of Company.

(3) To supervise the actions of the directors and senior officers of performing the corporate functions, and to present proposal to remove any directors and senior officers who violate laws, regulations, the Articles of Association, or resolutions of Shareholders' General Meeting;

(4) When the acts of any director or senior officer compromise the interests of the Company, the situation shall be timely reported to the Board of Directors and the Board of Supervisors, who ask the director or senior officer to correct their deeds;

(5) The independent directors shall be supervised on their duty performance, with full attention paid to whether they have sustained independence that is due, whether they have sufficient time and energy to effectively perform their duty, and whether in duty performance they are under improper influence of principal shareholders, real controllers, or non-independent directors, supervisors, or senior officers of the listed Company;

(6) The special committees of the Board of Directors shall be supervised on their duty performance, with a view to check whether the members of the special committees of the Board of Directors perform duty according to their rules of procedure;

(7) Propose to hold extraordinary General Meeting, and convene and chair Shareholders' General Meeting when the Board of Directors does not perform the duty of convening and chairing Shareholders' General Meeting as prescribed by the Company Law;

(8) Make proposals to the Shareholders' General Meeting;

(9) Deal with the directors or senior officers on behalf of the Company or file a lawsuit against the directors or senior officers in accordance with the stipulations of Article 151 of the Company Law;

(10) Key monitoring is made to assets quality of the Company and such economic deeds as financing, investment, guarantee, pledge, transfer, purchase, and merger in corporate operation which involve major sums, and investigation is made once abnormality is founded in corporate operation; if necessary, such special institutions as accountant firms and law firms may be hired to assist the work, with the fees borne by the Company;

(11) Other powers conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

The Board of Supervisors shall meet at least once in every 6 months, which shall be convened by the chairman of the Board of Supervisors. A supervisor may propose an extraordinary meeting of the Board of Supervisors. The Board of Supervisors may request directors, senior officers and internal and external auditors to be present at and answer questions at the meetings of the Board of Supervisors.

Voting of the Board of Supervisors is exercised with one person one vote; a resolution of the Board of Supervisors shall be passed by voting of more than 2/3 of the members of the Board of Supervisors.

The Board of Supervisors shall cause minutes to be prepared on all resolutions adopted at the meeting and signed by the supervisors attending the meeting.

The supervisors have the right to require that there be description records on the meeting minutes of their speech on the meeting. The meeting minutes of the Board of Directors shall be preserved as the corporate file for at least 10 years.

The qualifications and obligations of the directors, supervisors, and senior officers of the Company

In one of the following cases, a person is not allowed to fill the position of director, supervisor, president (general manager), or other senior officers:

(1) Have no capacity for civil conduct or limited capacity for civil conduct;

(2) Be subject to criminal penalty due to corruption, bribery, embezzlement of property, appropriation of property, or destroying socialist market economy order and less than five years have passed after the expiration of the execution period, or be deprived of political rights due to crime, and less than five years have passed after expiration of the execution period;

(3) Act as director, factory chief, president (general manager) of a company or enterprise which is subject to bankruptcy liquidation due to improper operation and management, and bear personal liability for the bankruptcy of the company or enterprise, and less than 3 years have passed after the date when the bankruptcy liquidation of the company or enterprise is finished;

(4) Act as a legal representative of a company or enterprise that has its license revoked or is ordered to close down due to law breaking and bear personal liability for it, and less than 3 years have passed after the date when the company or enterprise has its license revoked;

(5) An individual who bears liability of large sum which is not paid off after expiration;

(6) Be under the investigation of judiciary body due to breaking criminal law, and the case has not been settled;

(7) May not act as leader of an enterprise due to stipulations of law or regulations;

(8) Not being natural person;

(9) Be under the penalty of China Securities Regulatory Commission that securities market entry is forbidden, and the time limit has not been reached;

(10) Be ruled by related charging body to have broken the stipulations of related securities regulations, and fraud or dishonest deeds are involved, and less than five years have passed after the ruling date;

(11) Other content stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed.

If election or appointment of a director is conducted breaking stipulations of this article, this election, appointment, or recruitment are ineffective. If the case of this article occurs to a director in his tenure, he shall be removed from his position by the Company.

The effectiveness to a third party acting in good faith of a director, president (general manager), and other senior officers representing the deeds of the Company shall not be affected by his any non-compliance deeds in terms of its office holding, election, or qualifications.

Beside the obligations that are required by law, regulations, or the listing rules of the stock exchange on which the shares of the Company are listed, in performing the rights and duties conferred upon them by the Company, a director, supervisor, president (general manager), and other senior officers shall bear the following obligations for each shareholder:

(1) Not making the Company exceed the operation scope prescribed by the business license;

(2) Acting for the largest interests of the Company in honesty;

(3) No depriving the Company of its property in any form, including (but not limited to) the opportunities that are favorable to the Company;

(4) Not depriving the shareholders of their individual rights and interests, including (but not limited to) distribution rights and voting rights, but not including corporate reorganization passed by the Shareholders' General Meeting in accordance with the Articles of Association.

A director, supervisor, or president (general manager) and other senior officers of the Company have the responsibility to demonstrate discretion, diligence, and technique in similar cases acting as a reasonably prudent person when performing his rights or fulfilling his obligations.

In performing duties, a director, supervisor, president (general manager) and other senior officers of the Company must comply with the principle of honesty, and shall not put himself in a situation which is in conflict with its own interests and obligations. This principle includes (but not limited to) the following obligations:

(1) Acting for the best interests of the Company in good faith;

(2) To exercise power within the jurisdiction and not act beyond the scope of authority;

(3) To exercise in person the discretion conferred on him, and be subject to manipulation of no others; not transfer his discretion to other persons unless permitted by laws and regulations or obtaining informed consent from the Shareholders' General Meeting;

(4) To show equality to shareholders of the same type, and exercise equity to shareholders of different types;

(5) Not to sign contract, transaction, or arrangement with the Company unless otherwise specified in the Articles of Association or obtaining informed approval from the Shareholders' General Meeting;

(6) Not to seek interests of himself with the property of the Company in any form without the informed consent of the Shareholders' General Meeting;

(7) Not to seek bribery or other unlawful income with his power, and not to encroach upon the property of the Company in any form, including (but not limited to) the opportunities favorable to the Company;

(8) Not to accept commission related to the transaction of the Company without the informed consent of the Shareholders' General Meeting;

(9) To obey the Articles of Association, faithfully perform its duties, safeguard the interests of the Company, and not seek personal interests with his position and power in the Company;

(10) Not to compete in any form with the Company without the informed consent of the Shareholders' General Meeting;

(11) Not to appropriate the funds of the Company or lend them to others, not to open accounts to deposit the funds the Company in personal name or other names, and not to provide guarantee for the shareholders or other individuals in terms of debts with the funds of the Company;

(12) Not to disclose the confidential information related to the Company that he obtained when in office without informed consent of the Shareholders' General Meeting; not to utilize this information unless he serves the interests of the Company; but in the following cases he may disclose the information to the court of law or other government bodies:

1. There are stipulations of law;
2. There are requirements from the interests of the general public;
3. There are requirements from the lawful interests of the directors, supervisors, president (general manager) and other senior officers.

The directors, supervisors, president (general manager), and other senior officers of the Company shall not incite the following persons or bodies (the "related persons") to do things that they are not allowed to do:

(1) Spouse or under-aged children of any director, supervisor, president (general manager) and other senior officer of the Company;

(2) The trustee of any director, supervisor, president (general manager) and other senior officer or any person described in item (1);

(3) The partners of any director, supervisor, president (general manager) and other senior officer or any person described in items (1) and (2);

(4) The company that is de facto solely controlled by the director, supervisor, president (general manager) or other senior officers of the Company, or the company that is de facto jointly controlled by them with the staff mentioned in items (1), (2) and (3) or other directors, supervisors, president (general manager) and other senior officers of the Company;

(5) The directors, supervisors, president (general managers) and other senior officers of the controlled company mentioned in item (4).

The duty of good faith borne by the directors, supervisors, president (general manager) and other senior officers of the Company does not necessarily end with the close of his tenure, and his duty of keeping the commercial secret of the Company is still effective after the close of its tenure. The duration of other duties shall be decided upon following the principle of equity, as depend upon the duration from incidence occurrence to office leaving, and in what cases and conditions the relationship with the Company ends.

The liability of a director, supervisor, president (general manager) and other senior officer in breaking a particular obligation may be released with the informed consent of the Shareholders' General Meeting, except for the circumstances stipulated in Article 63 of the Articles of Association.

When any director, supervisor, president (general manager) and other senior officer of the Company has direct or indirect interest relationship with the contract, transaction, or arrangement that is signed or proposed by the Company (except the recruitment contract between the Company and that director, supervisor, president (general manager) and other senior officer), whether the related items need to be approved by the Board of Directors in normal conditions, the nature and degree of the interest relationship shall be disclosed to the Board of Directors as soon as possible.

Save for the exception cases approved by note 1 of the Appendix 3 of the Hong Kong Listing Rules or Hong Kong Stock Exchange, a director shall not vote on the resolutions of the Board of Directors on major contracts, transactions, or arrangements or any other relevant proposals in which he or any of his close associate has major rights or interests (as defined in the applicable the Hong Kong Listing Rules then in effect), and shall not be counted in the quorum of the meeting either. If related contract, transaction, arrangement or suggestion involves connected transaction stipulated by the Hong Kong Listing Rules, the "close associate" described by the paragraph shall be changed to "associate" (as defined in the applicable the Hong Kong Listing Rules then in effect).

The Company shall not pay tax in any way for its directors, supervisors, president (general manager) and other senior officers.

The Company shall not directly or indirectly provide loan and loan guarantee for the directors, supervisors, president (general manager) and other senior officers of the Company and its parent company; and it shall not either provide loan or loan guarantee for related persons of the above-mentioned persons.

The stipulations of the preceding paragraph do not apply to the following cases:

(1) The Company provides loan or loan guarantee for its subsidiary Company;

(2) According to the recruitment contracts approved by the Shareholders' General Meeting the Company provides loan or loan guarantee or other funds for its directors, supervisors, president (general manager) of other senior officers in order that he pays expenses for the sake of the Company or performs his duties in the Company.

(3) If the normal business scope of the Company includes loan and loan guarantee, the Company may provide loan and loan guarantee for its related directors, supervisors, president (general manager) and other senior officers and their related persons, but the loan and loan guarantee shall be based upon the normal business conditions.

In case that the Company breaks the above-mentioned stipulations to provide loan, whatever the loan conditions, the money receivers shall immediately pay back.

In case that the Company breaks the stipulations in Article 211(1) to provide loan guarantee, it shall not be compelled to execute the guarantee, except for, subject to the prevailing laws, regulations and other rules, the following instances:

(1) When the loan is provided for the related persons of the directors, supervisors, president (general manager) and other senior officers of the Company or its parent company, the loan providers are not informed;

(2) The guaranty provided by the Company has been lawfully sold by the loan provider to the purchaser in good faith.

The guarantee described by the preceding paragraph includes the deeds where the guarantor bears liability or provides property to ensure the obligor performs obligations.

When the directors, supervisors, president (general manager) and other senior officers of the Company break the obligations that they bear for the Company, beside all rights and remedy measures stipulated by law and regulations, the Company has the right to take the following measures:

(1) To require the directors, supervisors, president (general manager) or other senior officers to compensate for the loss they caused for the Company due to their dereliction of duty;

(2) To revoke any contracts or transactions signed by the Company and related directors, supervisors, president (general manager) and other senior officers, and the contracts or transactions signed by the Company and a third party (if the third party clearly knows or should have known that the directors, supervisors, president (general manager) and other senior officers break their due obligations to the Company);

(3) To require that the directors, supervisors, president (general manager) and other senior officers to surrender the interests gained in breaking the due obligations;

(4) To recover the funds that should be charged by the Company but received by the directors, supervisors, president (general manager) and other senior officers, including (but not limited to) commission;

(5) To require the directors, supervisors, president (general manager) and other senior officers to return the interests that are obtained or possibly obtained by utilizing the funds that should have been surrendered to the Company.

