Ganfeng Lithium Group Co., Ltd.
江西贛鋒鋰業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1772)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors of the Company is pleased to announce the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
Revenue	3	**41,370,654**	11,043,007
Cost of sales		**(21,006,180)**	(6,685,938)
Gross profit		**20,364,474**	4,357,069
Other income and gains	3	**1,272,183**	2,690,464
Selling and distribution expenses		**(117,360)**	(61,623)
Administrative expenses		**(1,999,705)**	(840,336)
Other expenses	4	**(247,400)**	(171,370)
Finance costs	5	**(407,329)**	(264,857)
Share of profits and losses of:			
Associates		**1,674,325**	66,937
Joint ventures		**2,239,893**	(5,223)
Profit before tax	6	**22,779,081**	5,771,061
Income tax expense	7	**(2,318,117)**	(356,997)
PROFIT FOR THE YEAR		**20,460,964**	5,414,064
Attributable to:			
Owners of the parent		**20,503,915**	5,225,922
Non-controlling interests		**(42,951)**	188,142
		20,460,964	5,414,064
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– Profit for the year (RMB)		**10.18**	2.67
Diluted			
– Profit for the year (RMB)		**10.17**	2.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 *RMB'000*	2021 *RMB'000*
PROFIT FOR THE YEAR	**20,460,964**	5,414,064
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**140**	(9,337)
Share of other comprehensive income of associates and joint ventures	**12,338**	(2,277)
Exchange differences on translation of foreign operations	**1,426,515**	(291,457)
OTHER COMPREHENSIVE INCOME/(LOSSES) FOR THE YEAR, NET OF TAX	**1,438,993**	(303,071)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**21,899,957**	5,110,993
Attributable to:		
Owners of the parent	**21,707,201**	4,978,232
Non-controlling interests	**192,756**	132,761
	21,899,957	5,110,993

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	2022 *RMB'000*	2021 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**14,451,751**	8,902,841
Investment properties		**–**	72
Right-of-use assets		**685,261**	359,978
Goodwill		**17,615**	17,615
Other intangible assets		**13,656,148**	4,760,844
Investments in associates		**7,431,778**	3,161,830
Investments in joint ventures		**2,760,095**	925,576
Financial assets at fair value through profit or loss		**5,314,761**	3,330,509
Deferred tax assets		**653,243**	698,468
Other non-current assets		**2,194,222**	2,272,179
Equity investments designated at fair value through other comprehensive income		**29,000**	–
Total non-current assets		**47,193,874**	24,429,912
CURRENT ASSETS			
Inventories		**10,111,077**	3,283,309
Trade receivables	10	**7,850,711**	2,495,968
Debt investments at fair value through other comprehensive income	11	**2,008,569**	823,339
Amounts due from related parties		**52,478**	23,114
Prepayments, other receivables and other assets		**1,813,170**	1,387,439
Financial assets at fair value through profit or loss		**215,986**	281,364
Pledged deposits		**841,028**	1,098,595
Cash and cash equivalents		**9,073,017**	5,233,611
Total current assets		**31,966,036**	14,626,739

	Notes	**2022** **RMB'000**	2021 RMB'000
CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,619,896**	2,708,799
Trade and bills payables	12	**7,421,860**	2,280,075
Amounts due to related parties		**959,798**	250,928
Other payables and accruals		**4,089,955**	2,061,306
Income tax payable		**2,563,416**	896,842
Financial liabilities at fair value through profit or loss		**–**	11,157
Total current liabilities		**18,654,925**	8,209,107
NET CURRENT ASSETS		**13,311,111**	6,417,632
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,504,985**	30,847,544
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**9,163,323**	3,658,855
Deferred income		**275,207**	93,741
Deferred tax liabilities		**133,781**	42,351
Amounts due to related parties		**1,553,958**	564,434
Provision		**52,631**	17,915
Other non-current liabilities		**459,777**	303,548
Total non-current liabilities		**11,638,677**	4,680,844
Total liabilities		**30,293,602**	12,889,951
Net assets		**48,866,308**	26,166,700

	Notes	**2022** **_RMB'000_**	2021 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,017,036**	1,437,479
Treasury shares		**(133,154)**	–
Reserves		**42,158,945**	20,456,272
		44,042,827	21,893,751
Non-controlling interests		**4,823,481**	4,272,949
Total equity		**48,866,308**	26,166,700

Director	Director

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Improvements to IFRSs 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 Inventories, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Prior to the initial application of the amendments, the proceeds from selling the products from testing process of the Group's machinery and equipment before they were available for use had been deducted from the cost of these machinery and equipment. As the effect upon initial application was immaterial, the Group did not make restatement to the comparative figures.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2] *(the "2020 Amendments")*[2, 4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

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

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 1 Classification of Liabilities as Current or Non-current clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the IASB issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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

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

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

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Year ended 31 December 2022	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment revenue ***(note 3)***				
Sales to external customers	**34,885,846**	**6,481,517**	**3,291**	**41,370,654**
Intersegment sales	**151,917**	**4,731**	**18,315**	**174,963**
	35,037,763	**6,486,248**	**21,606**	**41,545,617**
Reconciliation:				
Elimination of intersegment sales				**(174,963)**
Revenue				**41,370,654**
Segment results	**18,274,679**	**565,979**	**4,147,159**	**22,987,817**
Reconciliation:				
Interest income				**197,413**
Finance costs (other than interest on lease liabilities)				**(406,149)**
Profit before tax				**22,779,081**
Segment assets	**36,397,200**	**15,142,883**	**34,179,927**	**85,720,010**
Reconciliation:				
Elimination of intersegment receivables				**(6,560,100)**
Total assets				**79,159,910**
Segment liabilities	**18,722,422**	**10,585,886**	**7,545,394**	**36,853,702**
Reconciliation:				
Elimination of intersegment payables				**(6,560,100)**
Total liabilities				**30,293,602**

Year ended 31 December 2022	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Other segment information:				
Impairment losses recognised in the statement of profit or loss, net	**(2,332)**	**119,298**	**–**	**116,966**
Share of profits and losses of:				
Associates	**43,619**	**–**	**1,630,706**	**1,674,325**
Joint ventures	**3,528**	**–**	**2,236,365**	**2,239,893**
Depreciation and amortisation	**261,630**	**234,319**	**23,886**	**519,835**
Investments in Associates	**2,311,263**	**–**	**5,120,515**	**7,431,778**
Investments in joint ventures	**84,285**	**–**	**2,675,810**	**2,760,095**
Capital expenditure*	**1,181,120**	**2,622,016**	**2,093,928**	**5,897,064**

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

Year ended 31 December 2021	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment revenue ***(note 3)***				
Sales to external customers	9,025,796	2,017,211	–	11,043,007
Intersegment sales	5,576	6,989	53,001	65,566
	9,031,372	2,024,200	53,001	11,108,573
Reconciliation:				
Elimination of intersegment sales				(65,566)
Revenue				11,043,007
Segment results	5,597,161	26,748	204,470	5,828,379
Reconciliation:				
Interest income				207,539
Finance costs (other than interest on lease liabilities)				(264,857)
Profit before tax				5,771,061
Segment assets	16,881,173	7,336,829	17,695,150	41,913,152
Reconciliation:				
Elimination of intersegment receivables				(2,856,501)
Total assets				39,056,651
Segment liabilities	6,892,580	3,358,555	5,495,317	15,746,452
Reconciliation:				
Elimination of intersegment payables				(2,856,501)
Total liabilities				12,889,951

Year ended 31 December 2021	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Other segment information:				
Impairment losses recognised in the statement of profit or loss, net	(38,992)	9,891	–	(29,101)
Share of profits and losses of:				
Associates	48,034	–	18,903	66,937
Joint ventures	(976)	–	(4,247)	(5,223)
Depreciation and amortisation	213,497	148,071	22,094	383,662
Investments in associates	539,555	–	2,622,275	3,161,830
Investments in joint ventures	15,099	–	910,477	925,576
Capital expenditure	732,016	1,440,293	1,256,549	3,428,858

Geographical information

(a) Revenue from external customers

	2022 ***RMB'000***	2021 *RMB'000*
Mainland China	**27,146,039**	8,367,451
Asia other than Mainland China	**10,082,758**	2,089,752
European Union	**3,838,711**	416,141
North America	**258,452**	154,202
Other countries/regions	**44,694**	15,461
	41,370,654	11,043,007

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**18,394,432**	9,695,351
Argentina	**16,313,121**	6,828,743
Hong Kong and overseas	**5,483,183**	3,214,469
	40,190,736	19,738,563

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

Information about major customers

Revenue from continuing operations of approximately RMB7,762,100,000 (2021: RMB1,853,552,000) was derived from sales by the lithium metal and compound segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**41,370,654**	11,043,007

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the year ended 31 December 2022

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of industrial products	34,648,934	6,477,827	3,291	41,130,052
Processing services	236,912	3,690	–	240,602
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Geographical markets				
Mainland China	21,071,147	6,071,601	3,291	27,146,039
Asia other than Mainland China	9,978,227	104,531	–	10,082,758
European Union	3,791,659	47,052	–	3,838,711
North America	30,956	227,496	–	258,452
Other countries/regions	13,857	30,837	–	44,694
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Types of products				
Lithium compounds and lithium metals	34,212,718	–	–	34,212,718
Lithium batteries	–	6,397,699	–	6,397,699
Others	673,128	83,818	3,291	760,237
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Timing of revenue recognition				
Revenue recognised at a point in time	34,885,846	6,481,517	3,291	41,370,654

For the year ended 31 December 2021

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of industrial products	8,941,917	2,017,211	–	10,959,128
Processing services	83,879	–	–	83,879
Total revenue from contracts with customers	9,025,796	2,017,211	–	11,043,007
Geographical markets				
Mainland China	6,431,487	1,935,964	–	8,367,451
Asia other than Mainland China	2,066,462	23,290	–	2,089,752
European Union	399,717	16,424	–	416,141
North America	116,048	38,154	–	154,202
Other countries/regions	12,082	3,379	–	15,461
Total revenue from contracts with customers	9,025,796	2,017,211	–	11,043,007
Types of products				
Lithium compounds and lithium metals	8,236,831	–	–	8,236,831
Lithium batteries	–	1,989,747	–	1,989,747
Others	788,965	27,464	–	816,429
Total revenue from contracts with customers	9,025,796	2,017,211	–	11,043,007
Timing of revenue recognition				
Revenue recognised at a point in time	9,025,796	2,017,211	–	11,043,007

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

For the year ended 31 December 2022

Segments	**Lithium metal and compound** *RMB'000*	**Lithium battery** *RMB'000*	**Lithium ore resource and others** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers				
External customers	**34,885,846**	**6,481,517**	**3,291**	**41,370,654**
Intersegment sales	**151,917**	**4,731**	**18,315**	**174,963**
	35,037,763	**6,486,248**	**21,606**	**41,545,617**
Intersegment adjustments and eliminations	**(151,917)**	**(4,731)**	**(18,315)**	**(174,963)**
Total revenue from contracts with customers	**34,885,846**	**6,481,517**	**3,291**	**41,370,654**

For the year ended 31 December 2021

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

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

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the Reporting Period:		
Sale of industrial products	**135,726**	41,033

(b) Performance obligations

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

Sale of industrial products

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

Rendering processing services

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

The amounts of transaction prices allocated to the remaining performance obligations as at 31 December 2022 and 31 December 2021, respectively, are as follows:

	2022	2021
	RMB'000	*RMB'000*
Within one year	**492,655**	150,497

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

(c) Other income and gains

	2022	2021
	RMB'000	*RMB'000*
Other income		
Dividend and interest income	**7,004**	5,857
Sales of raw materials	**105,969**	45,636
Bank interest income	**175,160**	145,607
Other interest income from non-current assets	**14,091**	–
Interest income from associates and a joint venture	**8,162**	61,932
Government grants	**119,942**	64,642
Compensation for termination of equity acquisition	**33,351**	64,503
Reversal of impairment of trade receivables, net	**–**	5,498
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	**3,621**	31,605
Foreign exchange differences, net	**313,800**	–
Others	**8,875**	10,953
	789,975	436,233
Gains:		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**404,305**	2,228,686
Net gain on disposal of financial assets at fair value through profit or loss	**77,903**	24,743
Gain on disposal of partial equity in an associate	**–**	561
Net gain on disposal of items of property, plant and equipment	**–**	241
	482,208	2,254,231
	1,272,183	2,690,464

4. OTHER EXPENSES

The detailed breakdown of other expenses is as follows:

	2022	2021
	RMB'000	*RMB'000*
Cost of raw materials sold	**79,610**	18,295
Impairment of trade receivables, net	**56,043**	–
Net loss on disposal of items of property, plant and equipment	**10,262**	8,113
Write-down of inventories to net realisable value	**54,683**	1,400
Impairment of property, plant and equipment	**9,861**	–
Impairment of an investment in a joint venture	**–**	6,602
Exploration expenditure	**28,839**	15,242
Foreign exchange loss	**–**	116,155
Others	**8,102**	5,563
	247,400	171,370

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans	**246,043**	182,495
Interest on other borrowings	**143,059**	50,485
Interest on lease liabilities	**1,180**	1,399
Interest on discounted bank notes	**41,766**	14,502
Interest on convertible bonds	**–**	46,891
Interest on early redemption of convertible bonds	**–**	2,188
Total interest expense on financial liabilities not at fair value through profit or loss	**432,048**	297,960
Less: Interest capitalised in respect of convertible bonds	**–**	(8,432)
Interest capitalised in respect of bank loans	**(24,719)**	(24,671)
	407,329	264,857

6. PROFIT BEFORE TAX

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

	Note	**2022** *RMB'000*	2021 *RMB'000*
(a) Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**893,310**	505,820
Equity-settled share-based expense		**315,819**	237,921
Other welfare		**218,837**	122,934
		1,427,966	866,675
(b) Cost of sales and services:			
Cost of inventories sold		**20,932,998**	6,649,751
Cost of providing processing services		**73,182**	36,187
		21,006,180	6,685,938
(c) Other items:			
Cost of selling raw materials*		**79,610**	18,295
Impairment of financial assets, net:			
Impairment of trade receivables, net	10	**56,043**	(5,498)
Impairment of financial assets included in prepayments, other receivables and other assets, net		**(3,621)**	(31,605)
Impairment of property, plant and equipment		**9,861**	–
Write-down of inventories to net realisable value		**54,683**	1,400
Impairment of an investment in a joint venture*		**–**	6,602
Depreciation of property, plant and equipment and investment properties		**481,559**	352,209
Depreciation of right-of-use assets		**24,342**	18,134
Amortisation of intangible assets		**13,934**	13,319
Research and development			
Deferred expenditure amortised		**–**	1,168
Current year expenditure		**1,007,487**	340,395
Less: Government grants released		**–**	(3,039)
		1,007,487	337,356
		1,007,487	338,524

	Note	**2022** **_RMB'000_**	2021 *RMB'000*
Foreign exchange differences, net		**(313,800)**	116,155
Net loss on disposal of items of property, plant and equipment		**10,262**	7,872
Lease payments not included in the the measurement of lease liabilities		**70**	384
Fair value gains, net:			
Financial assets at fair value through profit or loss		**(404,305)**	(2,228,686)
Auditor's remuneration		**4,800**	4,800
Bank charges		**20,511**	8,516

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

7. INCOME TAX

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

	2022 **_RMB'000_**	2021 *RMB'000*
Current corporate income tax	**2,181,462**	905,924
Deferred tax	**136,655**	(548,927)
	2,318,117	356,997

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

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

Name	**Effective period**
Dongguan Ganfeng Electronics Co., Ltd.	2022/12/22–2025/12/21
Guangdong Huichuang Energy Co., Ltd.	2022/12/22–2025/12/21
Xinyu Ganfeng Lithium Co., Ltd.	2022/12/14–2025/12/13
Fengxin Ganfeng Lithium Co., Ltd.	2022/11/4–2025/11/3
Ganfeng Recycling Technology Co., Ltd.	2021/11/3–2024/11/2
Ganfeng LiEnergy Technology Co., Ltd.	2021/11/3–2024/11/2
Yichun Ganfeng Lithium Co., Ltd.	2021/11/3–2024/11/2
Jiangsu Ganfeng Power Battery Technology Co., Ltd.	2020/12/2–2023/12/1
Xinyu Ganfeng Electronics Co., Ltd.	2020/12/2–2023/12/1

Also, according to the tax regulations related to the Western Region Development Policy, the applicable income tax rate for Ningdu Ganfeng Lithium Co., Ltd., Western Resource Co., Ltd., Qinghai Liangcheng Mining Co., Ltd., Haixi Liangli Lithium Co., Ltd., Sichuan Ganfeng Lithium Co., Ltd., Sichuan Yingbo Exploration Co., Ltd., Sichuan Ganfeng Mining Co., Ltd., Chongqing Ganfeng Lithium Battery Technology Co., Ltd., Chongqing Ganfeng Power Technology Co., Ltd., Qinghai Ganfeng Lithium Co., Ltd., Inner Mongolia Ganfeng Lithium Co., Ltd. and Ganzhou Ganfeng Renewable Resources Co., Ltd. is 15%, and such tax concession will expire on 31 December 2030.

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

	2022	2021
	RMB'000	*RMB'000*
Profit before tax	**22,779,081**	5,771,061
Tax at the applicable tax rate (15%)	**3,416,862**	865,659
Impact on tax payment due to different tax rates for specific provinces or enacted by local authority	**21,327**	19,779
Expenses not deductible for tax	**17,202**	11,329
Income not subject to tax	**(196,024)**	(359,200)
Profits attributable to joint ventures and associates	**(752,472)**	(12,872)
Effect on opening deferred tax of increase in rates	**–**	(4,007)
Tax losses and temporary differences not recognised	**64,039**	27,546
Tax losses utilised and temporary difference recognised	**(124,014)**	(141,404)
Adjustments in respect of current tax of previous periods	**19,700**	(1,813)
Effect of additional tax deduction for research and development expenditure	**(148,503)**	(48,020)
Tax charge at the Group's effective rate	**2,318,117**	356,997

8. DIVIDENDS

Proposed cash dividend

	2022	2021
	RMB'000	*RMB'000*
RMB1.00 for 2022 (RMB0.30 for 2021) per ordinary share	**2,017,036**	431,244

The proposed final dividend for the year is subject to the approval of the Shareholders at the annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,014,453,269 (2021: 1,400,196,605) in issue during the year, as adjusted to reflect the rights issue during the year.

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

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

	2022	2021
	RMB'000	*RMB'000*
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**20,503,915**	5,225,922
Interest on convertible bonds	**–**	40,647
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**20,503,915**	5,266,569

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

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share	**2,014,453,269**	1,400,196,605
Effect of dilution – weighted average number of ordinary shares:		
– Share option scheme	**1,415,490**	306,405
– Convertible bonds	**–**	15,039,355
	2,015,868,759	1,415,542,365

10. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**7,950,146**	2,545,687
Impairment	**(99,435)**	(49,719)
	7,850,711	2,495,968

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

As at 31 December 2022, a subsidiary has pledged trade receivables of approximately RMB116,785,000 (2021: nil) to secure a bank loan granted to the Company.

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

	2022	2021
	RMB'000	*RMB'000*
Within 6 months	**7,784,840**	2,406,134
More than 6 months but less than 1 year	**35,540**	23,790
1 to 2 years	**13,511**	19,250
2 to 3 years	**1,319**	40,318
Over 3 years	**15,501**	6,476
	7,850,711	2,495,968

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**49,719**	80,488
Impairment losses, net *(note 6)*	**56,043**	(5,498)
Amount written off as uncollectible	**(6,327)**	(25,271)
At end of year	**99,435**	49,719

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

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

As at 31 December 2022

		Past due				
	Current	Less than one year	One year to two years	Over two years	Assessed individually	Total
Expected credit loss rate *(%)*	**0.19**	**2.03**	**31.96**	**100**	**51.28**	
Gross carrying amount *(RMB'000)*	**7,287,210**	**536,711**	**16,815**	**27,211**	**82,199**	**7,950,146**
Expected credit losses *(RMB'000)*	**13,822**	**10,879**	**5,374**	**27,211**	**42,149**	**99,435**

As at 31 December 2021

		Past due				
	Current	Less than one year	One year to two years	Over two years	Assessed individually	Total
Expected credit loss rate *(%)*	0.2	2.52	26.91	99.77	35.41	
Gross carrying amount *(RMB'000)*	2,318,514	141,811	3,712	17,938	63,712	2,545,687
Expected credit losses *(RMB'000)*	4,695	3,571	999	17,896	22,558	49,719

11. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2022	2021
	RMB'000	*RMB'000*
Debt investments at fair value through other comprehensive income:		
Bills receivable	**2,008,569**	823,339

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

As at 31 December 2022, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB724,828,000 (2021: RMB431,919,000) were pledged to issue banks' acceptance bills and letters of credit.

12. TRADE AND BILLS PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**5,127,614**	933,618
Bills payable	**2,294,246**	1,346,457
	7,421,860	2,280,075

An ageing analysis of the trade payables as at 31 December 2022, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**4,480,142**	753,322
3 to 6 months	**301,687**	102,269
6 to 12 months	**302,583**	46,957
1 to 2 years	**35,284**	20,256
2 to 3 years	**7,918**	10,814
	5,127,614	933,618

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

13. EVENTS AFTER THE REPORTING PERIOD

(1) In January 2023, the Company completed the acquisition of 100% equity of Beijing Juhongda Mining Investment Co., Ltd.("**Beijing Juhongda**") with a total consideration of RMB910 million. Beijing Juhongda indirectly holds 12.5% interest of the mining rights of a mine project in the north mining area of Verasso, Keshikten Banner, Inner Mongolia Autonomous region, through holding shares of Inner Mongolia Velasto Mining Co., Ltd..

(2) On 10 March 2023, the 56th meeting of the fifth session of the Board approved a resolution regarding the proposal on signing the supplementary agreement on convertible bond investment agreement, which authorized the Company and its subsidiary, Xinyu Ganfeng Mining, to sign a supplementary agreement with Shanghai Jujingui Enterprise Management Partnership (Limited Partnership)("**Shanghai Jujingui**"). According to the agreement, Shanghai Jujingui will transfer its 18% equity interest in Xinyu Ganfeng Mining directly to the Company, to repay its convertible bond at maturity of RMB315 million due to the Company. Upon completion of the transaction, the Company will hold 80% equity interests in Xinyu Ganfeng Mining in aggregate.

(3) On 29 March 2023, a resolution regarding the Profit distribution plan for the year of 2022 had been considered and approved by the 57th meeting of the fifth session of the Board. According to the resolution, a cash dividend of RMB10.00 (before tax) for every 10 shares is to be distributed to all Shareholders based on the number of shares they hold on the record date determined by the implementation of annual profit distribution.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

1. Analysis of lithium resource market

The majority of global lithium resources are sourced from salt lakes and hard-rock lithium mines. Well-developed salt lakes are mainly found in the lithium delta of South America and in China, while the majority of lithium mines are concentrated in Western Australia. According to the research report of Minmetals Securities, from 2017 to 2022, the global output of ore lithium in concentrate increased significantly from 170,000 tons of LCE to 430,000 tons of LCE, while the global output of salt-lake lithium grew from 136,000 tons of LCE to 341,000 tons of LCE. Global demand for LCE was 617,000 tons in 2021 and 829,000 tons in 2022. The increase in supply in 2022 was mainly due to the resumption and expansion of spodumene projects in Australia, but the increase was limited and the global supply and demand for lithium salt still maintained a tight balance. In the past few years, fewer lithium mine projects were in production globally due to the lack of capital expenditure on upstream resources as a result of sluggish demand. In the future, the shortage of lithium resources is expected to be alleviated to some extent with the commissioning of the South American salt lake projects, the African greenfield projects and the Chinese lithium mine projects.

(1) Market of spodumene concentrate

Australia is the world's largest producer of lithium ore, with a well-developed mining industry, complete laws and regulations, and good infrastructure. During the past three years, several new lithium mines located in Western Australia were brought into production successively, and some existing projects were announced or executed on their expansion plans. According to the data of Asian Metal, as of February 2023, the domestic CIF price of 5%-6% spodumene concentrate was around USD5,960 – 5,980 per ton, representing an increase of 132% – 134% as compared with the price of USD2,550–2,570 per ton at the beginning of 2022. Spodumene supply from Australia is expected to remain as one of the major increments in global lithium supply from 2022 to 2023, and the announced spodumene capacity expansion plans or newly-built capacity projects include Greenbushes, Mt Marion, Pilgangoora, Ngungaju, Wodgina and Finniss. However, due to the poor transportation, shortage of labor and equipment and decline in mine grades, the commissioning and ramp-up speed of new or resumed production capacity of spodumene projects in Australia may be slower than expected. Due to the long development cycle of lithium resources, the capacity of other types of lithium projects cannot be released in the short term. Overall, with the continuous growth of downstream demand from the new energy vehicles industry and energy storage industry, the supply of spodumene concentrate is expected to remain tight in the short term.

(2) Market of salt lake brines

The salt lake brine lithium ore is the most important type of lithium resources among the types of lithium ore currently under development in the world. According to a report from United States Geological Survey (USGS) in 2022, the world's best lithium salt lakes are located in Chile, Argentina and Bolivia, which are known as the lithium delta zone of South America, accounting for 56% of the global lithium reserves. From 2021 to 2022, the major supply increments of lithium salt lake brine projects were generated in Chile, Argentina and China. Due to its low magnesium to lithium ratio, the South American salt lakes have excellent development conditions but high development difficulty, and are limited by various factors such as environmental assessment and approval, high altitude, freshwater resources, and supporting infrastructure, requiring large-scale capital expenditure, mature technology and support from project team. At present, the Atacama Salt Lake, Olaroz Salt Lake and Hombre Muerto Salt Lake are the main salt lakes in South America with stable lithium salt production, while projects like Cauchari-Olaroz Salt Lake, Sal de Vida Salt Lake, Mariana Salt Lake and SDLA Salt Lake are under construction. It is expected that the growth rate of salt-lake lithium resource supply will increase significantly after 2023, but the effective supply will remain limited in the short term.

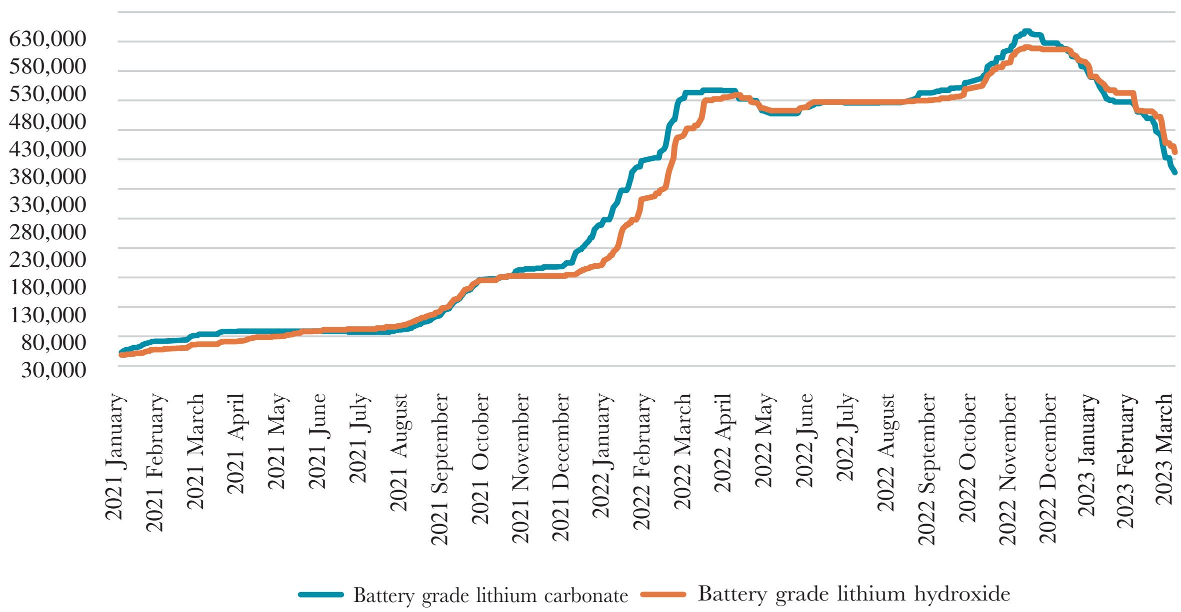
(3) Market of lepidolite

China has the world's largest proven lepidolite mine. Compared with extracting lithium from spodumene concentrate, extracting lithium from lepidolite has certain advantages in terms of resource self-sufficiency and transportation cost. Before then, there was low expectation for the extraction of lithium from lepidolite for a long time due to the complex composition of lepidolite, more impurities in the extraction process, and difficulties in continuous production. In recent years, the domestic lithium extraction technology from lepidolite has made continuous breakthroughs, gradually releasing the production capacity. With the advantages of its own resources, the production capacity of lithium extraction from lepidolite has been continuously improved in recent years. However, capacity building for lithium extraction from lepidolite also faces challenges such as the low grade of lithium ore, the large amount of waste residues from smelting, and the difficulty in comprehensive utilization of other rare and precious resources contained in lithium ore. According to the estimates from Essence Securities, the production scale of lithium extraction from lepidolite in China reached 75,000 tons of LCE in 2022.