The Company shall sign written contracts with the directors and supervisors of the Company concerning remuneration matters upon prior approval by the Shareholders' General Meeting.

Financial and accounting rules, profit distribution, and auditing

Financial and accounting rules

Within 4 months from the closing date of an accounting year the Company submits to China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the annual financial and accounting statements, and within 2 months from the closing date of the first 6 months of an accounting year submits to the sending bodies of China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the semi-year financial and accounting statements, and within 1 month from the closing date of the first 3 months and the first 9 months of an accounting year submits to the sending bodies of China Securities Regulatory Commission and the stock exchange on which the Shares of the Company are listed the quarterly financial and accounting statements.

The above-mentioned financial and accounting statements are compiled in accordance with stipulations of law, regulations, and departmental rules.

On each annual meeting of the shareholders the Board of Directors of the Company shall submit the financial statements that are compiled in accordance with the stipulations of law, regulations, and normative documents issued by local governments and the competent bodies.

The financial statements of the Company shall be prepared in the Company for reference and reading by the shareholders 20 days before the annual meeting of the shareholders. Each shareholder of the Company has the right to get the financial statements mentioned in this section.

The financial statements of the Company shall be compiled not only in accordance with Chinese accounting standard and related regulations, but in accordance with the international accounting standard or the accounting standard of the foreign listing place. If there is discrepancy between the financial statements that are compiled in accordance with two accounting standards, indication shall be made in the notes to the financial statements. In distributing the after-tax profits of related accounting year, the Company shall adopt the lower amount of after-tax profits in both sets of financial statements.

Capital reserve includes the following items:

(1) The premium money that is obtained when the stock par value is exceeded in issuance;

(2) Other income that shall be listed in the capital reserve according to the stipulation of the competent financial authority of the State Council.

When distributing the after-tax profits of a year, the Company shall set aside 10% of the profits to the statutory reserve of the Company, until that the total statutory reserve of the Company reaches 50% of the registered capital of the Company.

In case that the statutory reserve of the Company is not enough to make up for the losses of previous years, before the statutory reserve is set aside according to the stipulation of the preceding paragraph, the profits of the current year shall be first used to make up the losses.

After statutory reserve is set aside from the after-tax profits, the Company, upon resolution of the Shareholders' General Meeting, can set aside surplus reserve from the after-tax profits.

The after-tax profits that are left over after loss making up and reserve extraction are distributed according to the share proportion of the shareholders, except where the Articles of Association stipulate that profits distribution is not conducted according to shareholding proportion.

Where the Shareholders' General Meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

The reserve of the Company is used to make up for the loss of the Company, expand the production and operation of the Company, or add to the corporate capital. But capital reserve shall not be used to make up for the loss of the Company.

When the statutory reserve is converted to capital, the retained reserve will not be less than 25% of the registered capital of the Company before conversion.

The Company pursues a proactive profit distribution policy, and strictly conforms to the following stipulations:

(1) Profit distribution principle: the Company pursues a sustainable and steady profit distribution policy, and in profit distribution of the Company the reasonable investment return of the investors shall be paid attention to, as well as the reasonable funds need of the Company, but profit distribution shall not exceed the scope of the accumulated profit total of the Company for distribution, not compromising the sustainable operation capacity of the Company.

(2) Profit distribution form: the Company can use the forms of cash, stock, or cash-stock combination to distribute the share dividend. In distributing share dividend, the form of cash distribution shall be put in priority. The Company, if having cash dividend conditions, shall use cash dividend to distribute the profits.

(3) Generally, the Company distributes the profits according to accounting year, and when the cash dividend conditions are met, in principle the Company conduct cash dividend once a year, and can also do mid-term profits (cash) distribution according to the funds demand condition of the Company.

(4) In distributing cash dividend, the Company shall meet the following conditions:

1. The profits that can be distributed in the current year (namely the after-tax profit after the Company makes up for the loss and sets aside reserve) is positive value, the earning per share of the year is not below RMB0.1, cash flow is sufficient, and cash dividend will not affect the follow-up sustainable operation of the Company;

2. The auditor produces auditing report without reserved opinions for the financial statement of the current year of the Company;

3. The Company has no major investment plan or major cash outlay or other matters (except funds raising projects). Major investment plan or major cash outlay means:

during the coming twelve months the Company's total outlay that is used for external investment, assets purchase, or equipment purchase reaches or exceeds 30% of the audited total assets of the Company for the latest period, and exceeds RMB50 million.

(5) Cash dividend proportion:

When the above-mentioned cash dividend conditions are met, the Board of Directors of the Company shall comprehensively consider the sector characteristics, its development phase, its operation mode, profit-making level, and whether there are major funds outlay arrangements, etc., and in pursuing the cash dividend policy the following stipulations shall be complied with:

1. Determination of the corporate development phase and the proportion of cash dividend.

   (1) In case the corporate development phase is a mature one and there are no major funds outlay arrangements, in profit distribution the minimum proportion that the cash dividend takes shall reach 80%; (2) in case the corporate development phase is a mature one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 40%; (3) in case the corporate development phase is a growing one and there are major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%;

   In case the corporate development phase is not distinguishable and there are major funds outlay arrangements, issues can be handled according to stipulation of the preceding paragraph.

   In view of the fact that the current corporate development phase is a growing one and it is expected that there will be major funds outlay arrangements, in profit distribution the minimum proportion that cash dividend takes shall reach 20%.

   The Board of Directors of the Company shall, according to the operation and development conditions, timely modify the stipulation on the corporate development phase following the prescription of the preceding paragraph.

2. When the profit distribution conditions are met, the Company shall have at least one cash dividend distribution for a succession of three years, and the specific distribution proportion shall be set by the Board of Directors according to the operation conditions of the Company and related prescriptions of Chinese Securities Regulatory Commission, and decided upon the deliberation of the Shareholders' General Meeting;

3. The total profit distributed in cash form during the last three years shall not be less than 30% of the year-average profit that can be distributed during the latest three years.

   Where the Company adopts a tender offer or the centralized bidding method to repurchase its shares using cash as consideration, the amount of shares repurchased in the current year shall be deemed as the amount of cash dividends to be paid and shall be included in the calculation of relevant proportions for the distribution of cash dividends for the year.

(6) When the Company is in sound operation, the Board of Directors decides that the share price of the Company does not match its the equity scale, there are such real and reasonable factors as the growing pattern of the Company and dilution of net asset value per share, issuing stock dividend is good to the overall interest of the shareholders of the Company, and under the conditions that the above-mentioned cash dividend stipulations are met, stock dividend distribution plan can be raised.

(7) In deciding upon and forming profit distribution plan, the Board of Directors shall in details record the suggestion of the management, the speech key points of the attending directors, the opinions of independent directors, and voting of the Board of Directors, and make them into written records to be preserved as the documents of the Company.

(8) In case after comprehensively considering the major changes of exterior operation environment or its running conditions, the long-term development strategy of the Company and near-term investment return, the Company decides there is a need to adjust or change the cash dividend policies, the Board of Directors shall, starting from optimization of shareholder rights and interests and increasing of shareholder return, devise the specific programs of cash dividend, elaborate upon them in proposals of the shareholders meeting, perform related decision making procedures, and adopt them with more than 2/3 of the voting power of the shareholders attending the meeting.

The Company shall commission collecting agents for the shareholders who hold the shares of the company that is listed overseas. The collecting agents shall collect dividends derived from the overseas listed foreign shares and other payable payments of the Company on behalf of relevant shareholders.

The collecting agents commissioned by the Company shall comply with requirements specified in relevant provisions of local laws of the place at where the Company is listed or relevant regulations of the stock exchange.

The collecting agent appointed by the Company for holders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Internal Audit

The Company implements an internal audit system. It engages at least 3 full-time audit personnel to supervise and inspect the authenticity and integrity of the financial information of the Company. The head of the audit department of the Company shall be a full-time employee and shall be nominated by the Audit and Risk Management Committee and appointed by the Board of Directors.

The internal audit system and the responsibilities of the audit personnel of the Company shall take effect upon approval by the Board of Directors. The head of audit is accountable to and reports directly to the Board of Directors.

Appointment of Accounting Firm

The Company shall engage independent accounting firms complying with relevant national regulations and granted with the “qualification to engage in businesses related with securities” to audit financial statements, verify net assets and provide other related consulting services, etc. The term of appointment is one year, which starts from the ending of the annual Shareholders’ General Meeting of this year to the ending of the annual Shareholders' General Meeting of the next year. The term is renewable.

The accounting firms commissioned by the Company shall be decided by the Shareholders' General Meeting and the Board of Directors shall not engage any accounting firm before the decision is made by the Shareholders' General Meeting.

The Shareholders' General Meeting shall comply with the following regulations when it proposes to appoint a non-incumbent accounting firm to fill in the vacancy of accounting firm by adoption of resolutions or renew the appointment of an accounting firm engaged by the Board of Directors to fill in the vacancy or dismiss an accounting firm of which the term of appointment is not expired:

(1) The appointment or dismissal proposals shall, prior to the notice of the Shareholders' General Meeting is issued, be sent to the accounting firm proposed to take office or leave office or already leaving office in relevant accounting year.

Leaving office include dismissal, discharging and resignation.

(2) Where an accounting firm about to leave office makes any written representation and requires the Company to notify the shareholders with such representation, the Company shall take the following measures unless it receives the written representation overly late:

1. Indicate the representation made by the accounting firm about to leave office on the notice issued for the purpose of the resolution;

2. Attach the copy of the representation as an attachment of the notice and send it, in the form as prescribed in the Articles of Association, to every shareholder who is entitled to receive the notice of the Shareholders' General Meeting.

(3) Where the Company fails to send the representation made by such accounting firm in accordance with the provision of item (2) of this paragraph, the accounting firm may require that the statement to be read out on the Shareholders' General Meeting and make further appeal.

(4) The accounting firm leaving office is entitled to attend the following meetings:

1. The Shareholders' General Meeting for the expiration of its term of appointment;

2. The Shareholders' General Meeting for filling the vacancy arising out of its dismissal; and

3. The Shareholders' General Meeting convened due to its request for resignation.

The accounting firm leaving office is entitled to receive all notices about the above meetings and other information related with the meetings and make statements on the above meetings on issues related with its identity as the former accounting firm of the Company.

If the position of accounting firm is available, the Board of Directors may, prior to the commencement of the Shareholders' General Meeting, assign an accounting firm to fill in such vacancy. However, during the period of vacancy, if there is still any other incumbent accounting firm of the Company, such accounting firm shall still perform its duties.

Regardless of the provisions specified in the clauses of the contract signed by the accounting firm and the Company, the Shareholders' General Meeting may, before the term of appointment of any accounting firm is expired, dismiss such accounting firm by passing ordinary resolutions or decisions. Where any accounting firm has the right to claim compensation from the Company due to such dismissal, such right shall not be affected thereby.

The remuneration of the accounting firm or the method of deciding the remuneration shall be determined by the Shareholders' General Meeting. The remuneration of the accounting firm engaged by the Board of Directors shall be determined by the Board of Directors.

In the event of termination of the appointment or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance; when the Shareholders' General Meeting votes on termination of appointment of an accounting firm, the accounting firm shall be allowed to make its representation.

An accounting firm proposing to resign shall state at a Shareholders' General Meeting whether the Company has committed any improper act.

An accounting firm may resign its position by sending the written notice of resignation to the legal address of the Company. The notice shall take effect on the day when the notice is placed at the legal address of the Company or on a day thereafter indicated on the notice. This notice shall include the following statements:

(1) Statement declaring that its resignation does not involve any condition about which it shall make explanation to the shareholders or debtors of the Company; or

(2) Statement involving any such condition in need of explanation.