2. Analysis of the lithium compound market

In recent years, prices of major lithium compounds have been fluctuating to a larger extent in China market. Benefiting from the explosion in demands for new energy vehicle market in the downstream, the price of major lithium compounds in China market has kept an overall upward trend in 2022; the price showed explosive growth in the first half of 2022 and remained at high levels in the second half of the year, and the price of lithium compounds showed a downward trend during the period from late 2022 to early 2023. Specific movements are shown in the following graph:

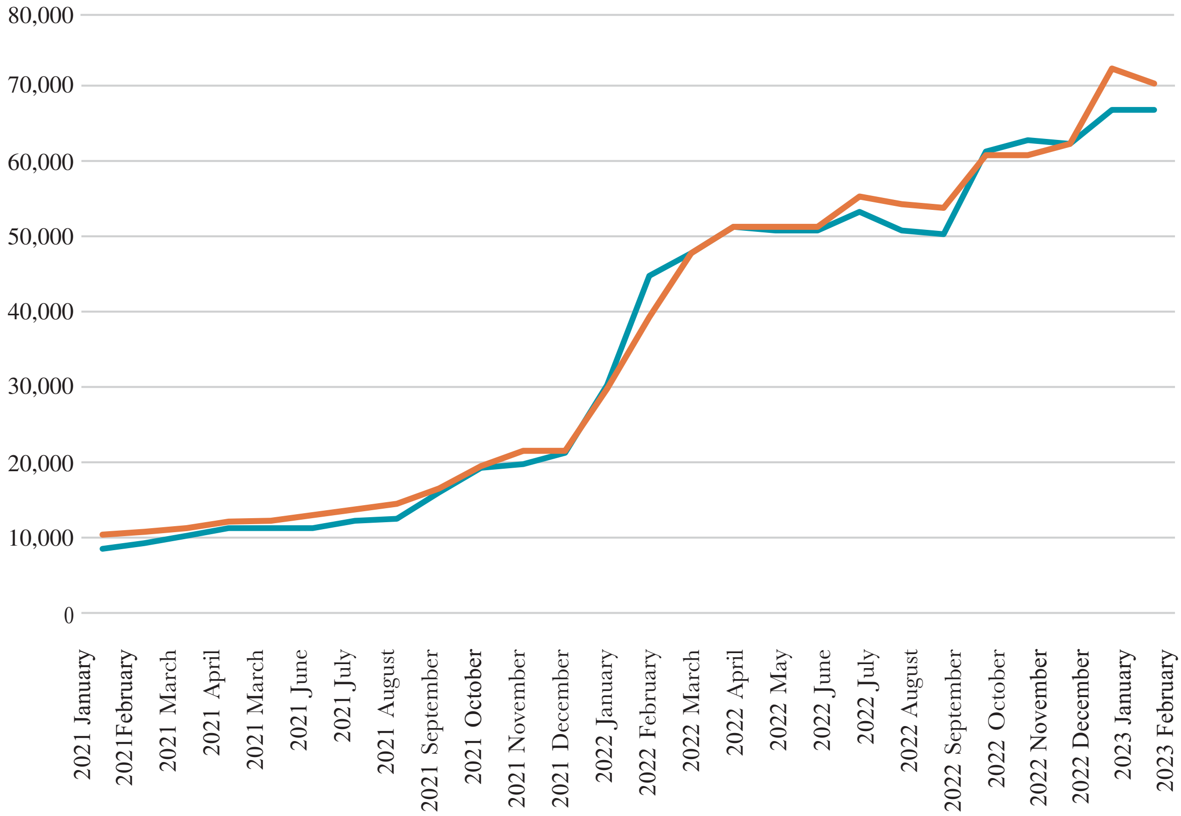
Spot prices of lithium carbonate and lithium hydroxide in China (Unit: RMB per ton)



Source: Minmetals Securities Institute

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

CIF prices of lithium carbonate and lithium hydroxide in Asia
(Unit: USD per ton)

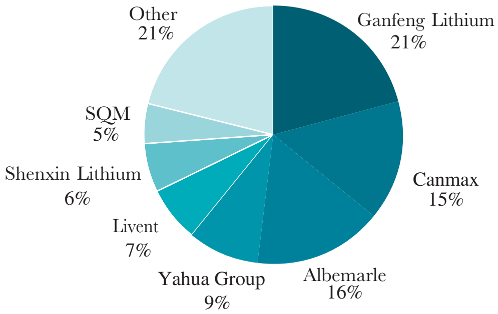


Source: Minmetals Securities Institute

Driven by the dual carbon policy, the fields of new energy vehicles and energy storage are developing rapidly. The increase in the demand for motive power batteries has led to the rapid expansion of the demand for lithium iron phosphate materials and ternary materials. However, the development of upstream lithium resources is subject to various factors such as policy and environmental protection. The industry still maintained a tight supply and demand balance in 2022. Under the dual stimulation of the relatively tight supply of lithium compounds and the rising industry demand, the prices of lithium compounds continued to rise in 2022 and maintained at a high level during the second half of the year. The prices of lithium compounds in China market turned backwards in the period from late 2022 to early 2023, however, the prices of lithium compounds in the international market delivered a strong performance, which showed a significant premium to China market. As a leading enterprise in the lithium compound deep-processing business, the Group, capitalizing on its first-mover advantages, continues to enhance its competitiveness and further cements and improves its industrial position.

In the past two years, lithium hydroxide became the main driving force for the growth of lithium compounds because of the rapid development of high-nickel ternary battery. According to the research report of Minmetals Securities Institute, in 2022, the global supply of lithium hydroxide processing capacity amounted to approximately 302,000 tons.

Capacity supply proportion of lithium hydroxide processing capacity across the globe in 2022



Source: Minmetals Securities Institute

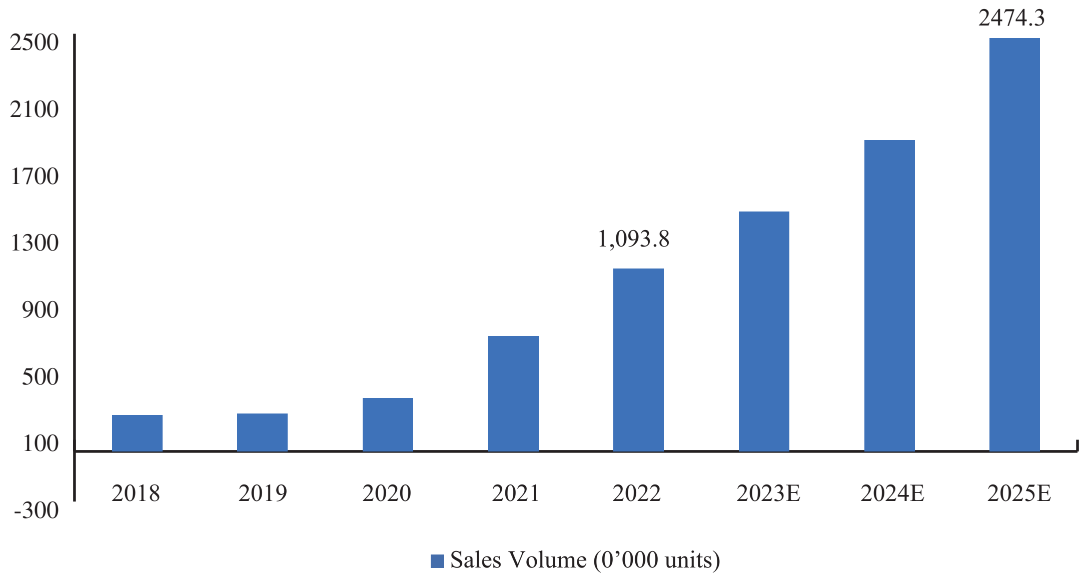
3. *Analysis of the lithium battery market*

In 2022, the rapid development of the new energy vehicle industry drove the rapid growth of the production and sales for motive power batteries in China. According to China Automotive Battery Innovation Alliance, in 2022, the cumulative output of motive power batteries in China was 545.9 GWh, representing a year-on-year increase of 148.5%; of which the cumulative output of ternary batteries was 212.5 GWh, accounting for 38.9% of the total output, representing a cumulative year-on-year increase of 126.4%; the cumulative output of lithium iron phosphate batteries was 332.4 GWh, accounting for 60.9% of the total output, representing a cumulative year-on-year increase of 165.1%. In 2022, the cumulative sales volume of motive power batteries was 465.5 GWh, representing a year-on-year increase of 150.3%, of which the cumulative sales volume of ternary batteries was 193.5 GWh, accounting for 41.6% of total sales volume, representing a cumulative year-on-year increase of 143.2%; the cumulative sales volume of lithium iron phosphate batteries was 271.0 GWh, accounting for 58.2% of total sales volume, representing a cumulative year-on-year increase of 155.7%.

4. Analysis of the electric vehicle market

According to the statistics of the Minmetals Securities Institute, the global sales of new energy vehicles in 2022 reached 10.938 million units, representing a year-on-year increase of 58.7%. With the policy driving force around the world, the technological progress in the industry, the improvement of supporting facilities and the increase of market recognition, the sales of new energy vehicles are expected to maintain a positive development trend. According to the estimates from Minmetals Securities Institute, the global sales volume of electric vehicles will reach 24.743 million units by 2025, representing a compound annual growth rate of 31.3% compared with the estimated sales volume of 14.351 million units in 2023. Specific movements are shown in the following graph:

Global Electric Vehicles Demand and Forecast
(Unit: 0'000 units)



Source: Minmetals Securities Institute

At the end of the Reporting Period, the electrification goals of some vehicle companies are summarized as below:

Vehicle enterprise	Vehicle model plans
Volkswagen	20% of global battery electric vehicles ("**BEVs**") sales by 2025 (estimate of 3 million units), 50% by 2030 (estimate of 6 million units) globally
Volvo	50% of BEVs sales by 2025, 100% electrification by 2030
BMW	20% of electric vehicle sales by 2025, electric penetration rate to 50% by 2030; transformation of MINI brand to BEV brand starting from 2027
Daimler	Increased to 50% in the sales proportion of BEVs and plug-in hybrid electric vehicles ("**PHEVs**") by 2025, preparation for 100% electrification in 2030
General Motors	Over 1 million electric vehicles production capacity in both North America and China by 2025, provision of BEVs only by 2035
Tesla	20 million electric vehicles to be sold annually and energy storage systems of 1,500 GWh to be deployed by 2030

Source: company announcements, China Merchants Securities

Under the backdrop of carbon emission reduction and development of new energy, the electric vehicle industry has embarked on a golden development period. According to the China Passenger Car Association, the improvement in supply combined with the rise in oil price have promoted the development of new energy vehicle industry, in particular, the record high of oil price and the lock-in of electricity price have driven the strong performance of new energy vehicle orders. According to China Association of Automobile Manufacturers, in 2022, the production and sales of new energy vehicles reached 7.058 million units and 6.887 million units, respectively, representing a year-on-year increase of 96.9% and 93.4%, with a market share of 25.6%. Among the main varieties of new energy vehicles, the production and sales of BEVs and PHEVs continued to maintain rapid growth as compared with the same period last year. In 2022, the sales of BEVs reached 5.365 million units in aggregate, representing a year-on-year increase of 81.6%.

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

Issuing authority	Issuing time	Industrial policy	Descriptions
The National Development and Reform Commission, the National Energy Administration and other departments	January 2022	Implementation Opinions of the National Development and Reform Commission and Other Departments on Further Improving the Service Support Capability of Electric Vehicle Charging Infrastructure (《國家發展改革委等部門關於進一步提升電動汽車充電基礎設施服務保障能力的實施意見》)	The implementation opinions are based on fully supporting the implementation of the development of the new energy vehicle industry, strengthen the guiding role of planning, propose the requirements for the preparation of provincial and municipal charging infrastructure layout planning, specify the requirements for the construction of various types of charging infrastructure in urban public, county and townships, expressways, departments and parks, and provide target guidance for accelerating the formation of a moderately advanced, balanced layout, intelligent and efficient charging infrastructure system during the "14th Five-Year Plan" period.

Issuing authority	Issuing time	Industrial policy	Descriptions
The National Development and Reform Commission and the National Energy Administration	January 2022	Implementation Plan for the Development of New Energy Storage in the "14th Five-Year Plan" period (《「十四五」新型儲能發展實施方案》)	The plan requires to focus on the construction of pilot demonstration projects of energy storage technologies such as higher-capacity flow batteries, flywheels and air compressor, promote pilot demonstration of steam extraction and energy storage for thermal power units, and study and carry out pilot demonstration of new generation of high energy density energy storage technologies such as sodium-ion batteries and solid-state lithium-ion batteries. At the same time, it requires to expand the application fields of hydrogen (ammonia) energy storage and thermal (cold) energy storage, and carried out pilot demonstration of hydrogen (ammonia) energy storage relying on renewable energy to produce hydrogen (ammonia), and energy storage using abandoned mines.

Issuing authority	Issuing time	Industrial policy	Descriptions
General Office of the State Council	April 2022	Opinions on Further Releasing Consumption Potential and Promoting Continuous Consumption Recovery (《關於進一步釋放消費潛力促進消費持續恢復的意見》)	Advocate green travel, increase the proportion of travelling by urban public buses, trams and rail transit and promote the electrification of public service vehicles. Support the accelerated development of new energy vehicles. Accelerate the construction of a recycling system for waste materials, promote the recycling of automobiles, household appliances, furniture, batteries, electronic products, etc. and appropriately relax the restrictions on vehicles for recycling waste materials entering cities and residential areas. Promote the greening, reduction and recycling of commodity packaging and packaging in circulation chains.
The Ministry of Finance	May 2022	Opinions on Fiscal Support for Carbon Peak and Carbon Neutrality Work (《財政支持做好碳達峰碳中和工作的意見》)	The government procurement of new and clean energy vehicles and vessels for official use will be enhanced. In principle, new energy vehicles will be procured for official use such as confidential communications unless being inappropriate under special geographical conditions and other factors, and priority will be given to the procurement of leasing services with new energy vehicles and new and clean energy vessels for official use. Strengthen the main responsibility of the purchaser, specify green and low-carbon requirements in government procurement documents, and increase the procurement of green and low-carbon products.

Issuing authority	Issuing time	Industrial policy	Descriptions
The Ministry of Finance and the State Taxation Administration	May 2022	Announcement on Reduction of Purchase Tax on Certain Passenger Vehicles (《關於減徵部分乘用車車輛購置稅的公告》)	The vehicle purchase tax shall be levied by half on passenger vehicles with displacement of 2.0 litres and below that are purchased during the period from 1 June 2022 to 31 December 2022 under the unit price (excluding value added tax) of not exceeding RMB300,000.
17 departments, including the Ministry of Commerce	July 2022	Notice on Measures to Invigorate Automobile Circulation and Expand Automobile Consumption (《關於搞活汽車流通擴大汽車消費若干措施的通知》)	Focus on supporting the purchase and use of new energy vehicles, activating the used car market, promoting vehicle renewal consumption, supporting parallel importation of vehicles, and studying the extension of the vehicle purchase tax exemption policy for new energy vehicles after its expiration. Encourage places with the conditions to introduce rural support policies, guide enterprises to increase the activities of concessions, and promote the consumption and use of new energy vehicles in rural areas.

Issuing authority	Issuing time	Industrial policy	Descriptions
The Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology	July 2022	Announcement on the Extension of the Vehicle Purchase Tax Exemption Policy for New Energy Vehicles (《關於延續新能源汽車免徵車輛購置稅政策的公告》)	Clearly exempt the vehicle purchase tax of new energy vehicles that are purchased before 31 December 2023.
9 departments, including the Ministry of Science and Technology	August 2022	Implementation Plan for Technology Support for Carbon Peak and Carbon Neutrality Work (2022–2030) (《科技支撐碳達峰碳中和實施方案(2022–2030年)》)	The implementation plan proposes that by 2030, major breakthroughs will be made in key technologies such as power batteries, driving motors and vehicle operating systems, the safety level of new energy vehicles will be overall improved, and the average power consumption of new passenger BEVs will be significantly reduced.

In 2022, despite the impact of structural shortage of chips, high raw materials prices for power batteries and other factors, the sales of the new energy vehicles generally continued to maintain positive growth under the periodic reduction of purchase tax in combination with frequent introduction of local subsidy and stimulus policies, such as electric vehicles for countryside, demonstrating the strong resilience of the new energy vehicle market. Under the backdrop of the State Council's vision to achieve "carbon peak" by 2030 and "carbon neutrality" in 2060, the penetration rate target of new energy vehicles in 2025 is 20%, and the Carbon Peak Action Plan before 2030 points out that the target proportion of new energy vehicles in 2030 will be 40%. Currently, China's new energy vehicle industry has entered a new stage of scale and rapid development. According to China's New Energy Vehicle Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》), the target of "sales of new energy vehicles being 20% of total sales of new vehicles by 2025" stated therein has been achieved ahead of schedule.

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

Issuing authority	Issuing time	Industrial policy	Descriptions
The U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA)	March 2022	2024–2026 Corporate Average Fuel Economy Standards for Passenger Cars and Light Trucks (CAFE Standards) (《2024–2026年乘用車和輕型卡車的企業平均燃油經濟性標準》(CAFE標準))	Compared with the Safer Affordable Fuel-Efficient Vehicles Rule (SAFE Act) issued in March 2020, NHTSA proposes that the average fuel economy of the model industry will reach 49.1mpg (equivalent to 4.8L/100km) by 2026, representing 3%, 10% and 17% tighter than the requirements of the SAFE Act of the same model in 2024–2026 respectively. The revised CAFE standards significantly tightened the assessment requirements. For the 2024–2025 model annual fuel economy (MPG) increased by 8% as compared with the assessment requirements of the previous year, and for the 2026 model year increased by 10% (increases by 1.5% compared with the SAFE Act annually).
EU	June 2022	European Commission's Proposal (《歐盟委員會提案》)	New fuel vehicles, including hybrid vehicles, will cease to be sold from 2035 in the EU.

Issuing authority	Issuing time	Industrial policy	Descriptions
The U.S. government	August 2022	Inflation Reduction Act (《通貨膨脹削減法案》)	The act plans to invest USD369 billion to address energy security and climate change, and focus on supporting the development of electric vehicles, photovoltaics and other clean energy industries. Details of the tax credit for electric vehicles under the act: (1) maintain the previous tax credit of USD7,500 per vehicle; (2) remove the previous tax credit cap of 200,000 vehicles per manufacturer; (3) extend the tax credit scope to vehicles driven by electric and hydrogen fuel batteries; (4) the conditions for receiving the tax credit: the vehicle must be assembled in North America; the key minerals must be extracted or processed in countries or regions with free trade agreements with the United States or recycled in North America; and the battery components must be sourced from the United States or countries with free trade agreements with the United States; (5) the categories of vehicles qualified for the tax credit are limited to electric trucks, vans and SUVs priced at no more than USD80,000, and sedans priced at no more than USD55,000; and (6) increase the minimum battery capacity of eligible vehicles from 4kwh to 7kwh.

Issuing authority	Issuing time	Industrial policy	Descriptions
French government	October 2022	Increase subsidies for new energy vehicles	The subsidy for electric vehicle consumers is increased from EUR6,000 (approximately RMB49,000) to EUR7,000 (approximately RMB52,000). The subsidy is only applicable to electric vehicles priced below EUR47,000 (approximately RMB329,400) and manufactured in Europe, such as certain models of Renault and Peugeot.

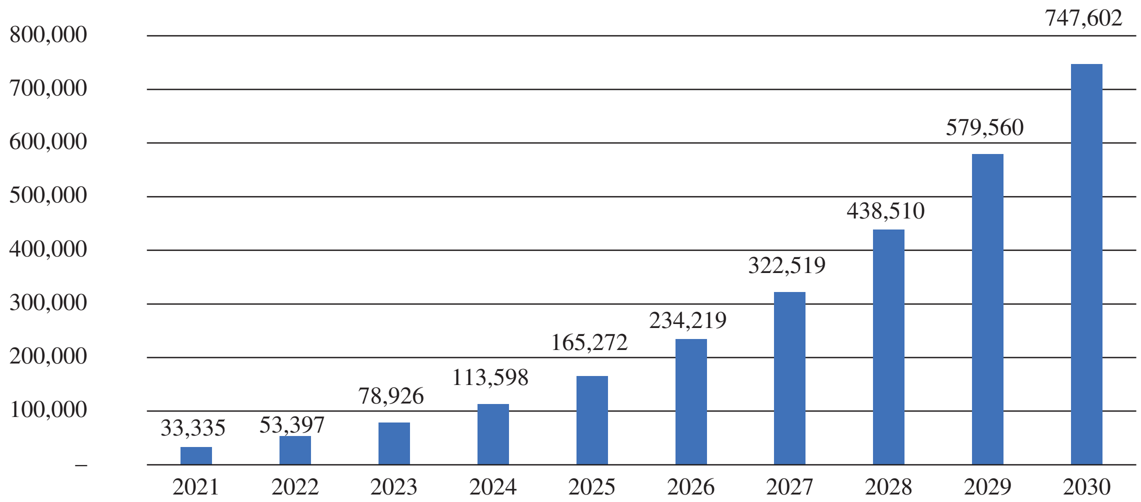
Source: websites of governments

Under the backdrop of the policy stimulus of European carbon emission standards and the United States and the rise of new energy vehicles industry in China, vehicle manufacturers in various countries have accelerated the process of electrification. According to the forecast of Minmetals Securities, the demand of electric vehicles in China in 2023 is expected to be 8.935 million units and the global sales of electric vehicles is expected to be 14.351 million units. At present, with a new round of scientific and technological revolution and industrial transformation, the new energy vehicle industry is entering into a new stage of accelerated development. The development of the new energy market was driven by policies in the early stage, and in the long term, new energy commercial vehicles will usher in a cost and technology-driven phase with the development of technology and scale. With the launch of electric models from original equipment manufacturers (OEM) in the world, the growing trend of electric vehicles manufacturing will be robust, and the growth of global electrification is expected to accelerate.

5. *Analysis of the power battery recycling market*

As one of the key components of electric vehicles, motive power batteries have been widely used with the rapid development of the new energy vehicle industry. As motive power batteries will enter into a large-scale decommissioning period, it is important to carry out the recycling of motive power batteries, which has drawn high concerns from countries and societies. The New Energy Vehicle Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》) proposes to improve the recycling system of motive power battery recovery, cascade utilization and recycling; strengthen the supervision of the whole life cycle of motive power batteries; support the innovative application of motive power battery cascade products in energy storage, energy reserve, charging and swapping; and strengthen the research and development of residual energy inspection, residual value evaluation, recombination utilization and safety management. From the perspective of layout, the upstream and downstream enterprises of the industrial chain have actively carried out the recycling layout. With the approaching of the scrapped motive power batteries, it is of great significance and necessity to reasonably recycle the scrapped power batteries. From the perspective of application, the decommissioned power batteries have great application potential in energy storage and low-speed electric vehicles. According to Essence Securities, it is estimated that the total lithium recovery of decommissioned power batteries will reach approximately 165,000 tons of LCE in 2025 and the total lithium recovery of decommissioned power batteries will reach approximately 748,000 tons of LCE in 2030.

Total Estimated Size of Recycled Lithium of Decommissioned Motive Power Batteries in the future
(Unit: Ton(s) of LCE)



Source: Essence Securities

BUSINESS REVIEW

The Group has built the most comprehensive lithium industry value chain in the world, covering the important sectors of the lithium industry from upstream to downstream, including (1) extraction of upstream lithium resources; (2) deep processing of lithium compounds; (3) production of lithium metals; (4) production of lithium batteries; and (5) reclaiming and recycling lithium. During the Reporting Period, the revenue of the Group increased from RMB11,043,007 thousand in 2021 to RMB41,370,654 thousand in 2022, representing a growth rate of 274.6%; its gross profit increased from RMB4,357,069 thousand to RMB20,364,474 thousand, representing a growth rate of 367.4%. The profit for the year attributable to owners of the parent company increased from RMB5,225,922 thousand in 2021 to RMB20,503,915 thousand in 2022, representing a growth rate of 292.4%. The total assets of the Group increased from RMB39,056,651 thousand in 2021 to RMB79,159,910 thousand in 2022, representing a growth rate of 102.7%; and its net assets increased from RMB26,166,700 thousand in 2021 to RMB48,866,308 thousand in 2022, representing a growth rate of 86.7%.

1. Products and capacity

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

Production capacity of major products:

Major products	Designed production capacity	Utilization rate of production capacity	Production capacities under construction	Investment and construction status
Lithium carbonate	41,000 tons/year	71.95%	Cauchari-Olaroz lithium salt lake project in Argentina	Under construction
Lithium hydroxide	81,000 tons/year	74.59%	Sonora lithium clay project in Mexico; Lithium new energy materials project with annual capacity of 50,000 tons in Fengcheng City	Under construction
Lithium metal	2,150 tons/year	88.29%	Lithium metal and lithium materials project with annual capacity of 7,000 tons	Under construction

Product categories of the major production bases:

Lithium Compound and Lithium Metal Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Fengxin Ganfeng	Fengxin, Jiangxi	Lithium metal	2011
Yichun Ganfeng	Yichun, Jiangxi	Lithium metal	2013
Basic Lithium Plant (10,000-ton Lithium Salt Plant)	Xinyu, Jiangxi	Lithium carbonate, lithium hydroxide, lithium chloride, butyl lithium, lithium fluoride and high-purity lithium carbonate	2014
Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	2018
Xinyu Ganfeng	Xinyu, Jiangxi	Lithium fluoride and lithium perchlorate	2020
Hebei Ganfeng	Cangzhou, Hebei	Lithium carbonate	2022

Lithium Battery Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Dongguan Ganfeng	Dongguan, Guangdong	Polymer lithium battery	2016
Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium-ion motive power batteries, energy storage batteries	2016
Ganfeng Electronics	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless Bluetooth headset battery	2018
Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack, battery management system	2019
Huichuang New Energy	Dongguan, Guangdong	PACK system for two-wheeled vehicles, outdoor and household energy storage	2017
Huizhou Ganfeng	Huizhou, Guangdong	Polymer lithium battery, TWS wireless Bluetooth headset battery	2022

Lithium Battery Recycling Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Ganfeng Recycling	Xinyu, Jiangxi	Lithium recycling solution, NCM precursor	2017

2. Lithium chemical business

As the world's largest metal lithium producer and the largest lithium compounds supplier in mainland China, the Company owns the industrialized technology of "lithium extracted from brine", "lithium extracted from ore" and "lithium extracted from decommissioned battery" at the same time. As of the date of this announcement, the 10,000-ton high-purity lithium salt project (Phase IV of the Mahong project) has been successfully completed and is in trial production. The 10,000-ton lithium salt plant has become one of the world's largest lithium salt production bases. The lithium carbonate production line with annual capacity of 6,000 tons in Hebei Ganfeng has been successfully completed and is in trial production. During the Reporting Period, the Company initiated the construction of production lines for ultra-thin lithium belts and high-quality lithium metal products in Yichun, to support the worldwide efforts in solid-state battery technology in the future. So far, the Company has built a production capacity of approximately 120,000 tons of LCE for lithium salt products in mainland China.

In 2022, the Company's production and sales of lithium salt products failed to meet expectations as a whole due to the decline in the grade of spodumene concentrates produced by some of its Australian spodumene suppliers and the shortage of human resources in mining projects. However, with the gradual recovery of spodumene concentrate grade and the gradual completion of the expansion of Mount Marion spodumene project in Australia, it is expected that the Company's supply of spodumene raw materials will be more secure in 2023.

As of the date of this announcement, the production capacity of the Company's existing lithium salt products is distributed as follows:

No.	Production Base	Location	Primary Products	Designed production capacity
1	Basic Lithium Plant (10,000-ton Lithium Salt Plant)	Xinyu, Jiangxi	Lithium hydroxide	81,000 tons/year
			Lithium chloride	12,000 tons/year
			Butyl lithium	1,000 tons/year
			High-purity lithium carbonate	10,000 tons/year
			Lithium fluoride	10,000 tons/year
2	Xinyu Ganfeng	Xinyu, Jiangxi	High-purity lithium carbonate	5,000 tons/year
			Lithium fluoride	1,500 tons/year
3	Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	20,000 tons/year
4	Hebei Ganfeng	Cangzhou, Hebei	Lithium carbonate	6,000 tons/year
5	Yichun Ganfeng	Yichun, Jiangxi	Lithium metal	1,500 tons/year
6	Fengxin Ganfeng	Fengxin, Jiangxi	Lithium metal	650 tons/year

3. Lithium resources

During the Reporting Period, the Company continued to acquire upstream high-quality lithium resources globally, enriched and broadened the diversified supply of raw materials on a continuous basis. The Company acquired 62% equity interest in the Songshugang tantalum-niobium mine project in Shangrao through Xinyu Ganfeng Mining; completed the transfer of equity interest in the Goulamina spodumene project in Mali, acquiring 50% equity interest in Mali Lithium; completed the takeover offer for Bacanora, thus currently holding 100% equity interest in Bacanora and the lithium-clay project of Sonora; and completed the acquisition of 100% equity interest in Lithea, the PPG lithium salt-lake project of which will become an important source of lithium resources for the Company in the future.