The Company shall, within 14 days after receiving the written notice mentioned in the former paragraph, send a copy of such notice to relevant competent authority. If the notice indicates the statement mentioned in item (2) of the former paragraph, the Company shall prepare a copy of the statement in the Company for the shareholders for reference. The Company shall also send a copy of such statement to every shareholder who is entitled to receive the financial statements of the Company and for the addresses of the recipients, it shall refer to the addresses recorded on the register of shareholders.

Where the resignation notice of the accounting firm includes the statement mentioned in item (2), paragraph 3 of this Article, the accounting firm may require the Board of Directors to convene an extraordinary general meeting to hear its explanation of conditions related with its resignation.

Notices and Announcements

Notices

A notice of the Company shall be made in the following forms:

(1) Delivery by hand;

(2) Mails;

(3) Announcements (including publication on the designated website stipulated in the rules of the stock exchange on which the shares of the Company are listed and the website of the Company); or

(4) Any other form stipulated in the Articles of Association.

For the method of providing and/or distributing Company communication to the shareholders by the Company in line with the requirements of the Hong Kong Listing Rules, subject to the laws, regulations and the relevant listing rules of the place where the shares of the Company are listed, the Company may send or provide Company communication to the shareholders of the Company via electronic ways or by posting information on the website of this Company.

The corporate communications in the preceding paragraph refer to any documents sent or to be sent by the Company to any shareholders of the overseas listed foreign shares of the Company which are listed on the Hong Kong Stock Exchange or any other persons required under the Hong Kong Listing Rules for reference or for them to take actions, which include but are not limited to: circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other corporate communications listed in the Hong Kong Listing Rules.

Where a Company notice is delivered by hand, the recipient shall sign (or seal) on the receipt of delivery and the day of delivery shall be the day of signature affixed by the recipient. Where a Company notice is mailed, the day of delivery shall be the third working day since the day when the notice is handed over to the post office. Where a Company notice is given via e-mail, the date on which the e-mail is sent shall be deemed as the date of delivery. However, the Company shall inform the recipient by telephone or other means of communication on the date on which the e-mail is sent. Where a Company notice is announced, the day of delivery shall be the day when the first announcement is published.

Where a meeting notice is not sent to a person who is entitled to receive such notice due to accidental omission or such person fails to receive the meeting notice, the meeting and the resolutions made on such meeting shall not be null and void therefore.

Merger, Division, Increase in Capital, Capital Reduction, Dissolution and Liquidation

Merger, Division, Increase in Capital and Capital Reduction

A merger may be in the form of merger by absorption or merger by establishment of a new company.

In the case of merger by absorption, the company being absorbed shall be dissolved. Merger by establishment of a new company shall refer to the establishment of a new company as a result of merger of two or more companies and dissolution of the merger parties.

In the event of merger or division, the merger parties shall enter into a merger agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on merger, and make an announcement on newspapers for at least three times within 30 days. Creditors may require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

Upon merger, the creditor's rights and debts of the merger parties shall be succeeded by the Company which subsists after the merger or the newly-established Company.

In the event of division, assets of the Company shall be divided correspondingly.

In the event of a division, the division-related parties shall enter into a division agreement, and formulate a balance sheet and an inventory list for assets. The Company shall notify its creditors within 10 days from passing of the resolution on division, and make an announcement on newspapers for at least three times within 30 days.

The divided companies shall bear joint and several liability for debts of the pre-division Company, except where the written agreement between the Company and its creditors on repayment of debts prior to the division stipulates otherwise.

A company which intends to reduce its registered capital shall formulate a balance sheet and an inventory list for assets.

The Company shall notify its creditors within 10 days from passing of the resolution on reduction of registered capital, and make an announcement on newspapers for at least three times within 30 days. Creditors have the right to require the Company to repay the debts or to provide corresponding guarantee within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

The reduced registered capital of a Company shall not be lower than the minimum statutory amount.

Dissolution and Liquidation

A Company shall be dissolved in accordance with laws and regulations in case of any of the following circumstances:

(1) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;

(2) A Shareholders' General Meeting has resolved on dissolution of the Company;

(3) As required by merger or division;

(4) Declared as bankrupt since the Company is unable to pay off its debts due;

(5) The Company's business license is canceled pursuant to the law, or the Company is ordered to be closed down or revoked pursuant to the law; or

(6) When the Company has serious difficulties in its business management and its subsistence will cause serious damages to the interests of its shareholders, where the Company is unable to resolve the difficulties through any other means, the shareholders who hold 10% or more of the share voting rights of the Company may apply to a People's Court for dissolution of the Company.

Under the circumstances set out in item (1) of the above article, a Company may subsist through amendment of the Articles of Association, which shall be passed by shareholders who hold more than 2/3 of the voting rights present at the Shareholders' General Meeting; Where the Company is dissolved due to the provision of items (1), (2), (5) and (6) of the preceding paragraph, a liquidation team shall be set up within 15 days and the members of the liquidation team shall be determined via ordinary resolution made by the Shareholders' General Meeting.

Where the Company is dissolved due to the provision of item (4) of the preceding paragraph, the People's Court shall, in accordance with laws, organize shareholders, relevant institutions and professionals to set up a liquidation team for liquidation.

Where the Company is dissolved due to the provision of item (5) of the preceding paragraph, the relevant authorities shall organize shareholders, relevant institutions and professionals to set up a liquidation team for liquidation.

In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

Where the Company is liquidated upon decisions of the Board of Directors (except liquidation due to declaration of the Company on insolvency), a statement stating that the Board of Directors have carried out comprehensive investigation on the status of the Company and believes that the Company is able to pay off the debts of the Company within 12 months after the commencement of liquidation shall be included in the notice issued for convening the Shareholders' General Meeting for the purpose of such liquidation.

After the resolution on liquidation is adopted by the Shareholders' General Meeting, the duties and powers of the Board of Directors are terminated immediately.

The liquidation team shall, conforming to the instruction of the Shareholders' General Meeting, report the revenue and expenditure of the liquidation team and progress of Company businesses and liquidation to the Shareholders' General Meeting annually and make the final report to the Shareholders' General Meeting when the liquidation is completed.

The liquidation team shall exercise the following duties during the liquidation period:

(1) To liquidate the Company's assets and prepare balance sheet and assets inventory;

(2) To notify creditors and publish announcement;

(3) To handle outstanding businesses related to liquidation;

(4) To settle all taxes in arrears and taxes arising in the course of liquidation;

(5) To liquidate creditor's rights and debts;

(6) To dispose of the Company's surplus assets after the debts are paid off;

(7) To attend civil lawsuits on behalf of the Company.

The liquidation team shall, within 10 days from its establishment, notify the creditors, and make an announcement on newspapers for at least three times within 60 days. The creditors shall declare their creditor's rights to the liquidation team within 30 days from receipt of notification or within 45 days from the day of announcement if they do not receive notification.

Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide proof materials. The liquidation team shall register the creditor's rights.

During the period for declaration of creditor's rights, the liquidation team shall not make repayment to creditors.

Upon sorting of the Company's assets and formulation of balance sheet and inventory list for assets, the liquidation team shall formulate a liquidation plan and submit it to the Shareholders' General Meeting or the relevant competent authority or a People's Court for confirmation.

The Company's assets shall be used respectively for payment of liquidation expenses, employees' wages, social security premiums and statutory compensation, and payment of tax in arrears and the Company's debts; the residual assets thereafter shall be distributed in accordance with the shareholding type and percentage of the shareholders.

During the liquidation period, the Company shall subsist but shall not engage in business activities unrelated to liquidation. The Company's assets shall not be distributed to shareholders prior to making repayment pursuant to the provisions of the preceding paragraph.

Upon sorting of the Company's assets and formulation of balance sheet and inventory list of assets, where the liquidation team is aware that the Company's assets are inadequate for repayment of debts, the liquidation team shall apply with a People's Court for declaration of bankruptcy.

Upon declaration of the Company's bankruptcy pursuant to the ruling of a People's Court, the liquidation team shall hand over the liquidation matters to the People's Court.

Upon completion of liquidation, the liquidation team shall formulate a liquidation report and income & expenditure statements and financial statements during the period of liquidation and, upon verification by a Chinese Certified Public Accountant, report to the Shareholders' General Meeting or the relevant competent authority or People's Court for confirmation, and within 30 days after the day of confirmation by the Shareholders' General Meeting or the relevant competent authority or People's Court, report to the Company registration authority to apply for deregistration and announce the termination of the Company.

Amendments to the Articles of Associations

The Company may amend the Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association. Under any of the following circumstances, the Company shall amend the Articles of Association:

(1) Following revision of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;

(2) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association; or

(3) A Shareholders' General Meeting has decided on making amendments to the Articles of Association.

Where the approval from the competent authority is required for the amendments to the Articles of Association passed by the Shareholders' General Meetings, such amendments shall be submitted to the competent authority for approval. Where an amendment to the Articles of Association involves content of the Mandatory Provisions, such amendment shall be approved by approval department authorized by the State Council and securities supervising organizations of the State Council before such amendment takes effect; where an amendment to the Articles of Association involves the Company's registration particulars, change registration formalities shall be completed pursuant to the law.

The Board of Directors shall amend the Articles of Association pursuant to the resolution of the Shareholders' General Meeting on amendment of Articles of Association and the examination and approval opinion of the authorities in charge.

If any amendment to the Articles of Association contains information required to be disclosed by laws and regulations, an announcement shall be made pursuant to the provisions.

Settlement of Disputes

The Company shall comply with the following principles for settlement of disputes:

(1) For all disputes or claims in connection with the Company's affairs arising between the shareholders of the overseas listed foreign shares and the directors, supervisors and senior officers of the Company, and between shareholders of foreign-funded shares and Chinese-funded shares with respect to the rights and obligations specified in these Article of Associations, contracts concluded in accordance with the Articles of Associations, the Company Law, and other pertinent laws and administrative regulations, the parties concerned shall submit such disputes or claims for settlement by arbitration.

When submitted for arbitration, the above disputes or claims shall be the entirety of the claims or entirety of the disputes. All persons with cause of action for the same origin of particulars or all necessary participants to such disputes or claims, if they are the Company or the shareholders, directors, supervisors, or senior officers of the Company, shall obey the arbitration.

Disputes concerning the definition of shareholders and the register of shareholders are not required to be settled by arbitration.

(2) Arbitration applicants may select China International Economic and Trade Arbitration Commission to carry out the arbitration in accordance with its arbitration rules or choose Hong Kong International Arbitration Center to carry out the arbitration in accordance with its securities arbitration rules.

After an arbitration applicant submit a dispute or claim for arbitration, the other party must accept arbitration at the arbitration organization chosen by the applicant.

If an arbitration applicant chooses Hong Kong International Arbitration Center for arbitration, either party to such dispute or claim may require arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Center.

(3) The arbitration proceedings in connection with any dispute or claim specified in item (1) shall be governed by the laws of the People's Republic of China, unless otherwise specified in laws and administrative regulations.

(4) The arbitration award issued by the arbitration institution shall be final and binding upon each party to the dispute or claim.

(5) For any agreement reached between directors or senior officers with the Company, the Company shall represent itself and each of its shareholders.

(6) Any submitted arbitration shall be deemed as authorizing the arbitral tribunal to carry out public hearing and announce the arbitration award (Where there are special provisions in laws, regulations and the Articles of Association, such provisions shall prevail).

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was established as a state-owned enterprise under the name of our predecessor Shehong Lithium on October 16, 1995 and converted into a joint stock limited company in the PRC on December 25, 2007 with a registered capital of RMB72 million.

The registered address of our Company is Taihe Town North, Shehong County, Sichuan Province, the PRC. Our Company has established a principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance on August 16, 2018. Ms. Wong Hoi Ting has been appointed as our authorized representative for the acceptance of service of process in Hong Kong. The address for service of process on the Company in Hong Kong is the same as the Company's principal place of business in Hong Kong.

As we are incorporated in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in Appendix VII. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in Appendix VI.

B. Changes in share capital

As at the date of incorporation of the predecessor of our Company, Shehong Lithium, being October 16, 1995, the initial registered capital of our Company was RMB20 million. Immediately before the predecessor of our Company was converted into our Company, the registered capital was RMB50 million.

(a) On December 25, 2007, the predecessor of our Company converted into a joint stock limited company (first known as Sichuan Tianqi Lithium Industries, Inc. and later changed its name to Tianqi Lithium Industries, Inc. and Tianqi Lithium Corporation respectively) and the registered capital of our Company increased to RMB72 million divided into 72,000,000 Shares, all of which had been fully paid up.

(b) On March 15, 2008, our Company allotted and issued 1,230,000 and 270,000 fully paid Shares to Shenzhen Qianyuan Investment Co., Ltd. and Tianqi Group Company for a cash consideration of RMB12.48 million and RMB2.74 million, respectively. Upon completion of the issuance, the registered capital of our Company increased to RMB73.5 million divided into 73,500,000 Shares.

(c) On August 9, 2010, the CSRC approved our Company to issue no more than 24,500,000 A Shares in connection with our listing on the Shenzhen Stock Exchange. On August 30, 2010, our Company allotted and issued 24,500,000 fully paid A Shares to the public investors on for an aggregate cash consideration of RMB735 million. Upon completion of the issuance, the registered capital of our Company increased to RMB98 million divided into 98,000,000 A Shares.

(d) On May 24, 2011, our Company allotted and issued 49,000,000 fully paid A Shares to all then existing Shareholders on a pro-rata basis at nil consideration by converting our capital reserve into share capital. Upon completion of the issuance, the registered capital of our Company increased to RMB147 million divided into 147,000,000 A Shares.

(e) On January 24, 2014, the CSRC approved our Company to issue not more than 135,000,000 A Shares. On March 12, 2014, our Company allotted and issued 111,760,000 fully paid A Shares to eight institutional investors on for an aggregate cash consideration of RMB3.13 billion. Upon completion of the issuance, the registered capital of our Company increased to RMB258.76 million divided into 258,760,000 A Shares.

(f) On August 28, 2015, our Company allotted and issued 2,709,000 fully paid A Shares to 72 employees of our Group for an aggregate cash consideration of RMB84.20 million. Upon completion of the issuance, the registered capital of our Company increased to RMB261.47 million divided into 261,469,000 A Shares.

(g) On May 27, 2016, our Company allotted and issued 732,113,200 fully paid A Shares to all then existing Shareholders on a pro-rata basis at nil consideration by converting our capital reserve into share capital. Upon completion of the issuance, the registered capital of our Company increased to RMB993.58 million divided into 993,582,200 A Shares.

(h) On June 28, 2016, our Company allotted and issued 688,000 fully paid A Shares to 28 employees of our Group for an aggregate cash consideration of RMB15.34 million. Upon completion of the issuance, the registered capital of our Company increased to RMB994.27 million divided into 994,270,200 A Shares.

(i) On August 25, 2016, our Company allotted and issued 152,000 fully paid A Shares to one employee of our Group for an aggregate cash consideration of RMB2.98 million. Upon completion of the issuance, the registered capital of our Company increased to RMB994.42 million divided into 994,422,200 A Shares.

(j) On June 20, 2017, our Company repurchased and canceled 65,550 fully paid A Shares for a cash consideration of RMB536,130. Upon completion of the cancelation, the registered capital of our Company decreased to RMB994.36 million divided into 994,356,650 A Shares.

(k) On December 5, 2017, the CSRC approved our Company to issue not more than 149,153,497 A Shares. On December 26, 2017, our Company allotted and issued 147,696,201 fully paid A Shares to the then existing Shareholders for an aggregate cash consideration of RMB1.63 billion. Upon completion of the issuance, the registered capital of our Company increased to RMB1.14 billion divided into 1,142,052,851 A Shares.

(l) On March 29, 2019, our Company repurchased and canceled 64,906 fully paid A Shares for a cash consideration of RMB1,152,803.33. Upon completion of the cancelation, the registered capital of our Company decreased to RMB1.14 billion divided into 1,141,987,945 A Shares.

(m) On December 26, 2019, our Company allotted and issued 335,111,438 A Shares to the original shareholders at a price of RMB8.75 per Share. Upon completion of the issuance, the registered capital of our Company increased to RMB1.48 billion divided into 1,477,099,383 A Shares.

Upon completion of the Global Offering, the registered capital of our Company will increase to RMB1,641,221,583 (assuming the Over-allotment Option is not exercised), consisting of 1,477,099,383 A Shares and 164,122,200 H Shares, or RMB1,665,839,783 (assuming the Over-Allotment Option is exercised in full), consisting of 1,477,099,383 A Shares and 188,740,400 H Shares.

Save as disclosed in the prospectus, there has been no alteration in the share capital of our Company (or its predecessor) since the incorporation of the predecessor of our Company.

C. Resolutions of our Shareholders

At the third interim shareholders' general meeting for the year 2021 of our Company held on September 29, 2021, among other things, the following resolutions were passed by the Shareholders of our Company:

Pursuant to the third interim shareholders' general meeting for the year 2021 held on September 29, 2021, our holders of A Shares resolved that, for a period of 18 months from September 29, 2021:

(i) the issue of the H Shares and the listing of such H Shares on the Stock Exchange be approved;

(ii) the number of H Shares to be issued initially shall not be more than 20% of the total number of issued Shares as enlarged by the Global Offering, and the number of H Shares to be issued pursuant to the exercise of the Over-allotment Option shall not be more than 15% of the number of H Shares to be offered initially issued pursuant to the Global Offering;

(iii) subject to the completion of the Global Offering, the Articles of Association be approved and adopted, which shall only become effective on the Listing Date and the Board be authorized to amend the Articles of Association in accordance with any comments from the Stock Exchange and the relevant PRC regulatory authorities; and

(iv) the Board be authorized to handle all matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

D. Incentive plan for senior management and key employees

The following is a summary of the principal terms of the share incentive plan (the "**2015 Plan**") approved and adopted by our general meeting on August 28, 2015. The 2015 Plan is not subject to the provisions of Chapter 17 of the Listing Rules as the 2015 Plan does not involve the grant of options by our Company to subscribe for new Shares.

(i) Purpose of the 2015 Plan

The purpose of the 2015 Plan is to further establish and improve our Company's long-term incentive mechanism, attract and retain talents, and incentivize our Directors, senior management members and the key personnel of our Company so as to effectively align the interests of our Shareholders, our Company and the key personnel together and to bring the Company's long-term development to the attention of all parties.

(ii) Incentive Shares

Participants selected to take part in the 2015 Plan (the "**Incentive Targets**") may obtain restricted ordinary shares (the "**Incentive Shares**") according to the terms of the 2015 Plan. The Incentive Targets shall be rewarded for their contribution to the Company and the relevant Incentive Shares will be vested to the Incentive Targets on the vesting date (the "**Vesting Date**").

On August 28, 2015, the Company issued 2,709,000 Incentive Shares to the Incentive Targets at RMB31.08 per share. On June 28, 2016, the Company issued 688,000 Incentive Shares to the Incentive Targets at RMB22.30 per share. On August 25, 2016, the Company further issued 152,000 Incentive Shares to the Incentive Targets at RMB19.63 per share.

(iii) The Incentive Targets

The Incentive Targets of the 2015 Plan were determined based on the actual situation of the Company and pursuant to the Company Law, the Securities Law, the Measures for the Administration of Equity Incentives of Listed Companies (Trial) and other relevant laws, regulations, normative documents as well as our Articles of Association.

The Incentive Targets of the 2015 Plan include such directors, senior management members and key technical (business) personnel as deemed necessary by our Board to be incentivized.

According to the basis for determining the above-mentioned Incentive Targets, the initial Incentive Targets who are granted with Incentive Shares under the 2015 Plan include 72 persons in total, including six directors and senior management members and 66 key technical (business) personnel.

The number of Incentive Shares to be granted to each Incentive Target is determined at the discretion of the Board, taking into account, among other matters, the strategic value of the employee's position and contribution to the Company.

The list of specific Incentive Targets and their allocation proportion shall be examined and approved by the Board of Directors, verified by the Board of Supervisors, and explained at the general meeting of the Company. For details of the identities of, and the number of Incentive Shares granted to, our Directors and senior management under the 2015 Plan, please see "Directors, Supervisors, Senior Management and Employees—Incentive Plan for Senior Management and Key Employees".

The Board may adjust the list of intended Incentive Targets if: (i) such Incentive Target becomes ineligible according to the terms of the 2015 Plan, or (ii) such Incentive Target resigns, dies or experiences a change in duties.

(iv) Effective Term, Lock-up Period and Unlocking of the Incentive Shares

(1) Effective Term of the 2015 Plan

The 2015 Plan shall be valid from August 28, 2015, being the first Vesting Date, until 5 years after August 28, 2015 unless all the Incentive Shares granted have been unlocked or otherwise repurchased and canceled earlier.

(2) Lock-up Period of the 2015 Plan

All of the Incentive Shares granted to the Incentive Targets shall be subject to various lock-up periods ranging from 1 year to 4 years, immediately from the relevant Vesting Date.

The restrictions on the sale of Incentive Shares during the lock-up period are summarized as follows:

(a) where the Incentive Target is a senior management member of the Company, the shares that can be transferred by the Incentive Target in each year during his/her term of office shall not exceed 25% of the total number of shares of the Company held by the Incentive Target; in addition, the shares of the Company held by the Incentive Target shall not be transferred within six months after he/she leaves the Company;

(b) where the Incentive Target is a senior management member of the Company, if the Incentive Target sells the shares of the Company held by him/her within six months after he/she bought such shares, or the Incentive Target buys the shares of the Company within six months after he/she sold such shares, the beneficial incomes obtained by the Incentive Target shall belong to the Company, and the Board of Directors of the Company will recover such beneficial incomes; and

(c) during the validity period of the 2015 Plan, if the relevant provisions on the transfer of shares held by the Company's senior management members are revised in the Company Law, the Securities Law and other relevant laws, regulations, normative documents and the Articles of Association of the Company, then the transfer of the Company's shares held by those Incentive Targets shall comply with the such revised provisions of the Company Law, the Securities Law and other relevant laws, regulations, normative documents and the Articles of Association.

(3) Unlocking of the Incentive Shares

The Incentive Shares held by the Incentive Targets shall be unlocked (or repurchased and canceled) by the Company upon the expiry of each lock-up period. If the unlocking conditions are satisfied in the period specified under the 2015 Plan, the Incentive Targets may apply to unlock the corresponding proportion of Incentive Shares within the window period determined by the Board of Directors in the same period. The part of Incentive Shares that are not applied for unlocking as scheduled will not be unlocked and will be repurchased and canceled by the Company; if the unlocking conditions are not satisfied in the current period, the corresponding proportion of Incentive Shares that can be applied for unlocking in the current period shall not be unlocked and shall be repurchased and canceled by the Company. For details of the unlock periods and the conditions for unlocking each batch of the Incentive Shares issued under the 2015 Plan, please see "Appendix I—Accountants' Report—Note 32".

The Incentive Targets may freely transfer their Incentive Shares that are unlocked, but the transfer of unlocked shares held by the Company's Directors and senior management shall comply with the relevant laws, regulations and normative documents.

(v) Change and Termination of the 2015 Plan

(1) Change of Control, Amalgamation and Demerger of the Company

The terms of the 2015 Plan shall not be affected by any change of control, amalgamation and/or demerger of the Company.