Upstream lithium resources in which the Company has direct or indirect interests across the globe as of the date of this announcement are shown as follows:

No.	Resource type	Project name	Ownership interest	Resources
1	Spodumene	Mount Marion spodumene project in Australia	50%	1,843,000 tons of LCE
2		Pilgangoora spodumene project in Australia	5.76%	8,655,000 tons of LCE
3		Goulamina spodumene project in Mali	50%	4,872,000 tons of LCE
4		Avalonia spodumene project in Ireland	55%	Under exploration
5		Heyuan spodumene project in Ningdu	100%	100,000 tons of LCE
6	Salt-lake	Cauchari-Olaroz lithium salt-lake project in Argentina	46.67%	24,580,000 tons of LCE
7		Mariana lithium salt-lake project in Argentina	100%	8,121,000 tons of LCE
8		PPG lithium salt-lake project in Argentina	100%	11,060,000 tons of LCE
9		Qinghai Mangya Fenghuangtai deep brine project	100%	Under exploration
10		Yiliping salt-lake project in Qinghai	49%	1,650,000 tons of LCE
11		Jintai balenmahai project in Qinghai	33.66%	Under exploration
12	Lithium clay	Sonora lithium clay project in Mexico	100%	8,820,000 tons of LCE

No.	Resource type	Project name	Ownership interest	Resources
13	Lepidolite	Songshugang tantalum-niobium mine project in Shangrao	62%	1,490,000 tons of LCE
14		Vilasto lithium ore project in Inner Mongolia	12.5%	1,420,000 tons of LCE
15		Chenzhou Xianghuapu lithium mica mine project in Hunan	20%	Under exploration

Notes:

1) The resources are calculated as lithium carbonate equivalent at the lithium oxide content based on 100% interest held, with the relevant data from the public information of respective projects;

2) The calculation results of resource are the sum of proved resource, controlled resource and inferred resource, among which the calculation results of resource of Mount Marion project are the sum of proved resource and controlled resource, and the LCE data for the Qinghai Yiliping project are converted from the lithium chloride data contained in the total porosity resource reserve;

3) The ownership interest is converted to the project shareholding based on the shareholding ratio.

(1) Currently, Mount Marion spodumene concentrate is one of the largest spodumene production projects in Australia and an important source of lithium raw materials of the Company. The production capacity of spodumene concentrate in this project is being expanded from 450,000–480,000 tons per annum to 900,000 tons per annum. It is expected that the ramp-up of the new production capacity will start in the second half of 2023. The output of spodumene concentrate and the average grade of spodumene concentrate for the whole year of 2023 are expected to be improved as compared with that of 2022;

(2) Cauchari-Olaroz is a lithium salt lake located in Jujuy Province in Northwest Argentina. As of the date of this announcement, the Company directly held 46.67% equity interests in Cauchari-Olaroz project and has the right of control over the project. With total lithium resource of approximately 24.58 million tons of LCE, Cauchari-Olaroz project is one of the world's largest projects extracting lithium from salt lakes, which is currently planned to produce 40,000 tons of LCE per annum in phase I and no less than 20,000 tons of LCE in phase II. The Company has entered into an offtaking agreement to secure the exclusive offtaking rights to 76% of the annual output of 40,000-ton battery grade lithium carbonate from the Cauchari-Olaroz project. Recently, Cauchari-Olaroz project has been delayed from the original production schedule due to the shortage of human resources

in Argentina and the delay of customs clearance review for equipment and spare parts because of changes in Argentina's new import policy. The Company expects to complete construction and launch production in the first half of 2023 and gradually optimize the production line to release the production capacity steadily;

(3) Mariana is a lithium-potassium salt lake located in Salta Province, Argentina. According to a technical report issued by Golder Associates Consulting Ltd., the total lithium resources at the Mariana lithium salt lake project amounted to approximately 8,120,000 tons of LCE. During the Reporting Period, the Mariana lithium salt lake project officially initiated construction of the salt field, completed the purchase of key equipment and commenced constructing the plant. As of the date of this announcement, the first evaporation pond of the project has been in the stage of water injection;

(4) Sonora project is a project extracting lithium from lithium clay in Mexico. As of the date of this announcement, the Company holds 100% equity interests in Sonora project. According to the latest feasibility study report of Sonora project, the project is one of the largest lithium resources projects in the world currently with total lithium resources amounts to approximately 8.82 million tons of LCE. By virtue of its unique advantages in lithium clay resources, the project is characterized by both the advantages of extracting lithium from ore and salt lake in its process of lithium extraction, so it can not only finish lithium extraction at the speed of extracting lithium from ore within a short time, but also complete lithium extraction with relatively low cost similar to that needed in lithium extraction from brine. At present, the project is still under construction.

(5) Located 120 kilometers away from Port Hedland in Western Australia, Pilbara Pilgangoora Lithium-Tantalum project is one of the largest spodumene ore mines in the world. The Pilgangoora Lithium-Tantalum project has a lithium resource of approximately 8,655,000 tons of LCE, with an average lithium grade of 1.14%. At present, the project is wholly owned by Pilbara. As of the date of this announcement, the Company holds 5.76% equity interests in Pilbara.

(6) Ningdu Heyuan mine is located in Ningdu County, Ganzhou City, Jiangxi Province. It is operated and mined by the Company independently. Ningdu Heyuan mine has a lithium resource of approximately 100,000 tons of LCE, with an average lithium oxide grade of 1.03%.

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

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

(9) The Goulamina spodumene ore project is located in southern Mali, Africa and covers an area of 100 square kilometres with a total explored ore resource of 142.3 million tons, corresponding to a total lithium resource of approximately 4,872,000 tons of LCE, at an average lithium oxide grade of 1.38%. The project is currently planned to have a production capacity of 506,000 tons of lithium concentrate in phase I, with a potential expansion to 831,000 tons of lithium concentrate in phase II. The production capacity in phase I is expected to be put into production in 2024.

(10) PPG lithium salt-lake project is located in Salta Province, Argentina, and includes two lithium salt lake assets, Pozuelos and Pastos Grandes. Currently, the resource of the project is still under further exploration. According to the estimation of Golder Associates Consulting Ltd, the total resource of the PPG project may reach 11.06 million tons of lithium carbonate equivalent. The project has planned a design capacity of 50,000 tons of lithium carbonate per year.

(11) Songshugang tantalum-niobium mine project is located in Hengfeng County, Shangrao City, Jiangxi Province. According to the relevant exploration report filing, the total ore volume of the project is 298.604 million tons, accompanied by 603,813 tons of lithium oxide, with an average grade of 0.2022%. Currently, the project is still under construction, and as of the disclosure date of this announcement, the procedures for transferring the exploration right to the mining right of the project have been completed.

As of the date of this announcement, offtaking of lithium resources and lithium products produced through lithium resources projects entered into by the Company across the globe are as follows:

Type of resources	Project name	Current offtaking situation	Project progress
Spodumene	Mount Marion	The Company has taken 49% of Mount Marion's total lithium concentrate production, and PMI taking 51%, and both parties have agreed that the Company would process and sell the PMI offtaking portion of the spodumene.	Under operation
	Pilbara Pilgangoora	Project phase I supplies the Company with no more than 160,000 tons of 6% lithium concentrate per annum; project phase II will supply the Company with no more than 150,000 tons of lithium concentrate per annum after it completes construction and puts into production.	Project phase I is in operation; project phase II is under construction
	Finniss	The Company offtakes at least 75,000 tons of lithium concentrate per annum	Under construction
	Goulamina	The Company's offtaking ratio is 50% of the project's output and may increase to 100% when certain conditions are met	Under construction
	Manono	The Company has secured the offtaking right for an initial period of 5 years, with the option to extend for a further 5 years depending on the Company's own demand. From the third year onwards, the annual supply of 6% of lithium concentrate to the Company will increase to 160,000 tons	Under construction
Brine	Cauchari-Olaroz	The Company has secured the offtaking right to 76% of the annual output of 40,000-ton battery grade lithium carbonate from phase I of the project	Under construction
	Mariana	The Company 100% offtakes products based on proportion of equity interests in the project	Under construction
Lithium clay	Sonora	The Company offtakes 50% lithium products produced in project phase I, and is entitled to increase lithium products offtaken to 75% in project phase II	Under construction

4. Lithium battery businesses

The Group's lithium battery business has been distributed to the technical direction of consumer batteries, TWS batteries, motive power/energy storage batteries and solid-state batteries and other fields, with each focusing on their respective segment market. Based on the advantages in upstream lithium resources supply and full industrial chain of the Company, the Company's lithium battery business has been distributed to five categories of consumer batteries, small polymer cells, solid-state lithium batteries, lithium motive power batteries and energy storage batteries, covering more than 20 kinds of products. The Group has set up lithium battery R&D and production bases in Xinyu, Dongguan, Ningbo, Suzhou, Huizhou, Chongqing and other places, respectively. Those products are widely used in photovoltaic energy storage, passenger vehicle battery, electric power buses, airport equipment, electric ships, intelligent household equipment, 5G communications, Bluetooth headphones, medical equipment and other fields.

The year 2022 witnessed the rapid development of Ganfeng LiEnergy's motive power/energy storage battery and solid-state battery segments; Ganfeng LiEnergy has achieved more than 6GWh motive power/energy storage battery shipments for the year, and the storage battery business has become one of the most important battery businesses of Ganfeng LiEnergy. In terms of capacity building, Chongqing Ganfeng initiated the construction of the 20GWh new lithium battery technology park, hoping to build the park as the largest solid-state battery production base in mainland China. Phase II of the motive power battery project in Xinyu with annual capacity of 10GWh new lithium battery was being constructed and planning to further improve the capacity, which is expected to reach up to 12GWh per year in 2023.

As of the date of this announcement, the Company's existing lithium battery production bases are shown as below:

No.	Production bases	Location	Primary Products	Effective production capacity
1	Dongguan Ganfeng	Dongguan, Guangdong	3C polymer lithium battery	60 million pieces of polymer lithium battery per year
2	Huizhou Ganfeng	Huizhou, Guangdong	TWS battery production line, 3C digital polymer lithium battery production line	
3	Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium motive power battery, energy storage battery, battery module and PACK system	Lithium iron phosphate battery of 3GWh per year in phase I of the motive power battery project; Lithium iron phosphate battery of 8GWh per year in phase II of the power battery project, 2-4GWh per year solid liquid hybrid lithium battery
4	Ganfeng Electronics	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless Bluetooth headset battery, electronic cigarette lithium battery	Small polymer lithium battery project with 2 billion units annual capacity
5	Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack for industrial vehicles, PACK system	0.4GWh per year
6	Huichuang New Energy	Dongguan, Guangdong	PACK system for two-wheeled vehicles, outdoor and household energy storage	4GWh per year

5. Battery recycling businesses

The Company further enhanced the industrialization technology and competitive advantages by developing new processes and technologies for comprehensive recycling of the retired batteries and expanding the capacity of its retired lithium battery recycling business. In 2020, Ganfeng Recycling Technology Co., Ltd. ("**Recycling Technology**") was listed in the second batch of Industry Standard Conditions for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles (《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》) by the Ministry of Industry and Information Technology of the PRC. Recycling Technology has formed a comprehensive recycling and processing capacity of 70,000 tons of decommissioned lithium-ion batteries and metal waste, of which the comprehensive recovery rate of lithium is over 90%, and the recovery rate of nickel and cobalt metal is over 95%, making it one of the leading enterprises in the battery recycling industry boasting the largest capacity in recycling lithium iron phosphate batteries and wastes in mainland China and the top three enterprises in terms of comprehensive battery disposal capacity in the industry. Going forward, Recycling Technology will boost the production capacity of NCM precursor project, helping enterprises to establish an ecological recycle chain of lithium products. With mature battery recycling business, the Company's deployment of industry chain will be further enhanced to meet the low-carbon and environmentally friendly requirements of customers, which in the meantime aligns with the direction of carbon neutrality and carbon emission reduction.

6. Technology and R&D

Committed to the "technology and innovation driven" high-quality development, the Company possesses national-level research and innovation platforms including "National Enterprise Technology Center", "National and Local Engineering Research Center for Lithium-based New Materials", "National Post-doctoral Research Station" and "Academician Station" and builds a professional team for promoting scientific and technological innovation and a mature industry-academy-research cooperation mechanism, which provides strong impetus for production technological advancement.

During the Reporting Period, the Company was included in the list of the seventh batch of single champion demonstration enterprises in manufacturing industry by the Ministry of Industry and Information Technology and played the leading role in the establishment of the Jiangxi Lithium Industry Science and Technology Innovation Consortium* (江西省鋰產業科技創新聯合體). Ganfeng Recycling was included in the list of the fourth batch of enterprises accredited as State-level Specialized, Refined, Differentiated and Innovative "Little Giant"* (國家級專精特新"小巨人"企業), rated as Green Technology Cultivation Enterprises of Jiangxi Province* (江西省綠色技術培育企業), and Jiangxi Engineering Research Center in 2022 (Jiangxi Engineering Research Center for Comprehensive Recycling of New Energy Vehicle Power Batteries) * (2022年江西省工程研究中心(江西省新能源汽車動力電池綜合回收利用工程研究中心)). Yichun Ganfeng was included in the list of the fourth batch of enterprises accredited as State-level Specialized, Refined, Differentiated and Innovative "Little Giant" * (國家級專精特新"小巨人"企業). Fengxin Ganfeng was accredited as a National Intellectual Property Demonstration Enterprise. Ganfeng LiEnergy was included in the List of the "Standard Conditions for Lithium-ion Battery Industry"* (《鋰離子電池行業規範條件》) (the 6th Batch) issued by the Ministry of Industry and Information Technology, and rated as Jiangxi Provincial Green Factory*(江西省省級綠色工廠), Jiangxi Provincial Enterprise Technology Center*(江西省省級企業技術中心)and Jiangxi Provincial Solid-state Battery and Key Materials Technology Innovation Center* (江西省固態電池及其關鍵材料技術創新中心). Jiangsu Ganfeng was accredited as Suzhou Active Balanced Battery Management System Engineering Technology Research Center* (蘇州市主動均衡電池管理系統工程技術研究中心), Jiangsu Active Balanced Battery Management System Engineering Technology Research Center* (江蘇省主動均衡電池管理系統工程技術研究中心), Small and Medium-sized Technology Enterprises in Jiangsu Province* (江蘇省科技型中小企業)and Private Technology Enterprises in Jiangsu Province* (江蘇省民營科技企業). The "Solid Lithium Ion Secondary Battery" won the first prize of Best New Product of Jiangxi 2021; "Battery Grade Anhydrous Lithium Hydroxide" and "Sulfide Solid Electrolyte" won the second prize of Best New Product of Jiangxi 2021. "Lithium Iron Phosphate Square Lithium Battery" was included in the Second List of Jiangxi's Pick (第二屆"贛出精品"). "Development and Industrialization of Technology for Clean and Efficient Recovery of Lithium-containing Waste Residue to Prepare High-quality Lithium Salt" was awarded as a typical case of transformation of ten scientific and technological achievements in Jiangxi Province in 2021. "Preparation Technology for High-quality Lithium Metal and Alloy Materials and its Industrialization" won the third prize of Jiangxi Science and Technology Progress Award in 2021.