(2) Change in the Circumstances of the Incentive Targets

(a) Regulatory Violations

During the validity period of the 2015 Plan, the Incentive Shares granted to an Incentive Target but yet to be unlocked shall not be unlocked, and shall be repurchased by the Company and canceled in the following situations:

- the Incentive Target has been reprimanded or declared unfit for his/her duties by the Shenzhen Stock Exchange within the 3 preceding years;
- the CSRC imposes administrative penalties on the 2015 Plan participant for material violations of the laws and regulations within the preceding three years; or
- the Incentive Target is prohibited from being a director, supervisor or senior management of a company under the Company Law.

(b) Change of Duties

The Incentive Shares granted to an Incentive Target but yet to be unlocked shall not be unlocked, and shall be repurchased by the Company and canceled in the following situations:

- the Incentive Target cannot perform his duties satisfactorily or does not pass the appraisal;
- the Incentive Target violates any laws or professional ethics, commits dereliction of duty or divulges secrets of the Company, which causes serious losses to the Company; or
- the Company terminates the employment with the Incentive Target for the reasons stated above.

In the situations above, the Board is entitled to seek from the Incentive Target all or any profits already made, if any, by unlocking the Incentive Shares prior to the repurchase and cancelation of the remaining Incentive Shares.

For the avoidance of doubt, in the event that the duties of the Incentive Target have been changed but the Incentive Target nonetheless remains working within our Company, such Incentive Target's Incentive Shares shall be awarded and vested to that Incentive Target according to relevant procedures stipulated in the 2015 Plan as if there had been no change of duties.

(c) Resignation by or Termination of Office of the Incentive Target

In the event that the Incentive Target resigned or his/her office has been terminated by our Company, the Incentive Shares granted to an Incentive Target but yet to be unlocked shall not be unlocked, and shall be repurchased by the Company and canceled.

(d) Retirement

In the event that the Incentive Target retires during the effective term of the 2015 Plan, such Incentive Target's Incentive Shares shall be awarded and vested to that Incentive Target according to relevant procedures stipulated in the 2015 Plan but the personal appraisal requirement shall no longer be a condition for the unlocking of the Incentive Shares.

(e) Death or Loss of Labor Capacity

In the event of death or loss of labor capacity of the Incentive Target:

- where the death or loss of labor capacity happened during or as a result of the performance of the Incentive Target's duties, such Incentive Target's Incentive Shares shall be awarded and vested to that Incentive Target (or his successor, in the event of death) according to relevant procedures stipulated in the 2015 Plan but the personal appraisal requirement shall no longer be a condition for the unlocking of the Incentive Shares; and
- in any other case, the Incentive Shares granted to an Incentive Target but yet to be unlocked shall not be unlocked, and shall be repurchased by the Company and canceled.

(3) Termination of the 2015 Plan

The 2015 Plan shall be terminated in the following events:

(a) the auditors of the Company issue an adverse opinion or are unable to provide opinion to the accountants' report for the preceding financial year;

(b) the CSRC imposes administrative penalties on the Company for material violations of the laws and regulations within the preceding year; and

(c) other situations prescribed by the CSRC.

Upon termination of the 2015 Plan in the abovementioned manner, the Incentive Shares granted but yet to be unlocked shall not be unlocked, and shall be repurchased by the Company and canceled.

(4) Miscellaneous

Any matters not fully covered in the above may be dealt with at the discretion of the Board.

(vi) Repurchase and Cancelation of the Incentive Shares

If the Company repurchases the Incentive Shares in accordance with the provisions of the 2015 Plan, the repurchase price is the grant price, except for the adjustment of the repurchase price in accordance with the 2015 Plan.

(vii) Respective Rights and Obligations of the Company and the Incentive Targets

(1) Rights and Obligations of the Company

The Company has the explanation and the execution rights of the 2015 Plan and conducts performance appraisal to the Incentive Target in accordance with the provisions of the 2015 Plan. If the Incentive Target fails to meet the unlocking conditions determined by the Plan, the Company will repurchase and cancel the relevant Incentive Shares that have not been unlocked by the Incentive Target in accordance with the 2015 Plan.

The Company promises not to provide loans or any other kind of financial assistance to the Incentive Target in obtaining relevant stocks under the 2015 Plan, including providing guarantee for his loans.

According to the provisions of the national tax laws and regulations, the Company shall withhold the Incentive Target's payable individual income tax and other tax fees.

The Company shall promptly perform its disclosure, announcement and other obligations in accordance with the applicable provisions.

The Company shall actively cooperate with the Incentive Target who meets the unlocking conditions to unlock the Incentive Shares in accordance with the 2015 Plan and the relevant provisions of CSRC, the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Co., Ltd. However, if the Incentive Target fails to unlock and are subject to losses due to any reasons of CSRC, the Shenzhen Stock Exchange and China Securities Depository and Clearing Co., Ltd, the Company assumes no liability.

The Company shall carry out other rights and obligations stipulated by the applicable laws and regulations.

(2) Rights and Obligations of the Incentive Targets

The Incentive Target shall be diligent and adhere to occupational ethics in accordance with the requirements of the position employed by the Company and contribute to the development of the Company.

The Incentive Target shall lock the granted Incentive Shares in accordance with the provisions of the 2015 Plan.

The Incentive Shares granted to the Incentive Target enjoys the due rights after being registered at the China Securities Depository and Clearing Co., Ltd., including but not limited to the rights to dividends, share options, voting rights, etc. The cash dividends obtained by the Incentive Target under the Incentive Shares granted to the Incentive Target are escrowed by the Company and the payable dividends are paid interest-free to the Incentive Target when the Incentive Shares are unlocked; the Company will recover the dividends if the Incentive Shares cannot be unlocked in accordance with the Plan. The shares obtained by an Incentive Target due to the capitalization of common reserves, bonus issues, stock split and other matters, by reason of his/her holding of the Incentive Shares, shall be locked for the same lock-up period as that of the Incentive Shares held by the Incentive Target. The Company will repurchase and cancel such shares obtained if they cannot be unlocked in accordance with the 2015 Plan.

The Incentive Target should self-finance the funds for the purchase of the Incentive Shares in accordance with the 2015 Plan.

The Incentive Target's Incentive Shares cannot be transferred or be used to repay loans during the Lock-up Period.

Profits obtained by the Incentive Target due to the 2015 Plan shall be subject to individual income tax and other tax charges in accordance with the national tax regulations.

The Incentive Target shall carry out other rights and obligations stipulated by applicable laws and regulations.

2. SUBSIDIARIES

The information pertaining to our subsidiaries are listed in the Accountants' Report set out in Appendix I to this Prospectus. The following alterations in the capital of our subsidiaries have taken place within the two years preceding the date of this Prospectus:

(i) ITS: On July 5, 2021, the share capital of ITS increased from US$1,023,801,000 to US$2,151,026,368.

(ii) Tianqi Australia Investments 1: On June 30, 2021, Tianqi Australia Investments 1 issued 76,325,444 fully paid ordinary shares to TLH for a non-cash consideration of US$1,207,727,126. Upon the issuance, Tianqi Australia Investments 1's number of ordinary shares on issue increased to 781,114,592.

(iii) TLA: On June 26, 2021, TLH transferred all of its shares in TLA (being 216,770,485 fully paid ordinary shares) to TLEA for a cash consideration of US$696,461,036.

(iv) TLEA:

(1) On June 30, 2021, TLEA issued 177,864,310 fully paid ordinary shares to IGO Lithium for a cash consideration of US$1,395,294,577. Upon the issuance, TLEA's number of ordinary shares on issue increased to 362,988,388.

(2) On August 18, 2021, TLEA issued:

(a) 1,196,970 fully paid ordinary shares to TLC for a cash consideration of US$11,969,700.00; and

(b) 1,150,030 fully paid ordinary shares to IGO Lithium for a cash consideration of US$11,500,300.

Upon the issuance, TLEA's number of ordinary shares on issue increased to 365,335,388.

Save as disclosed above, there has been no alternation in the capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Prospectus.

3. JOINT VENTURE

We established a joint venture with our joint venture partner. Information on the joint venture is set out below:

Chile SALA

Parties and equity interest:	Chile SLI	50%
	San Antonio SpA	50%
Term of joint venture:	From November 28, 2008 with no end date	
Date of establishment:	November 28, 2008	
Scope of business:	The primary purpose is the discovery, exploration, development and operational mining concessions and properties	
Nature:	Limited liability company	
Registered and paid-up share capital:	1,281,275,000 Chilean pesos divided into 20,000 shares	

All sales, assignments or transfers of registered share capital in the above joint venture are subject to pre-emptive rights of the joint venture partners set out in the joint venture contract. The entitlements of joint venture partners to profits, dividends and other distributions of the above joint venture are proportionate to their capital contribution ratios.

Upon expiry of the joint venture, the joint venture partners shall be entitled to the distributable assets proportionate to their capital contribution ratios. The number of representatives of each joint venture partner at the board of the relevant joint venture is determined through negotiation between the joint venture partners with reference to their respective capital contribution.

4. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of our material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within two years preceding the date of this Prospectus which are or may be material:

(a) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, CALB Co., Ltd. (中創新航科技股份有限公司), Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(b) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, CPIC Investment Management (H.K.) Company Limited (中國太保投資管理(香港)有限公司), Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(c) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, Gold Mountains (H.K.) International Mining Company Limited (金山（香港）國際礦業有限公司), Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(d) the cornerstone investment agreement dated June 27, 2022 entered into among our Company, LG Chem, Ltd., Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(e) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, Pacific Asset Management Co., Limited (太平洋資產管理有限責任公司), Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(f) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, Shenzhen Dynanonic Company Limited (深圳市德方納米科技股份有限公司),

Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus;

(g) the cornerstone investment agreement dated June 28, 2022 entered into among our Company, Sichuan Energy Investment (Hong Kong) Holdings Limited (四川能投(香港)控股有限公司), Morgan Stanley Asia Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited, details of which are included in the section headed "Our Cornerstone Investors" in this Prospectus; and

(h) the Hong Kong Underwriting Agreement.

B. Our intellectual property rights

Patents

As at the Latest Practicable Date, we have registered the following patents in the PRC which we consider to be or may be material to our business:

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
1.	A fluid to remove impurities in the production of battery-grade anhydrous lithium chloride	Our Company	ZL200710050051.5	Invention	2007.9.18	2009.3.4
2.	Method to produce battery-grade monohydrate lithium hydroxide	Our Company	ZL200710051016.5	Invention	2007.12.28	2009.1.28
3.	Method to produce low magnesium battery-grade lithium carbonate using lithium sulfate solution	Our Company	ZL200710049813.X	Invention	2007.8.21	2009.3.18
4.	Method to produce battery-grade anhydrous lithium chloride	Our Company	ZL200710050050.0	Invention	2007.9.18	2009.3.18
5.	Method to produce battery-grade lithium dihydrogen phosphate	Shehong Tianqi	ZL200810044349.X	Invention	2008.5.6	2009.4.29
6.	Method to produce high purity lithium carbonate	Our Company	ZL201010600802.8	Invention	2010.12.22	2012.7.25
7.	Dust-free grade monohydrate lithium hydroxide and its preparation method	Our Company	ZL201010602894.3	Invention	2010.12.23	2012.4.25
8.	Method for producing lithium carbonate	Tianqi Lithium (Jiangsu)	ZL201080065025.X	Invention	2010.11.19	2015.4.22
9.	A method to produce lithium ferrous phosphate using lithium ore as lithium source	Shehong Tianqi	ZL201110320516.0	Invention	2011.10.20	2013.1.16
10.	Method for producing lithium iron phosphate with lithium ore as lithium source	Shehong Tianqi	ZL201110320501.4	Invention	2011.10.20	2013.6.19
11.	Lithium iron phosphate cathode material with specific morphological structure and lithium secondary battery	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201110320504.8	Invention	2011.10.20	2014.2.12
12.	A method for purifying lithium carbonate	Shehong Tianqi	ZL201110436996.7	Invention	2011.12.23	2013.8.14

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
13.	A type of medical glass using spodumene	Chengdu Tianqi	ZL201110376304.4	Invention	2011.11.23	2015.6.17
14.	Method to produce lithium hydroxide monohydrate of high purity	Our Company	ZL201210126529.9	Invention	2012.4.26	2014.2.12
15.	Method to produce dust-free grade monohydrate lithium hydroxide	Our Company	ZL201210329808.5	Invention	2012.9.7	2014.2.12
16.	Method for recovering lithium carbonate from lithium iron phosphate waste	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210406015.9	Invention	2012.10.22	2014.9.24
17.	Comprehensive recycling method of lithium iron phosphate cathode material	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210406034.1	Invention	2012.10.22	2014.7.2
18.	Recycling method using mother liquor from the preparation of lithium iron phosphate with liquid phase method	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210405266.5	Invention	2012.10.22	2014.4.16
19.	Integrated recycling method of lithium iron phosphate positive electrode	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210404843.9	Invention	2012.10.22	2014.7.16
20.	Method of recovering lithium hydroxide from lithium iron phosphate waste	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210404862.1	Invention	2012.10.22	2014.6.25
21.	Method of recovering lithium chloride from lithium iron phosphate waste	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201210404254.0	Invention	2012.10.22	2014.7.16
22.	Method of recycling nickel-cobalt-manganese ternary cathode material	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201310104022.8	Invention	2013.3.28	2015.5.27

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
23.	Method of recycling lithium manganese battery cathode material	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201310105266.8	Invention	2013.3.28	2015.8.19
24.	Method of producing grade 5N high purity lithium carbonate	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201410027993.1	Invention	2014.1.21	2015.12.30
25.	Recycling method of spodumene tailings	Shenghe Tianqi	ZL201410229351.X	Invention	2014.5.27	2015.9.30
26.	Lithium aluminum alloy, and its production method and usage	Shehong Tianqi	ZL201310220464.9	Invention	2013.6.5	2016.2.24
27.	Purification device of liquid metal	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201410342758.3	Invention	2014.7.18	2016.3.23
28.	Dust-free grade monohydrate lithium hydroxide and its production method	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201410384417.2	Invention	2014.8.6	2016.3.23
29.	Processing method of sphericite mineral	Shenghe Tianqi	ZL201410229354.3	Invention	2014.5.27	2016.6.29
30.	Vacuum synthesis method of lithium aluminum alloy	Our Company	ZL201410333523.8	Invention	2014.7.14	2017.1.11
31.	A device for cutting off lithium liquid	Chongqing Tianqi	ZL201010202789.0	Invention	2010.6.17	2012.6.27
32.	A method for preparing high purity lithium carbonate from digestive solution produced in lithium production	Chongqing Tianqi	ZL201010618163.8	Invention	2010.12.31	2012.7.18
33.	A vacuum distillation and purification furnace for metal lithium	Chongqing Tianqi	ZL201010202796.0	Invention	2010.6.17	2012.7.18
34.	A method for preparing metal lithium sand	Chongqing Tianqi	ZL200910191122.2	Invention	2009.10.14	2012.10.10
35.	A device for cutting lithium profile automatically	Chongqing Tianqi	ZL201010558269.3	Invention	2010.11.24	2013.1.23
36.	A method for preparing the production of lithium ferrous phosphate with lithium ore as lithium source in complete cycle	Shehong Tianqi	ZL201110320516.0	Invention	2011.10.20	2013.1.16
37.	A technology for preparing lithium ingot in glove compartment	Chongqing Tianqi	ZL201010605600.2	Invention	2010.12.23	2013.1.30
38.	A rolling compound machine for lithium electrode battery	Chongqing Tianqi	ZL201010605647.9	Invention	2010.12.23	2013.6.5
39.	A method for submerged arc welding for ultra low carbon stainless steel thick plate	Chongqing Tianqi	ZL201210145587.6	Invention	2012.5.11	2015.7.22
40.	A metal lithium electrolyte cell	Our Company	ZL201610212833.3	Invention	2016.4.7	2017.12.22

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
41.	A method for recycling the leftover cathode in lithium ion battery	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201610416490.2	Invention	2016.6.14	2018.5.11
42.	A method for preparing spherical lithium carbonate	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201611174906.0	Invention	2016.12.19	2018.7.10
43.	A method for recovering negative electrode sheet of metal lithium battery	Our Company	ZL201610654999.0	Invention	2016.8.11	2018.8.3
44.	A method for reducing nitride in metal lithium or lithium alloy	Our Company	ZL201611177870.1	Invention	2016.12.19	2018.10.30
45.	A method for preparing lithium strip via continuous electrolytic deposition	Our Company	ZL201611176573.5	Invention	2016.12.19	2018.11.6
46.	A method to recover lithium from cathode of waste lithium battery	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201611186511.2	Invention	2016.12.20	2018.12.28
47.	A method for preparing modified salt absorbent and its application	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201610016401.5	Invention	2016.1.12	2019.1.29
48.	A method for reducing and removing nitrides in metal lithium or lithium alloy	Our Company	ZL201611176625.9	Invention	2016.12.19	2019.6.11
49.	A method for preparing metal lithium tape by 3D printing	Our Company	ZL201711328593.4	Invention	2017.12.13	2019.11.8
50.	A method for recovering and synthesizing zinc ternary material precursor from old lithium battery	Our Company	ZL201711391042.2	Invention	2017.12.21	2019.11.15
51.	A harmless method for treating metal lithium waste residue	Chongqing Tianqi	ZL201811236875.6	Invention	2018.10.23	2019.12.6
52.	A method for preparing ternary cathode material precursor using waste lithium battery material	Our Company	ZL201611177778.5	Invention	2016.12.19	2019.12.27
53.	A method and evaluation device for the ability of powder to agglomerate	Our Company	ZL201710233029.8	Invention	2017.4.11	2020.1.31
54.	An electrochemical method of recycling lithium from cathode materials of waste lithium batteries	Our Company	ZL201611177876.9	Invention	2016.12.19	2020.4.17
55.	A method for recovering and treating waste lithium iron phosphate cathode material by acid leaching	Our Company	ZL201611176572.0	Invention	2016.12.19	2020.4.21
56.	A method for preparing lithium strip by melting deposition	Our Company	ZL201711285261.2	Invention	2017.12.7	2020.5.12
57.	A method for treating lithium containing waste residue	Our Company	ZL201711329748.6	Invention	2017.12.13	2020.6.5

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
58.	Process for the production of lithium carbonate	Our Company	CA2786317	Invention	2010.11.19	2020.7.7
59.	A method for recovering lithium from PPS catalyst waste residue	Our Company	ZL201611187261.4	Invention	2016.12.21	2020.7.14
60.	A method for recovering lithium from its waste liquid	Our Company	ZL201611187349.6	Invention	2016.12.21	2020.8.14
61.	A method for recovering lithium from slag produced by lithium battery using fire method	Our Company	ZL201711272420.5	Invention	2017.12.6	2020.9.22
62.	An efficient method for removing lithium hexafluorophosphate from battery cell powder	Tianqi Lithium (Jiangsu)	ZL201811226706.4	Invention	2018.10.22	2020.10.16
63.	A harmless method of treating metal lithium waste residue	Tianqi Lithium (Jiangsu)	ZL201811229973.7	Invention	2018.10.22	2020.12.29
64.	A method for recovering lithium from sodium sulfate, by-product of lithium extraction by the process of spodumene sulfuric acid	Shehong Tianqi	ZL201811226837.2	Invention	2018.10.22	2021.1.22
65.	A process for producing anhydrous lithium chloride by crystallization	Shehong Tianqi	ZL201811226901.7	Invention	2018.10.22	2021.1.22
66.	A method for defluorination of lithium ion battery powder by mixed acid distillation and synergistic leaching of valuable metals	Tianqi Lithium (Jiangsu)	ZL201910869732.7	Invention	2019.9.16	2021.1.22
67.	A method for recovering high purity favelen and lithium chloride from pharmaceutical lithium containing waste liquid	Tianqi Lithium (Jiangsu)	ZL201811226847.6	Invention	2018.10.22	2021.3.12
68.	A method for preparing three dimensional alloy lithium negative electrode and lithium secondary battery	Chongqing Tianqi	ZL201910001956.6	Invention	2019.1.2	2021.6.1
69.	A method for preparing deactivated lithium powder	Our Company	ZL201711267211.1	Invention	2017.12.5	2021.6.4
70.	A method for synthesizing novel carbon material adsorbent by using negative electrode active material of waste battery	Tianqi Resources	ZL201811305851.1	Invention	2018.11.5	2021.8.6
71.	A comprehensive method for recovering waste lithium ion battery	Tianqi Resources	ZL201811286786.2	Invention	2018.10.31	2021.9.10
72.	Double paddle drying device	Our Company	ZL201320254192.X	Utility model	2013.5.10	2013.10.23
73.	Microwave drying device	Our Company	ZL201320253713.X	Utility model	2013.5.10	2013.12.25
74.	Sprocket drive	Our Company	ZL201320256066.8	Utility model	2013.5.13	2013.10.23
75.	Metal lithium electrolyzer	Our Company	ZL201320262183.5	Utility model	2013.5.15	2013.10.23
76.	Chlorine absorption device	Our Company	ZL201320265352.0	Utility model	2013.5.16	2013.10.23
77.	Vacuum rapid dispersion reactor	Our Company	ZL201420517629.9	Utility model	2014.9.10	2015.1.7
78.	A device for separating refined lithium carbonate	Our Company	ZL201620217095.7	Utility model	2016.3.21	2016.8.17
79.	A device for producing granular lithium chloride	Our Company	ZL201620217094.2	Utility model	2016.3.21	2016.8.17
80.	A system for continuous freezing and crystallizing separation of mirabilite during production of lithium hydroxide	Our Company	ZL201620278885.6	Utility model	2016.4.6	2016.8.17

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
81.	Packing bag (for preventing powder from agglomerating)	Our Company	ZL201621411265.1	Utility model	2016.12.21	2017.10.24
82.	A device for preparing lithium strip by continuous electrolytic deposition	Our Company	ZL201621393509.8	Utility model	2016.12.19	2017.12.12
83.	A fully automatic waste lithium ion battery recovery system	Our Company	ZL201721696996.X	Utility model	2017.12.8	2018.7.3
84.	A new rolling equipment for separating active material and collecting waste lithium ion battery	Our Company	ZL201721697829.7	Utility model	2017.12.8	2018.7.3
85.	A system for continuous recovery of old ternary lithium ion battery	Our Company	ZL201721696127.7	Utility model	2017.12.8	2018.7.10
86.	A device for preparing inactivated lithium powder	Our Company	ZL201721733935.6	Utility model	2017.12.13	2018.7.17
87	A device for preparing metal lithium tape by 3D printing	Our Company	ZL201721738508.7	Utility model	2017.12.13	2018.7.27
88.	Label (3)	Our Company	ZL202030187148.7	Utility model	2020.4.29	2020.12.15
89.	An oil coating device for ultra-thin metal lithium band binding	Our Company	ZL202020009609.6	Utility model	2020.1.3	2021.1.22
90.	Packaging bag (high purity lithium carbonate 2)	Our Company	ZL201230448344.0	Design	2012.9.19	2012.12.19
91.	Packaging bag (battery grade lithium carbonate 1)	Our Company	ZL201230448687.7	Design	2012.9.19	2012.12.19
92.	Packaging bag (battery grade lithium carbonate 2)	Our Company	ZL201230448108.9	Design	2012.9.19	2012.12.19
93.	Packaging bag (industrial grade one lithium carbonate 1)	Our Company	ZL201230448333.2	Design	2012.9.19	2012.12.19
94.	Packaging bag (industrial grade two lithium carbonate 1)	Our Company	ZL201230448332.8	Design	2012.9.19	2012.12.19
95.	Packaging bag (industrial grade monohydrate lithium hydroxide 1)	Our Company	ZL201230448213.2	Design	2012.9.19	2012.12.19
96.	Packaging bag (industrial grade monohydrate lithium hydroxide 2)	Our Company	ZL201230448565.8	Design	2012.9.19	2012.12.19
97.	Packaging bag (granular anhydrous lithium chloride 2)	Our Company	ZL201230448531.9	Design	2012.9.19	2012.12.19
98.	A process for the production of lithium carbonate	Our Company	2010341402	Invention	2012.9.19	2012.12.19
99.	Packaging (2)	Our Company	ZL202030186866.2	Design	2020.4.29	2020.9.1
100.	Packaging (1)	Our Company	ZL202030186859.2	Design	2020.4.29	2020.9.8
101.	A method for preparing high-purity lithium carbonate	Our Company	CA2820112	Invention	2011.7.8	2016.9.6
102.	Dust free grade lithium hydroxide monohydrate and its preparation	Our Company	CA2822196	Invention	2011.7.8	2016.10.18
103.	A method for converting ruthenium in lithium sphalerite slag to soluble salt	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201510713769.2	Invention	2015.10.28	2017.3.29
104.	A method for continuously producing battery grade lithium carbonate	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201610023541.5	Invention	2016.1.14	2017.5.24