The Company has been playing an active role in preparing national standards for the field of lithium salt. As of the end of the Reporting Period, the Company led or participated in drafting 7 national standards, 31 industry standards, and the verification of more than 30 analytical method standards, which consolidated its leading position in the field of lithium materials in China. In 2022, the Company was authorized 196 national patents, including 51 invention patents and 143 utility model patents, and 2 software copyrights. As of the end of the Reporting Period, the Company was cumulatively granted 589 national patents, including 160 invention patents and 422 utility model patents and 7 software copyrights.

Particulars of the production technology of the major products:

Major products	**Stage of the production technology**	**Core technical personnel**	**Patented technology**	**Product R&D advantages**
Lithium carbonate, lithium hydroxide	Mature technology	National expert service base, 1,043 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 8 provincial-level talents; 145 PhD and masters; 11 senior staff and 28 associate senior staff.	The technology relates to a method for extracting lithium salt from spodumene, a method for preparing lithium hydroxide monohydrate by extracting lithium from spodumene, and a method for extracting lithium salt from spodumene by sodium carbonate pressure leaching	It has built one of the largest demonstrations bases for extracting lithium from ore in China, extending the industrial chain of ore lithium extraction to the upstream to guarantee the Company's lithium raw materials

Major products	Stage of the production technology	Core technical personnel	Patented technology	Product R&D advantages
Lithium metal and lithium products	Mature technology	National expert service base, 1,043 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 8 provincial-level talents; 145 PhD and masters; 11 senior staff and 28 associate senior staff.	A vacuum distillation method for purification of lithium metal, a vacuum distillation device for purification of lithium metal, a device for automatic shearing of lithium metal particles, a device for shearing special-shaped lithium metal particles, a method for preparing high sodium metal lithium by recycling lithium sodium alloy and a high sodium metal lithium prepared by this method, a head cutting device for lithium metal ingot, a lithium metal ingot mold, and a diversion device for casting lithium metal and an air intake device for a glove box purification tank for casting lithium metal	It has achieved the effect of reducing production energy consumption and saving cost, improving labor productivity and product quality

Major products	Stage of the production technology	Core technical personnel	Patented technology	Product R&D advantages
Lithium belt	Mature technology	National expert service base, 1,043 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 8 provincial-level talents; 145 PhD and masters; 11 senior staff and 28 associate senior staff.	A lithium metal belt production device, lithium metal belt extrusion device and a lithium metal belt extrusion device	It has realized the goal of industrial production of ultra-thin lithium belt with thickness less than 0.1 mm to enhance the added value and market competitiveness of lithium products
Lithium chloride	Mature technology	National expert service base, 1,043 scientific research personnel: 4 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 8 provincial-level talents; 145 PhD and masters; 11 senior staff and 28 associate senior staff.	A method for producing anhydrous lithium chloride for electrolysis by recycling lithium from pharmaceutical wastewater containing lithium, a method for preparing lithium salt by recycling waste containing lithium fluoride	It has become the first domestic enterprise that recycles lithium-containing recyclables generated by customers

OUTLOOK

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

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. The Company adheres to the aim of globalizing the layout of its resources, and will continuously expand its current lithium resources portfolio through further exploration, and develop different types of lithium resources such as hard rock lithium, brine and lithium clay by leveraging the Company's technological strengths. The Company will continue to proactively advance the development and construction of the Cauchari-Olaroz lithium salt lake project in Argentina, which is expected to be completed and put into service soon. After phase I being put into service, the Company will continue to promote the construction of phase II and increase production capacity to meet the Company's raw material demand in the future. The Mariana lithium salt lake project in Argentina is progressing smoothly at present, the first evaporation pond of which has been in the stage of water injection. It is expected that the project will commence production in 2024. In terms of spodumene resources, the Company will continue to focus on quality spodumene projects around the world and work actively with its partners to ensure smooth production operations and capacity building at the Mount Marion project in Australia, Pilgangoora project in Australia and Goulamina project in Mali, Africa. Among them, Goulamina project is one of the core projects currently promoted by the Company, which the Company will take advantage of its resources and high-quality spodumene ore to build one of the largest spodumene ore projects in Africa and strive to commence production in 2024. The Company will continue to actively explore the possibility of acquiring further sources of lithium by virtue of its experience in the industry value chain and its insights into the market trends in order to enrich the core portfolio of high quality lithium resources and provide reliable and high-quality supply of lithium resources for further enhancement of midstream and downstream operations.

2. Expand the production capacity of treatment and processing facilities

The Company has planned for a series of capacity expansions of its facilities to satisfy the growing demand for lithium and solidify its leading position in the lithium products industry.

The Company's lithium projects currently in the pipeline and under construction are as follows:

Project	Location	Capacity planning
Cauchari-Olaroz lithium salt lake project	Jujuy Province, Argentina	Phase I production capacity of 40,000 tons of lithium carbonate, and phase II expansion capacity of not less than 20,000 tons of lithium carbonate equivalent
Mariana lithium salt lake project	Salta Province, Argentina	Phase I production capacity of 20,000 tons of lithium chloride
PPG lithium salt lake project	Salta Province, Argentina	Annual capacity of 50,000 tons of lithium carbonate
Sonora lithium clay project	Sonora Province, Mexico	Phase I production capacity of 20,000 tons of lithium hydroxide
Lithium new energy materials project with annual capacity of 50,000 tons	Fengcheng City, Jiangxi Province, China	Annual production capacity of lithium new energy materials being 50,000 tons of lithium carbonate equivalent, which will be built in two phases, with an annual production capacity of 25,000 tons of lithium hydroxide in the phase I
Lithium metal and lithium materials project with annual capacity of 7,000 tons	Yichun, Jiangxi Province, China; Qinghai Province, China	Investment in the construction of lithium metal and lithium materials project with annual capacity of 7,000 tons in phases, with new lines of lithium metal molten salt electrolysis, vacuum distillation for purification of lithium metal, lithium series alloys and solid-state lithium battery cathode materials

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

The Company will choose to expand its production capacity based on changes of market demands and assessment of future trends of lithium products. The Company plans to build a total lithium product supply capacity of over 600,000 tons of LCE per year by 2030, which will include the production capacity of lithium extracted from ore, lithium extracted from brine, lithium extracted from clay and lithium extracted from retired battery.

3. Develop lithium battery business

The Company actively participates in the research and development of global cutting-edge solid-state battery technology and has acquired a series of technical achievements. The Company has independently developed the solid-liquid hybrid lithium motive power battery with high-safety and high-specific energy for BEVs with long duration, and has realized the development, application and industrialization of the solid-liquid hybrid lithium motive power battery with high-specific energy through the joint technical research with the upstream battery material suppliers and production equipment suppliers, downstream new energy vehicle manufacturers and universities. At the same time, the Company maintains a leading position in the development of high-safety and long-cycle new lithium iron phosphate battery system technology, active equalization BMS module technology, high-voltage platform polymer fast charging technology, high-capacity button battery for TWS Bluetooth headset, solid electrolyte diaphragm and full solid-state battery system. The Company is committed to building the most creative lithium intelligent new energy that provides customers with system solutions and quality services characterized by high safety, long life, high cost performance, and endeavor to rank in the first tier of the global lithium battery industry, leading a new era of lithium battery technology innovation. The lithium battery projects currently under planning and construction by Ganfeng LiEnergy are as follows:

	Project	Location	Project description
Huizhou Gangfeng	High-end polymer lithium battery R&D and production base	Huizhou, Guangdong Province	Construct a high-end polymer lithium battery R&D and production base, and carry out high-end polymer lithium battery R&D and production. It is mainly used to build R&D center, TWS battery production line, 3C digital polymer lithium battery production line, storage, power distribution and other public facilities and living supporting facilities, forming a high-performance polymer production line with an annual output of 180 million pieces.

	Project	Location	Project description
Ganfeng LiEnergy	New-type lithium battery production project with 6GWh annual capacity (Phase III)	Xinyu, Jiangxi Province	Construction of new lithium battery assembly, cell and module automated production lines, and warehousing, power distribution, environmental protection facilities and other public facilities and living supporting facilities, the project will form an annual production capacity of 6GWh of new batteries after reaching.
Gangfeng New Lithiumion Battery	Small polymer lithium battery project with 2 billion units annual capacity	Xinyu, Jiangxi Province	Construct lithium battery R&D, testing, automatic assembly, pack system production line and storage, power distribution, environmental protection facilities and other public facilities and living facilities. The project will be constructed in phases, with the first phase planned for the construction of TWS lithiumion batteries with annual capacity of 250 million units.
Chongqing Ganfeng	New-type lithium battery R&D and production base project with 20GWh annual capacity	Liangjiang New District, Chongqing City	The project will increase the construction scale of the original 10GWh annual production capacity of the new lithium battery technology industrial park and advanced battery research institute project to an annual production capacity of 20GWh, construct lithium battery production line, plant, technical research institute and other supporting facilities; the project products include second generation of solid-state lithium batteries, lithium iron phosphate batteries, which are mainly used in the fields of new energy vehicle power batteries, underwater and space operation equipment power supply.
Dongguan Ganfeng	New-type battery with 10GWh annual capacity and energy storage headquarters project	Mayong Town, Dognguan City, Guangdong Province	R&D bases and production lines for lithium iron phosphate, semi-solid cells, lightweight motive power batteries, outdoor portable energy storage power supply, outdoor energy storage, industrial and commercial energy storage system, etc.

	Project	Location	Project description
Ganfeng LiEnergy	Motive power battery project with 24GWh annual capacity	High-tech Zone, Fuling, Chongqing City	Ganfeng LiEnergy, Three Gorges Water Conservancy (三峽水利) and Dongfang Shineray (東方鑫源) jointly establish the project company, which is held by Ganfeng LiEnergy.

4. Develop lithium battery recycling business

With increasing demand for decommissioned battery management growing in tandem with the use of automobiles and consumer electronics, the Company's lithium battery recycling business has promising growth potential, further enriching our lithium raw material sources. Furthermore, the Company's ability to recycle lithium batteries offers a sustainable value-added solution to battery manufacturers and electric vehicle manufacturers, which help strengthen our close ties with such customers, expand the scale of battery recycling and improve the technologies of our battery recycling business. To promote sustainability and create additional revenue sources, the Company aims to leverage the growing number of decommissioned lithium batteries and become one of the leading players in lithium battery recycling area across the globe. The Company continues to expand downstream by expanding the production capacity of our lithium battery recycling business and developing a specialty in recycling and reusing decommissioned batteries.

5. Further enhance research and development and innovation capabilities

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

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

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

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

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

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

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

7. Enhance capabilities in business operation and management

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

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

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

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

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the revenue of the Group amounted to RMB41,370,654 thousand, representing an increase of RMB30,327,647 thousand as compared to RMB11,043,007 thousand in 2021; its gross profit amounted to RMB20,364,474 thousand, representing an increase of RMB16,007,405 thousand as compared to RMB4,357,069 thousand in 2021. The basic earnings per share of the Group amounted to RMB10.18. Major financial indicators of the Group are set out as below:

	2022	2021	Change *(percentage)*
Profitability indicator			
Net profit margin on sales	**49.5%**	49.0%	0.5%
Return on investment indicator			
Return on weighted average net assets	**59.8%**	17.3%	42.5%

During the Reporting Period, the profit attributable to the owners of the parent for the year amounted to RMB20,503,915 thousand representing an increase of RMB15,277,993 thousand or 292.4% as compared to RMB5,225,922 thousand in 2021, which was mainly due to the increase of the Group's operating income and the increase of share of profits and losses of associates and joint ventures during the Reporting Period.

2. Analysis of revenue and cost

During the Reporting Period, the revenue of the Group was generated from the sales of lithium compounds, lithium metals, lithium battery and other products. Total revenue increased by RMB30,327,647 thousand from RMB11,043,007 thousand in 2021 to RMB41,370,654 thousand in 2022, which was mainly due to the rise in product sales prices and the continuous increase in sales of lithium hydroxide, lithium carbonate, batteries, cells and other products as a result of changes in market conditions during the Reporting Period.

1) Analysis of principal businesses by products and regions

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

By products:

	For the year ended 31 December 2022 *RMB'000*	*%*	For the year ended 31 December 2021 *RMB'000*	*%*
Lithium compound and lithium metal	**34,180,123**	**82.6**	8,236,831	74.6
Lithium battery	**6,467,290**	**15.6**	1,989,747	18.0
Others [Note]	**723,241**	**1.8**	816,429	7.4
Total	**41,370,654**	**100.0**	11,043,007	100.0

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

By sales regions:

	For the year ended 31 December 2022 *RMB'000*	*%*	For the year ended 31 December 2021 *RMB'000*	*%*
Mainland China	**27,146,039**	**65.6**	8,367,451	75.8
Overseas	**14,224,615**	**34.4**	2,675,556	24.2
Total	**41,370,654**	**100.0**	11,043,007	100.0

2) Analysis of operating cost by products

By products:

	For the year ended 31 December 2022 RMB'000	%	For the year ended 31 December 2021 RMB'000	%
Lithium compound and lithium metal	**15,075,562**	**71.7**	4,321,356	64.6
Lithium battery	**5,391,372**	**25.7**	1,775,341	26.6
Others [Note]	**539,246**	**2.6**	589,241	8.8
Total	**21,006,180**	**100.0**	6,685,938	100.0

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

By sale regions:

	For the year ended 31 December 2022 RMB'000	%	For the year ended 31 December 2021 RMB'000	%
Mainland China	**14,490,791**	**69.0**	4,914,888	73.5
Overseas	**6,515,389**	**31.0**	1,771,050	26.5
Total	**21,006,180**	**100.0**	6,685,938	100.0

Cost by nature:

	For the year ended 31 December 2022 RMB'000	%	For the year ended 31 December 2021 RMB'000	%
Raw materials consumed and sold	**18,988,648**	**90.4**	5,240,411	78.4
Payroll	**581,327**	**2.8**	408,732	6.1
Depreciation and amortization expenses	**375,535**	**1.8**	273,522	4.1
Fuel and power	**848,167**	**4.0**	621,110	9.3
Other expenses	**212,503**	**1.0**	142,163	2.1
Total	**21,006,180**	**100.0**	6,685,938	100.0

3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 49.2%, representing an increase of 9.7% as compared with 39.5% in 2021, mainly due to a continued rise of sales prices and sales volume of lithium compound as a result of changes in market conditions, and the rise of price was higher than the increase in cost.