	Patent	Patentee	Patent No.	Patent type	Application Date	Registration Date
105.	A method for preparing anhydrous lithium chloride by using waste liquid containing lithium	Our Company/ Tianqi Lithium (Jiangsu)/ Shehong Tianqi	ZL201610257026.3	Invention	2016.4.22	2017.10.31
106.	Winding shaft and winding device	Our Company/ Chongqing Tianqi	ZL202022082358.7	New model	2020.9.21	2021.4.27
107.	Cutting device suitable for cylindrical metal lithium ingot	Our Company/ Chongqing Tianqi	ZL202022080282.4	New model	2020.9.21	2021.4.20
108.	Controllable casting device for active metal or alloy	Our Company/ Chongqing Tianqi	ZL202022063829.X	New model	2020.9.18	2021.4.27
109.	Multistage calendering device for ultra-thin lithium strip	Our Company/ Chongqing Tianqi	ZL202022080700.X	New model	2020.9.21	2021.5.18
110.	A utility model relating to a stirrer and a stirring device for high viscosity gas-solid	Our Company/ Chongqing Tianqi	ZL202022085262.6	New model	2020.9.21	2021.6.1

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
1.	锂坤达	Our Company	PRC	1088482	1	August 27, 2027
2.		Our Company	PRC	1026091	1	June 13, 2027
3.	WORLD STAR	Our Company	PRC	1098284	1	September 13, 2027
4	共创锂想	Our Company	PRC	30381956	1	February 13, 2029
5.	天齐锂业 TIANQI LITHIUM	Our Company	PRC	30387088	1	April 13, 2029
6.		Our Company	PRC	30947652	1	May 20, 2029
7.	LIKUNDA	Our Company	PRC	31211815	1	February 27, 2029
8.	锂坤达	Our Company	PRC	31218623	1	February 27, 2029

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
9.		Our Company	PRC	6915111	9	July 27, 2030
10.	Likunda	Our Company	PRC	6915114	9	July 27, 2030
11.	锂坤	Our Company	PRC	6915118	1	July 13, 2030
12.	达坤锂	Our Company	PRC	6915119	1	July 27, 2030
13.	锂达坤	Our Company	PRC	6915120	1	July 27, 2030
14.	锂坤达	Our Company	PRC	6915121	1	July 27, 2030
15.	达锂坤	Our Company	PRC	6915122	1	July 13, 2030
16.	坤达锂	Our Company	PRC	6915123	1	July 13, 2030
17.		Our Company	PRC	6915124	1	July 13, 2030
18.	WORLD STAR	Our Company	PRC	6915125	1	July 13, 2030
19.	锂坤达	Our Company	PRC	6915126	1	July 13, 2030
20.	锂坤	Our Company	PRC	6915230	9	July 27, 2030
21.	达坤锂	Our Company	PRC	6915231	9	July 27, 2030
22.	锂达坤	Our Company	PRC	6915232	9	July 27, 2030
23.	坤锂达	Our Company	PRC	6915233	9	July 27, 2030
24.	达锂坤	Our Company	PRC	6915234	9	July 27, 2030
25.	坤达锂	Our Company	PRC	6915235	9	July 27, 2030
26.		Our Company	PRC	6915236	1	July 13, 2030
27.	Likunda	Our Company	PRC	6915237	1	July 13, 2030

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
28.	坤达	Our Company	PRC	6915238	1	July 13, 2030
29.	锂坤达 LIKUNDA	Our Company	PRC	6298398	1	July 13, 2030
30.	TIANQI LITHIUM	Our Company	Hong Kong	304509711	1	April 29, 2028
31.	TQC 天齐锂业 TQC 天齐锂业	Our Company	Hong Kong	304520259	1	May 8, 2028
32.	TQC TQC	Our Company	Hong Kong	304509694	1	April 29, 2028
33.	共创锂想 共创锂想	Our Company	Hong Kong	304509748	1	April 29, 2028
34.	CHANGING THE WORLD WITH LITHIUM CHANGING THE WORLD WITH LITHIUM	Our Company	Hong Kong	304509676	1	April 29, 2028
35.	天齐锂业	Our Company	Hong Kong	304509702	1	April 29, 2028

As at the Latest Practicable Date, we have been granted to use the following trademarks in the PRC by Tianqi Group Company and TQMMM we consider to be or may be material to our business:

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
1.	TQC	Tianqi Group Company	PRC	14511823	9	September 20, 2025
2.	TQC	Tianqi Group Company/ TQMMM	PRC	14511809	1	June 20, 2025
3.	TQC	Tianqi Group Company	PRC	13354315	37	March 20, 2026
4.	TQC	Tianqi Group Company	PRC	8786148	9	May 13, 2023

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
5.		Tianqi Group Company/ TQMMM	PRC	8670333	1	September 27, 2031
6.		Tianqi Group Company/ TQMMM	PRC	8548775	7	August 13, 2031
7.		Tianqi Group Company	PRC	8548742	42	September 27, 2031
8.		Tianqi Group Company	PRC	8548337	40	August 27, 2031
9.		Tianqi Group Company	PRC	8548321	39	August 13, 2031
10.		Tianqi Group Company	PRC	8548305	37	April 13, 2024
11.		Tianqi Group Company	PRC	8548289	36	September 27, 2031
12.		Tianqi Group Company	PRC	8548269	35	September 27, 2031
13.		Tianqi Group Company	PRC	8548252	19	November 20, 2031
14.		Tianqi Group Company	PRC	8548212	11	September 20, 2031
15.		Tianqi Group Company	PRC	8548200	8	August 13, 2031
16.		Tianqi Group Company	PRC	8548180	6	August 13, 2031
17.		Tianqi Group Company	PRC	8546140	1	October 20, 2031

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
18.	TIANQI天齐	Tianqi Group Company	PRC	6583427	1	May 27, 2030
19.	TIANQI天齐	Tianqi Group Company	PRC	6583426	6	June 6, 2030
20.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	6583425	7	June 6, 2030
21.	TQC	Tianqi Group Company/ TQMMM	PRC	6583424	1	September 6, 2030
22.	TQC	Tianqi Group Company	PRC	6583423	6	July 27, 2030
23.	TQC	Tianqi Group Company/ TQMMM	PRC	6583422	7	August 20, 2030
24.	TQC	Tianqi Group Company	PRC	6583421	11	June 20, 2030
25.	TQC	Tianqi Group Company	PRC	6583419	36	April 6, 2030
26.	TQC	Tianqi Group Company	PRC	6583418	42	September 6, 2030
27.	天 齐	Tianqi Group Company/ TQMMM	PRC	5182340	12	March 27, 2029
28.	TQMMM	Tianqi Group Company/ TQMMM	PRC	5182339	1	June 27, 2029
29.	TQMMM	Tianqi Group Company/ TQMMM	PRC	5182338	7	March 27, 2029
30.	TQMMM	Tianqi Group Company/ TQMMM	PRC	5182337	9	March 27, 2029
31.	TQMMM	Tianqi Group Company/ TQMMM	PRC	5182336	35	June 6, 2029
32.	TQMMM	Tianqi Group Company/ TQMMM	PRC	5182335	12	March 27, 2029

	Trademark	Registrant	Place of registration	Registration No.	Class	Date of expiry
33.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182334	42	June 27, 2029
34.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182333	37	September 6, 2029
35.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182332	36	September 6, 2029
36.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182331	35	June 6, 2029
37.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182330	19	December 13, 2029
38.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182329	9	April 6, 2029
39.	TIANQI天齐	Tianqi Group Company/ TQMMM	PRC	5182328	7	May 6, 2029
40.	金沙 JINSHA	Tianqi Group Company	PRC	4199318	39	January 6, 2028
41.	天齐实业 TIANQI	Tianqi Group Company	PRC	4172936	6	November 13, 2026
42.	天齐	Tianqi Group Company	PRC	1673544	6	November 27, 2031
43.	TQC	Tianqi Group Company	PRC	33159084	40	September 6, 2029
44.	TQC	Tianqi Group Company	PRC	33160993	12	September 27, 2029
45.	TQC	Tianqi Group Company	PRC	36245539	40	October 13, 2029
46.	TQC	Tianqi Group Company/ TQMMM	PRC	36258374	7	December 13, 2029
47.	TQC	Tianqi Group Company	PRC	36256696	10	November 27, 2029

Domain

As at the Latest Practicable Date, we have registered the following domain which we consider to be or may be material to our business:

	Domain	Registrant	Place of registration	Registration No.	Class	Date of expiry
1.	tianqilithium.com	Our Company	PRC	13013404	1	April 19, 2027
2.	tianqilithium.com.au	TLA	Australia	D407400000001356489-AU	N/A	N/A (not currently eligible for renewal)
3.	adaralithium.com.au	TLEA	Australia	D407400000106248889-AU	N/A	N/A (not currently eligible for renewal)
4.	talison.com.au	Sons of Gwalia Ltd	Australia	D407400000002021980-AU	N/A	N/A (Not Currently Eligible For Renewal)
5.	talisonlithium.com.au	Talison Minerals	Australia	D407400000002038673-AU	N/A	N/A (not currently eligible for renewal)
6.	spodumene.com.au	Gwalia Spodumene	Australia	D407400000002803784-AU	N/A	N/A (not currently eligible for renewal)
7.	ontourwithtalison.com.au	Talison	Australia	D407400000108407659-AU	N/A	N/A (not currently eligible for renewal)

5. DISCLOSURE OF INTERESTS

A. Substantial Shareholders

Interests in our Company

So far as the Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, each of the following persons will have an interest or short position in the shares or underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of our Group:

Name of Shareholder	Nature of interest	Class	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering[1]	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering[2]
Mr. Jiang Weiping[3][4]	Interest of controlled corporations	A Shares	416,316,432 (Long position)	28.18%	25.37%
	Interest of spouse	A Shares	68,679,877 (Long position)	4.65%	4.18%
Tianqi Group Company[3]	Beneficial owner	A Shares	416,316,432 (Long position)	28.18%	25.37%
Ms. Zhang Jing[4]	Beneficial owner	A Shares	68,679,877 (Long position)	4.65%	4.18%
	Interest of spouse	A Shares	416,316,432 (Long position)	28.18%	25.37%

Notes:

(1) The calculation is based on the percentage of shareholding in A Shares (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 1,641,221,583 Shares in issue after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at November 4, 2021, Tianqi Group Company had pledged 108,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

(4) Mr. Jiang Weiping and his spouse, Ms. Zhang Jing, are deemed to be interested in the Shares held by each other under the SFO.

Save as disclosed above, as of the Latest Practicable Date, none of our Directors or Supervisors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to subscribe for shares or debentures of our Company or any of its associated corporations.

Interests in shares of other member of our Group (other than our Company)

Save as disclosed below, so far as our Directors are aware, immediately following the completion of the Global Offering, no persons will, directly or indirectly, be interested in 10.0% or more of the issued voting shares of any member of our Group (other than our Company).

Name of member of our Group	Person holding 10% or more interest	Approximate% of interest in the member of our Group
Chongqing Tianqi	Chongqing Kunyu Lithium Co., Ltd. (重慶昆瑜鋰業有限公司)	13.62%
Windfield	RT Lithium	49%
TLEA	IGO Limited	49%

B. Disclosure of the Directors' and Supervisors' interests in the registered capital of associated corporations of the Company

Save as disclosed below, so far as is known to the Directors, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised), none of our Directors, Supervisors and chief executive of our Company will have interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, once the Shares are listed:

Name of Director/ Supervisor	Nature of interest	Class	Number of Shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of Shares after the Global Offering(1)	Approximate percentage of shareholding in the total share capital of the Company after the Global Offering(2)
Mr. Jiang Weiping(3)(4)	Interest of controlled corporations	A Shares	416,316,432 (Long position)	28.18%	25.37%
	Interest of spouse	A Shares	68,679,877 (Long position)	4.65%	4.18%
Mr. Zou Jun	Beneficial owner	A Shares	643,637	0.04%	0.04%

Notes:

(1) The calculation is based on the percentage of shareholding in A Shares (as applicable) of the Company after the Global Offering.

(2) The calculation is based on the total number of 1,641,221,583 Shares in issue after the Global Offering (assuming the Over-allotment Option is not exercised).

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed interested in all of the Shares held by Tianqi Group Company. As at November 4, 2021, Tianqi Group Company had pledged 108,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

(4) Mr. Jiang Weiping is deemed to be interested in the Shares held by his spouse, Ms. Zhang Jing, under the SFO.

C. Particulars of service contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of our Directors and Supervisors has entered into a contract in respect of, among others, compliance of the relevant laws and regulations, observations of the Articles of Association and applicable provisions on arbitration with our Company.

Save as disclosed above, none of the Directors or Supervisors has entered into any service contracts as a director or supervisor with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

D. Directors' and Supervisors' remuneration

The aggregate remuneration paid and benefits in kind granted to the Directors in respect of each of the three years ended December 31, 2019, 2020 and 2021 were approximately RMB6.25 million, RMB5.06 million and RMB7.95 million, respectively. Save as disclosed under Note 9 to the financial statements in the Accountants' Report set out in Appendix I to this Prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2019, 2020 and 2021.

The aggregate remuneration paid and benefits in kind granted to the Supervisors in respect of each of the three years ended December 31, 2019, 2020 and 2021 were approximately RMB0.75 million, RMB0.75 million and RMB0.81 million, respectively. Save as disclosed under Note 9 to the financial statements in the Accountants' Report set out in Appendix I to this Prospectus, no Director or Supervisor received other remuneration or benefits in kind from the Company in respect of the three financial years ended December 31, 2019, 2020 and 2021.

Under the current arrangements, the Directors will be entitled to receive compensation (including remuneration (excluding performance related bonuses) and benefits in kind) from our Company for the year ending December 31, 2022, which is estimated to be approximately RMB12.64 million in aggregate.

Under the current arrangements, the Supervisors will be entitled to receive compensation (including remuneration (excluding performance related bonuses) and benefits in kind) from our Company for the year ending December 31, 2022, which is estimated to be RMB1.11 million in aggregate.

None of our Directors and our Supervisors or any past Directors and any past Supervisors of any members of our Group has been paid any sum of money for the three years ended December 31, 2019, 2020 and 2021 (i) as an inducement to join or upon joining us or (ii) for loss of office as a Director and Supervisor of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director and Supervisor has waived or agreed to waive any remuneration or benefits in kind for the three years ended December 31, 2019, 2020 and 2021.

Save as disclosed in this Prospectus, none of our Directors and Supervisors has been or is interested in the promotion of, and no sum has been paid or agreed to be paid to any of them in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director or a Supervisor, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

E. Other Information about Mr. JIANG Weiping

Mr. JIANG Weiping was one of the directors of Chengdu Tianqi Installation Engineering Co., Ltd (成都天齊安裝工程有限公司) ("**Tianqi Installation**"). The business license of Tianqi Installation had been revoked as the company was inactive with no substantial operation. Tianqi Installation was subsequently de-registered in November 16, 2007. To the best knowledge of Mr. JIANG Weiping, there has been no outstanding liabilities and unsatisfied judgments against the company.

F. Personal guarantees

Save as disclosed in the section headed "Relationship with Single Largest Group of Shareholders", the Directors and Supervisors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

G. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting" in this Prospectus, none of our Directors, Supervisors or any of the persons whose names are listed under the paragraph headed "6. Other Information–E. Qualification of Experts" in this Appendix had received commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years preceding the date of this Prospectus.

H. Related party transactions

During the two years preceding the date of this Prospectus, we have entered into the material related party transactions as described in the section headed "Appendix I–Accountants' Report–36. Material Related Party Transactions".

I. Disclaimers

Save as disclosed in this Prospectus:

(a) none of the Directors, Supervisors or chief executive of our Company has any interests and/or short positions in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors and Listed Issuers to be notified to us and the Stock Exchange, in each case once our H Shares are listed. For this purpose, the relevant provisions of the SFO will be interpreted as if they applied to the Supervisors;

(b) none of the Directors or Supervisors nor any of the parties listed in the paragraph headed "6. Other Information—E. Qualification of experts" of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this Prospectus, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(c) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange, or is directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group;

(d) save as disclosed in this Prospectus and in connection with the Underwriting Agreements, none of the Directors or Supervisors nor any of the parties listed in paragraph headed "6. Other Information—E. Qualification of experts" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business;

(e) none of the parties listed in the paragraph headed "6. Other Information—E. Qualification of experts" of this Appendix:

(i) is interested legally or beneficially in any of our Shares or any shares in any of our subsidiaries; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities; and

(f) none of the Directors or Supervisors or their respective associates (as defined under the Listing Rules) or any Shareholders of our Company (who to the knowledge of the Directors owns more than 5% of our issued share capital) has any interest in our five largest suppliers or our five largest customers.

6. OTHER INFORMATION

A. Estate Duty

We have been advised that no material liability for estate duty under PRC law is likely to fall upon us.

B. Litigation

Save as disclosed in "Business—Legal and Regulatory Compliance," as at the Latest Practicable Date, our Company is not involved in and is not aware of any material litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors that could have a material adverse effect on our financial condition or results of operations.

C. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, our H Shares, including any Offer Shares which may be issued pursuant to the exercise of the Over-allotment Option. All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. The Joint Sponsors have declared their independence and satisfies the criteria applicable to sponsors pursuant to Rule 3A.07 of the Listing Rules. The fees to the Joint Sponsors are US$1,200,000 and will be borne by our Company.

D. Preliminary expenses

Our Company has not incurred any material preliminary expense in relation to the incorporation of the Company.

E. Qualification of experts

The qualifications of the experts who have given opinions in this Prospectus are as follows:

Name	Qualification
Morgan Stanley Asia Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
CMB International Capital Limited	Licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
Zhong Lun Law Firm	Legal advisers as to PRC law to our Company
Clayton Utz	Legal advisers as to Australian law to our Company
Carey y Cía. Ltda.	Legal advisers as to Chilean law to our Company
Wood Mackenzie (Asia Pacific) Pty. Ltd.	Independent industry consultant
Behre Dolbear Australia Pty Limited	Competent Person

F. Consent of Experts

Each of the experts as referred to in the paragraph headed "6. Other Information—E. Qualification of experts" in this Appendix has given, and has not withdrawn, their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

Save as disclosed in this Prospectus, as of the Latest Practicable Date, none of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for securities in any member of our Group.

G. No material adverse change

The Directors confirm that there has been no material adverse change in our financial or trading position since December 31, 2021.

H. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

I. Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.13% (ad valorem rate) on the higher of the consideration for or the market value of the H Shares, payable by both the purchaser and the seller (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK $5.00 is currently payable on any instrument of transfer of H Shares.

J. Bilingual Document

The English language and Chinese language version of this Prospectus are being published separately in reliance upon the exemption provided by section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

K. Miscellaneous

Save as disclosed in this Prospectus, within the two years preceding the date of this Prospectus:

(a) no share or loan capital has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company, if any, is under option or is agreed conditionally or unconditionally to be put under option;

(c) no founder shares, management shares or deferred shares of our Company or any of its subsidiaries have been issued or agreed to be issued;

(d) the Company has no outstanding convertible debt securities or debentures;

(e) no commission, discount, brokerage or other special term has been granted (except in connection with the Underwriting Agreements) or agreed to be granted in connection with the issue or sale of any capital of the Company or any of its subsidiaries; and

(f) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of its subsidiaries.

(g) there is no arrangements under which future dividends are waived or agreed to be waived;

(h) there has been no interruptions in our business which may have or have had a significant effect on the financial position in the last 12 months preceding the date of this Prospectus;

(i) there has been no material adverse change in the financial or trading position or prospects of the Group since December 31, 2021 (being the date to which the latest audited consolidated financial statements of the Group were prepared);

(j) all necessary arrangements have been made to enable our H Shares to be admitted into CCASS for clearing and settlement.;

(k) save for the A Shares and the corporate bonds of our Company that are listed on the Shenzhen Stock Exchange, none of the equity and debt securities of our Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(l) we currently do not intend to apply for the status of a Sino-foreign investment joint stock limited company and do not expect to be subject to the PRC Sino-Foreign Joint Venture Law.

L. Promoters

The promoters of our Company are Tianqi Group Company and Ms. Zhang Jing.

Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoters named above in relation to the Global Offering and the related transactions described in this Prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of the **GREEN** Application Form;

(b) the written consents referred to in the section headed "6. Other Information—F. Consent of Experts" in Appendix VIII to this Prospectus; and

(c) copies of the material contracts referred to in the section headed "4. Further Information about Our Business—A. Summary of our material contracts" in Appendix VIII to this Prospectus.

DOCUMENTS ON DISPLAY

Copies of the following documents will be on display on the websites of the Stock Exchange (www.hkexnews.hk) and our Company (www.tianqilithium.com) during a period of 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the accountants' report prepared by KPMG, the text of which is set out in Appendix I to this Prospectus;

(c) the unaudited interim financial information prepared by KPMG, the text of which is set out in Appendix II to this Prospectus;

(d) the unaudited pro forma financial information prepared by KPMG, the text of which is set out in Appendix III to this Prospectus;

(e) the competent person report set out in Appendix IV to this Prospectus;

(f) the material contracts referred to in the section entitled "4. Further Information about Our Business—A. Summary of our material contracts" in Appendix VIII to this Prospectus;

(g) the written consents referred to in the section headed "6. Other Information—F. Consent of Experts" in Appendix VIII to this Prospectus;

(h) the service agreements referred to in the section headed "5. Disclosure of Interests—C. Particulars of service contracts" in Appendix VIII to this Prospectus;

(i) the Australian legal due diligence report issued by Clayton Utz, the legal advisers to the Company on the Australian law, in respect of certain aspect of the Group;

(j) the PRC legal opinion issued by Zhong Lun Law Firm, the legal advisers to the Company on the PRC law, in respect of certain aspects of the Group and the property interests of the Group;

(k) the Chilean legal due diligence report issued by Carey y Cia. Ltda., the legal adviser to the Company on the Chilean law, in respect of certain aspects of the Group;

(l) the industry report prepared by Wood Mackenzie, the summary of which is set forth in the section headed "Industry Overview" in this Prospectus;

(m) copies of the following PRC laws, together with their unofficial English translations thereof:

  (i) the Company Law;

  (ii) the Mandatory Provisions;

(iii) the Special Regulations; and

(n) copies of the listing rules of the Shenzhen Stock Exchange, together with unofficial English translations thereof.

TIANQI LITHIUM