Gross profit and gross profit margin by products

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Lithium compound and lithium metal	**19,104,561**	**55.9**	3,915,475	47.5
Lithium battery	**1,075,918**	**16.6**	214,406	10.8
Others [Note]	**183,995**	**25.4**	227,188	27.8
Total	**20,364,474**	**49.2**	4,357,069	39.5

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

Gross profit and gross profit margin by regions

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Mainland China	**12,655,248**	**46.6**	3,452,563	41.3
Overseas	**7,709,226**	**54.2**	904,506	33.8
Total	**20,364,474**	**49.2**	4,357,069	39.5

4. Major customers and suppliers

During the Reporting Period, total sales to top 5 customers of the Group was RMB18,434,036 thousand (2021: RMB2,747,709 thousand), which accounted for 44.6% of the total sales for the Reporting Period (2021: 24.9%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB17,538,801 thousand (2021: RMB3,457,936 thousand), which accounted for 52.2% of the total purchases for the Reporting Period (2021: 39.6%).

5. Other income and gains

The other income and gains of the Group were mainly comprised of net gains from fair value changes on financial assets at fair value through profit or loss, government grants, revenue from sales of raw materials, dividend and interest income, and gains from foreign exchange. During the Reporting Period, other income and gains of the Group amounted to RMB1,272,183 thousand, representing a decrease of RMB1,418,281 thousand as compared with RMB2,690,464 thousand in 2021, which was mainly because the decrease of gains from fluctuations in the fair value of financial assets held by the Group brought about decrease in other gains during the Reporting Period.

6. Expenses

	For the year ended 31 December 2022 *RMB'000*	For the year ended 31 December 2021 *RMB'000*	Changes %	Explanations on material changes
Selling and distribution expenses	**117,360**	61,623	90.4%	Selling and distribution expenses mainly included employee welfare expenses, transportation fees, storage and port fees, rental expenses, sales commissions, travel expenses and other expenses, the increase of which during the Reporting Period was mainly due to the significant increase in sales volume in the Reporting Period.

	For the year ended 31 December 2022 *RMB'000*	For the year ended 31 December 2021 *RMB'000*	Changes %	Explanations on material changes
Administrative expenses	**1,999,705**	840,336	138.0%	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, agency fees, research and development expenses, banking services and other expenses, as well as asset depreciation and amortization. The increase during the Reporting Period was mainly because provision was made for the share incentive expenses and year-end bonus expenses during the Reporting Period.
Other expenses	**247,400**	171,370	44.4%	Other expenses mainly included cost of raw material sales, impairment loss, loss on sale of property, plant and equipment and others. The increase during the Reporting Period was mainly due to an increase in the cost of selling raw materials, an increase in the net impairment of trade receivables, and an increase in the write-down of inventories to net realizable value.
Finance costs	**407,329**	264,857	53.8%	Finance costs mainly included interest expenses on bank borrowings, discounted notes and convertible bonds. The increase during the Reporting Period was mainly because the increase of borrowing interest expenses.

7. Other expenses

For each of the years ended 31 December 2022 and 31 December 2021, the Group recorded other expenses of RMB247.4 million and RMB171.4 million, respectively. A detailed breakdown of other expenses is as follows:

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Cost of raw materials sold	**79,610**	18,295
Impairment of trade receivables, net	**56,043**	–
Write-down of inventories to net realizable value	**54,683**	1,400
Impairment of fixed assets	**9,861**	–
Impairment of an investment in a joint venture	**–**	6,602
Net loss on disposal of items of property, plant and equipment	**10,262**	8,113
Exploration expenditure	**28,839**	15,242
Foreign exchange differences, net	**–**	116,155
Others	**8,102**	5,563
Total	**247,400**	171,370

8. Research and development expenses

The research and development expenses of the Group for the Reporting Period amounted to RMB1,423,059 thousand, representing an increase of 316.2% as compared to RMB341,944 thousand in 2021, and accounting for 3.4% of the Group's revenue, which was mainly due to the increase in research and development expenses for lithium salts and solid-state batteries.

9. Cash flows

	For the year ended 31 December 2022 *RMB'000*	For the year ended 31 December 2021 *RMB'000*	Change %	Reason of material change
Net cash flows from operating activities	**12,490,633**	2,620,393	376.7%	Primarily due to the increase in cash received from sale of goods or rendering of services during the Reporting Period.
Net cash flows used in investing activities	**(15,312,395)**	(6,175,842)	147.9%	Primarily due to the increase in cash payment for investment and the cash payment for the acquisition and construction of fixed assets, intangible assets, and other long-term assets during the Reporting Period.
Net cash flows from financing activities	**6,404,845**	7,130,925	-10.2%	Primarily due to no similar cash inflow during the Reporting Period compared with the receipt of amount from H Shares capital increase for the year ended 31 December 2021.

10. Financial position

Non-current assets increased by RMB22,763,962 thousand from RMB24,429,912 thousand as at 31 December 2021 to RMB47,193,874 thousand as at 31 December 2022, which was mainly due to the increase in the investments in associates and joint ventures, the increase in the balance of property, plant and equipment, the increase in the balance of intangible assets and the increase in the balance of investments in long-term financial assets during the Reporting Period.

Current assets increased by RMB17,339,297 thousand from RMB14,626,739 thousand as at 31 December 2021 to RMB31,966,036 thousand as at 31 December 2022, which was mainly due to the increase in the balance of inventories, the increase in the balance of trade receivables and the increase in the balance of cash and cash equivalents during the Reporting Period.

Current liabilities increased by RMB10,445,818 thousand from RMB8,209,107 thousand as at 31 December 2021 to RMB18,654,925 thousand as at 31 December 2022, which was mainly due to the increase in the balance of trade and bills payables and the increase in balance of other payables during the Reporting Period.

Non-current liabilities increased by RMB6,957,833 thousand from RMB4,680,844 thousand as at 31 December 2021 to RMB11,638,677 thousand as at 31 December 2022, which was mainly due to the increase in the balance of interest-bearing bank and other long-term borrowings during the Reporting Period.

As at 31 December 2022 and 31 December 2021, net current assets of the Group amounted to RMB13,311,111 thousand and RMB6,417,632 thousand, respectively, and net assets amounted to RMB48,866,308 thousand and RMB26,166,700 thousand, respectively.

As at 31 December 2022 and 31 December 2021, cash and cash equivalents of the Group amounted to RMB9,073,017 thousand and RMB5,233,611 thousand, respectively.

11. Income tax expenses

During the Reporting Period, income tax of the Group amounted to RMB2,318,117 thousand, representing an increase of RMB1,961,120 thousand as compared to RMB356,997 thousand in 2021, which was mainly due to an increase in the taxable income during the Reporting Period.

12. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB5,897,064 thousand, representing an increase of RMB2,468,206 thousand as compared to RMB3,428,858 thousand in 2021. The Group's capital expenditures mainly consist of additions to property, plant and equipment, investment properties and intangible assets.

13. Interest-bearing bank and other borrowings

As at 31 December 2022, bank and other borrowings of the Group amounted to RMB12,783,219 thousand. Bank and other borrowings of the Group that would be due within one year, and due within two to five years amounted to RMB3,619,896 thousand and RMB9,163,323 thousand, respectively. As at 31 December 2022, the Group's outstanding loans included RMB loans and foreign currency loans and approximately 56.49% (31 December 2021: 62.34%) of such outstanding loans were charged at fixed interest rates, with the remaining charged at floating interest rates.

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

14. Restricted assets

As at 31 December 2022, assets with a total carrying value of RMB1,954,445 thousand of the Group were used as collateral for bank borrowings and other bank facilities, and such assets included pledged deposits of RMB841,028 thousand, creditor's rights investment of RMB270,000 thousand, bills receivable of RMB724,828 thousand, trade receivables of RMB116,785 thousand and other current assets of RMB1,804 thousand.

15. Gearing ratio

As at 31 December 2022, the Group's gearing ratio, defined as total liabilities divided by total assets, was 38%, increased by 5% from the gearing ratio as at 31 December 2021.

16. Contingent liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities.

17. Employees and remuneration system

As at 31 December 2022, the Group had a total of 10,201 employees. The Group have adopted a remuneration structure and incentive scheme which is linked to our Group's performance in order to further motivate our employees.

18. Capital commitments

The Group had the following capital commitments as at 31 December 2022:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Contracted but not produced equipment and machinery	**4,063,297**	1,422,789

19. Share capital

As of 31 December 2022, share capital of the Company is set out as follows:

	Number of issued shares	**Percentage**
A Shares	**1,613,462,099**	80.0%
H Shares	**403,574,080**	20.0%
Total	**2,017,036,179**	100%

20. Production, sales and inventory

Industry	Item	Unit	2022	2021	Year-on-year change
Basic chemical material	Sales	Tons (after translated into lithium carbonate equivalent)	**97,362.73**	90,718.41	7.32%
	Production	Tons (after translated into lithium carbonate equivalent)	**97,203.71**	89,742.04	8.31%
	Inventory	Tons (after translated into lithium carbonate equivalent)	**4,802.33**	4,961.35	-3.21%
Lithium batteries series	Sales	10 thousand units	**18,559.04**	11,855.11	56.55%
	Production	10 thousand units	**19,501.05**	12,938.94	50.72%
	Inventory	10 thousand units	**4,011.10**	3,069.09	30.69%

Product name	Production volume	Sales volume	Revenue *(RMB)*	Price trend during the Reporting Period	Reasons for change
Lithium series Products *(ton of LCE)*	97,203.71	97,362.73	34,580,700,195.52	Average selling price in the second half of the year increased by 9.68% compared to the first half of the year	Affected by the market upturn of lithium salt products
Lithium batteries series products *(0'000 units)*	19,501.05	18,559.04	6,478,327,703.11	Average selling price in the second half of the year increased by 24.38% compared to the first half of the year	Affected by the market upturn of lithium battery products

OTHER MATTERS

Significant Equity Acquisitions During the Reporting Period

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

On 6 May 2021, the Board approved a resolution regarding the tender offer to purchase Bacanora, a company which was listed on the Alternative Investment Market of the London Stock Exchange, by Shanghai Ganfeng involving mining rights investment and related party transaction《(關於全資附屬公司上海贛鋒對Bacanora公司進行要約收購涉及礦業權投資暨關聯交易》). It was agreed that Shanghai Ganfeng shall make a tender offer for all the issued shares of Bacanora (other than the shares already held by Shanghai Ganfeng which represented 28.88% of the entire equity interests in Bacanora immediately preceding the tender offer) at a price of 67.5 pence per share, and the total transaction amount shall not exceed 190 million pounds. On 28 June 2021, a resolution with the aforementioned issue was approved by the Shareholders accordingly. As of 23 December 2021, since over 75% of Bacanora's shareholders had accepted the tender offer, Bacanora shall apply to the London Stock Exchange for delisting in accordance with the requirements of relevant laws and regulations, which had become effective at 7:00 a.m. on 26 January 2022 (London time). The transaction was completed in August 2022, and upon completion, Bacanora became a wholly-owned subsidiary of Shanghai Ganfeng.

Acquisition of 50% equity interest in Mali Lithium B.V. ("Netherlands SPV Company")

On 11 June 2021, the Board approved a resolution regarding the acquisition of 50% equity interest in Netherlands SPV Company by GFL International, involving mining rights investment and provision of financial assistance for Lithium du Mali SA ("**LMSA**"), a wholly-owned subsidiary of the Netherlands SPV Company (《關於贛鋒國際收購荷蘭SPV公司50%股權涉及礦業權投資並為其全資子公司LMSA提供財務資助》). It was agreed that GFL International shall acquire 50% equity interest in the Netherlands SPV Company at a price of USD130 million with its own funds. Upon completion, GFL International would be granted consent to, as the case may be, provide financial assistance at an amount not exceeding USD40 million to LMSA, to help LMSA develop and construct the Goulamina spodumene mining project. The acquisition was completed in March 2022, and upon completion, the Netherlands SPV Company was held as to 50% and 50% by GFL International and Firefinch Limited, an independent third party, respectively, and the Netherlands SPV Company was accounted for as a joint venture of the Company.

Acquisition of 100% equity interest in Lithea Inc. ("Lithea")

On 11 July 2022, the Board approved a resolution regarding the acquisition of 100% equity interest in Lithea by GFL International or its wholly-owned subsidiary involving mining rights investment《(關於贛鋒國際或其全資子公司收購Lithea公司100%股份涉及礦業權投資》). It was agreed that GFL International or its wholly-owned subsidiary shall acquire 100% equity interest in the Lithea for a total consideration of no more than USD962 million, which includes the entire equity interest value and the value of relevant debts of Lithea to be undertaken by the Company. Immediately before the completion of the transaction, the Company does not hold any equity interest in Lithea. Upon the completion of the transaction, GFL International or its wholly-owned subsidiary will hold no more than 100% equity interest in Lithea. The transaction was completed in October 2022, and upon completion, Lithea became a wholly-owned subsidiary of GFL International.

Profit distribution

The Board proposed to distribute cash dividend of RMB10 (tax inclusive) for every 10 shares to all Shareholders based on the total share capital of the Company as at the record date of shareholding, and without conversion of capital reserve into share capital. If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. This cash dividend distribution plan is subject to the approval of the Shareholders at the annual general meeting (the "**AGM**"), the Company shall distribute the dividend within two months after the date of the AGM. A circular of H shares containing, among others, further information in respect of the AGM and the cash dividend will be dispatched to the Shareholders as soon as practicable. Eligibility for receiving the cash dividend will be specified in the circular.

Dividends for the holders of A Shares and the holders of H Shares through the Southbound Trading Link (the "**Southbound Shareholders**") will be paid in RMB, and dividends for our holders of H Shares other than the Southbound Shareholders will be paid in Hong Kong dollars. The relevant exchange rate will be the average of the mid-point rates of RMB to Hong Kong dollars as announced by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the AGM. The arrangements concerning the record date for entitlement to the Shareholders' rights for Southbound Shareholders are the same as those for the holders of H Shares.

Tax on dividends

According to the Enterprise Income Tax Law of the PRC《(中華人民共和國企業所得税法》) and its implementation regulations (the "**EIT Law**"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organisations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Company's H share register, Computershare Hong Kong Investor Services Limited, in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (《關於國税發(1993) 045號文件廢止後有關個人所得税徵管問題的通知》) (the "**Notice**") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and the PRC. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H Shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

The Company assumes no responsibilities whatsoever in respect of and will not entertain for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

Profit distribution to investors of northbound trading

For investors of the Stock Exchange (including enterprises and individuals) investing in the A shares of the Company listed on the SZSE (the "**Northbound Trading**"), their dividends will be distributed in RMB by the Company through the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the holders of A shares of the Company.

Profit distribution to investors of southbound trading

For investors of the Shanghai Stock Exchange and SZSE (including enterprises and individuals) investing in the H shares of the Company listed on the Stock Exchange (the "**Southbound Trading**"), the cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company. As for the relevant taxation policies, pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai Stock Connect (Caishui [2014] No. 81)《關於滬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[2014]81號)》) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen- Hong Kong Stock Connect (Caishui [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)》), for dividends received by domestic individual investors from investing in the H shares of the Company listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in the H shares of the Company listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Shareholders are advised to consult their tax consultants regarding the tax impacts in the PRC, Hong Kong and other countries (regions) for holding and selling the Company's shares.

Changes of Information of Directors, Supervisors and Chief Executives

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

Name	Position held	Type	Date
Liu Jun	Independent non-executive Director, chairman of the nomination committee and member of the audit committee	Retirement	31 March 2022
Wang Jinben	Independent non-executive Director, chairman of the nomination committee and member of the audit committee	Appointment	15 June 2022
Ouyang Ming	Secretary of the Board	Retirement	30 August 2022
Hou Yingxue	Secretary of the Board	Appointment	30 August 2022

On 6 December 2022, Mr. Li Liangbin, the executive Director and Ms. Ouyang Ming received the Advance Notice of Administrative Penalty (Gan Penalty Zi [2022] No.4) (《行政處罰事先告知書》((贛處罰字[2022] 4號)) ("**Notice**") issued by (China Securities Regulatory Commission (Jiangxi)(中國證券監督管理委員會江西監管局)(the "**Jiangxi CSRC**"). Pursuant to the Notice, the Jiangxi CSRC proposes to issue a warning to Mr. Li Liangbin and Ms. Ouyang Ming, and impose the fine of RMB600,000 and RMB200,000 respectively. The Board has been informed by Mr. Li Liangbin and Ms. Ouyang Ming that they have requested for a hearing to defend the case against them. Further, as advised by the Company's PRC legal advisers, the Notice does not constitute a final determination of the CSRC's findings as to whether the transactions in question were insider dealings. As at the date of this announcement, the final determination of the Jiangxi CSRC's finding is pending. For further details in respect of the case, please refer to the announcements of the Company dated 7 December and 28 December 2022.

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

Connected Transactions

Provision of financial assistance to Mengjin Mining

In order to promote the development and construction of the Gabus niobium tantalum mine project in Xianghuangqi, Xilin Gol League, Inner Mongolia Autonomous Region, so as to meet the Company's demand for lithium resource growth in future development, on 26 April 2022, the Board approved that the Company and its subsidiaries will provide joint liability guarantee of not more than RMB500 million for Xianghuangqi Mengjin Gold Mining Development Co., Ltd. ("**Mengjin Mining**"), a company held as to 70% by Mr. Li Liangbin (the chairman of the Board and an executive Director), to apply for a loan from bank. Pursuant to the guarantee agreement entered into between the Company and Mengjin Mining on 26 April 2022, the Company and its subsidiaries will provide the aforementioned joint liability guarantee for Mengjin Mining to apply for a loan from bank, and Mengjin Mining will provide equivalent counter guarantee to the Company and its subsidiaries for the actual guarantee amount received from the Company and its subsidiaries for a period of two years commencing from 26 April 2022 to 25 April 2024. The guarantee limit is determined with reference to the future expenditure budget of Mengjin Mining. No fee is or will be payable or charged and no collaterals are or will be taken or provided in relation to the provision of the guarantee and the counter guarantee. For details of the provision of financial assistance to Mengjin Mining, please refer to the announcement of the Company dated 26 April 2022.

Other Significant Events During the Reporting Period

Adoption of the RSU Scheme

On 25 May 2022, the Board proposed to adopt a restricted share unit scheme (the "**RSU Scheme**") by the Company with the purpose of enabling ownership of H Shares by its employees and provide incentives. The H Shares shall be purchased from the secondary market by an independent third party trustee in Hong Kong. The aggregate number of H Shares underlying the restricted share units to be granted shall not exceed three per cent (3%) of the total number of entire issued H Shares as at the relevant grant date. No new H Shares will be issued under the RSU Scheme. Further particulars of RSU Scheme are included in the supplemental circular of the Company dated 26 May 2022. The adoption of the RSU Scheme was approved by the Shareholders at the annual general meeting of the Company held on 15 June 2022 (the "**2021 AGM**").

During the Reporting Period, no restricted share units had been granted under the RSU Scheme.

On 1 July 2022, the Company appointed Futu Trustee Limited as the trustee of the RSU Scheme (the "**Trustee**") by entering into a trust deed (the "**Trust Deed**"), pursuant to which the Trustee would hold the awards granted under the RSU Scheme on behalf of the relevant selected participants on trust, until such awards are vested with the relevant selected participants in accordance with the rules of the RSU Scheme and the Trust Deed, and provide other ancillary trustee services which are necessary for administering the RSU Scheme. On the same day, pursuant to the authorization granted by the Shareholders at the 2021 AGM, the Board had resolved to (i) establish the management committee of the RSU Scheme (the "**Management Committee**") which comprises the chairman of the Board, Mr. Li Liangbin, as chairman of the Management Committee, vice-chairman of the Board, Mr. Wang Xiaoshen. as vice-chairman of the Management Committee, and one of the vice presidents of the Company, Ms. Ouyang Ming, as a member of the Management Committee; and (ii) authorize the Management Committee to handle matters pertaining to the RSU Scheme with full authority during the award period.

Fulfillment of exercise conditions for first exercise period of the Share Option Incentive Scheme 2021

On 4 June 2021, the adoption of a share option incentive scheme (the "**Share Option Incentive Scheme 2021**") was approved at the annual general meeting of the Company. Further particulars of the adoption of the Share Option Incentive Scheme 2021 are included in the circular of the Company dated 28 April 2021. On 7 June 2021, the Board approved the resolution on the adjustments to the matters relating to the Share Option Incentive Scheme 2021 and the resolution on the grant of share options to the participants of the Share Option Incentive Scheme 2021. The Company adjusted the number of participants of the Share Option Incentive Scheme 2021 from 407 to 404 persons and granted share options to the participants. The total number of share options granted was adjusted from 15.794 million to 15.754 million.

1. The purpose of the Share Option Incentive Scheme 2021: in order to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding employees, fully motivate the mid-level and senior management and core technical or business personnel of the Company, effectively align the interests of Shareholders, the Company and the key individuals, and bring their attention to the Company's long-term development.

2. Date of grant: 7 June 2021.

3. Number of grant: 15.754 million.

4. Number of participants of grant: 404.

5. The maximum entitlement of each participant under the Share Option Incentive Scheme 2021: no more than 11,492,116 A Shares, representing 1% of the relevant class of securities in issue when the 2021 Share Option Incentive Scheme was approved in the relevant annual general meeting and the class meetings.

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

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

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

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

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

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

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

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

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

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

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

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

7. No payment is required on application or acceptance of the share options under the 2021 Share Option Incentive Scheme.

8. The basis of determining the exercise price of the share options is as follows:

   (1) The exercise price of the share options is RMB96.28 per A Share for the grant (i.e. upon the fulfillment of the exercise conditions of the share options, the participants are able to purchase the A Shares issued by the Company to the participants at the price of RMB96.28 per A Share).

   (2) The exercise price of the share options for the grant shall not be lower than the nominal value of the Shares, and not lower than the higher of:

      (i) the average trading price of A Shares of the Company on the last trading day preceding the date of the announcement of the 2021 Share Option Incentive Scheme (the total transaction value of A Shares on the last trading day/the total trading volume of A Shares on the last trading day), being RMB94.73 per A Share; and

      (ii) the average trading price of A Shares of the Company for the last 20 trading days preceding the date of announcement of 2021 Share Option Incentive Scheme (the total transaction value of A Shares for the last 20 trading days/the total trading volume of A Shares for the last 20 trading days), being RMB96.28 per A Share.

9. Cancellation of share options: on 7 June 2021, 15,754,000 units of share options were granted under the Share Option Incentive Scheme 2021 to 404 participants at the then exercise price of RMB96.28 per unit, in which 75,000 units of share options were subsequently cancelled. Accordingly, the number of participants was adjusted from 404 to 400, and the number of share options granted but had not yet been exercised was adjusted from 15.754 million to 15.679 million. For further details, please refer to the Company's announcements dated 30 July 2021, 31 May 2022, 7 June 2022 and 18 August 2022. During the Reporting Period, save as disclosed information above, no share options granted under the 2021 Share Option Incentive Scheme had lapsed nor been cancelled.

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

(1) Accounting treatment

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

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

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

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

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

(iii) Historical volatility ratio: 64.02%, 58.36%, 55.43% and 55.44%, respectively (adopted the historical volatility ratio of the Company in the latest one year, two years and three years prior to the announcement of the 2021 Share Option Incentive Scheme)

(iv) Risk-free interest rate: 2.39%, 2.69%, 2.81% and 2.89%, respectively (adopted the yield of PRC treasury bond for one year, two years, three years and four years prior to the announcement of the 2021 Share Option Incentive Scheme)

(v) Dividend yield: 0.48%, 0.91%, 0.80% and 0.65% (the average dividend rate of the Company in one year, two years, three years and four years prior to the announcement of the 2021 Share Option Incentive Scheme)

(3) Impact on the operating performance of the Company

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

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

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

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

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

On 31 May 2022, it was announced that, subject to there being no circumstances which would prohibit vesting having occurred as of the end date of the first withholding period, the exercise conditions for the first exercise period of share options granted under the Share Option Incentive Scheme 2021 have been fulfilled and a total of 3,919,750 units of share options will become exercisable by 400 participants during the first exercise period. The first exercise period of the share options granted under the Share Option Incentive Scheme 2021 is from 7 June 2022 to 6 June 2023.

For further details of the grant of share options under the Share Option Incentive Scheme 2021, please refer to the announcement of the Company dated 7 June 2021.

Adjustment to the exercise price and number of the share options granted under the Share Option Incentive Scheme 2021

Following the implementation of the Profit Distribution Proposal for 2021, 4 new Shares will be issued for every existing 10 Shares held by the Shareholders and a cash dividend of RMB3 (inclusive of tax) for every 10 Shares will be distributed to the Shareholders. Pursuant to the relevant provisions of the Share Option Incentive Scheme 2021, in the event of any capitalization issue, bonus issue or share subdivision prior to the exercise of the share options, the exercise price of the share options shall be adjusted accordingly. For further details, please refer to the Company's announcement dated 3 July 2022. Accordingly, on 1 July 2022, the Company adjusted the number and exercise price of the share options granted but had not yet been exercised under the Share Option Incentive Scheme 2021. The exercise price of the share options was adjusted from RMB96.28 per unit (A share) to RMB68.771 per unit (A share), while the number of share options was adjusted from 13,317,309 units to 18,644,232 units.

Details of the movement in the share options of the Share Option Incentive Scheme 2021 during the Reporting Period are included in the table below:

Name	Position(s)	As at 31 December 2021 *(0'000 A Shares)*	Granted during the Reporting Period *(0'000 A Shares)*	Cancelled during the Reporting Period *(0'000 A Shares)*	Lapsed during the Reporting Period *(0'000 A Shares)*	As at 30 June 2022 *(0'000 A Shares)*	After the implementation of the Profit Distribution Proposal for 2021 *(0'000 A Shares)*	Exercised during the Reporting Period *(0'000 A Shares)*	As at 31 December 2022 *(0'000 A Shares)*
Deng Zhaonan	Executive Director and vice president (resigned as vice president on 3 February 2023)	20.00	–	–	–	20.00	28.00	1.45	26.55
Shen Haibo	Executive Director and vice president	20.00	–	–	–	20.00	28.00	7.00	21.00
Ouyang Ming	Secretary of the Board (resigned) and vice president	20.00	–	–	–	19.00	26.60	6.60	21.00
Xu Jianhua	Vice president	20.00	–	–	–	15.00	21.00	5.00	21.00
Yang Manying	Vice president and financial director (resigned as vice president and the financial director on 3 February 2023)	20.00	–	–	–	15.00	21.00	5.00	21.00
Fu Lihua	Vice president	15.00	–	–	–	11.25	15.75	3.75	15.75
Xiong Xunman	Vice president	15.00	–	–	–	11.25	15.75	3.75	15.75
Core management and core technical (business) personnel		1,445.40	–	7.50	–	1,220.2309	1,708.3232	329.5571	1,596.4352
Total		1,575.40	–	7.50	–	1,331.7309	1,864.4232	362.1071	1,738.4852

Notes:

1. The share options were granted under the Share Option Incentive Scheme 2021 on 7 June 2021 at an exercise price of RMB96.28 per unit. The closing price of the A Shares immediately before the date of grant (being 4 June 2021) was RMB92.11.

2. The weighted average closing price of the A Shares immediately before the dates on which the share options were exercised was approximately RMB90.82 (for share options exercised by Ms. Deng Zhaonan), approximately RMB72.12 (for share options exercised by Mr. Shen Haibo), approximately RMB102.33 (for share options exercised by Ms. Ouyang Ming), approximately RMB137.62 (for share options exercised by Mr. Xu Jianhua), approximately RMB138.04 (for share options exercised by Ms. Yang Manying), approximately RMB140.20 (for share options exercised by Mr. Fu Lihua), approximately RMB137.01 (for share options exercised by Mr. Xiong Xunman) and approximately RMB121.54 (for share options exercised by core management and core technical (business) personnel).

3. As at 31 December 2022, the Company had a total of 17,384,852 outstanding share options under the Share Option Incentive Scheme 2021, of which:

   a. 921,902 share options had been vested, including 10,000 share options held by resigned Participants that shall be subsequently cancelled, and the remaining share options are exercisable;

   b. 5,487,650 share options shall be vested, including 161,000 share options held by resigned Participants that shall be subsequently cancelled, and the remaining share options are exercisable during the period commencing 7 June 2023 and ending on 6 June 2024;

   c. 5,487,650 share options shall be vested, including 161,000 share options held by resigned Participants that shall be subsequently cancelled, and the remaining share options are exercisable during the period commencing 7 June 2024 and ending on 6 June 2025;

   d. 5,487,650 share options shall be vested, including 161,000 share options held by resigned Participants that shall be subsequently cancelled, and the remaining share options are exercisable during the period commencing 7 June 2025 and ending on 6 June 2026.

The Share Option Incentive Scheme 2022

On 25 August 2022, a share option incentive scheme (the "**Share Option Incentive Scheme 2022**") was approved at the extraordinary general meeting of the Company. Further details of the Share Option Incentive Scheme 2022 are included in the circular of the Company dated 5 August 2022. On 5 September 2022, the Board approved the resolution on the adjustments to the matters relating to share option incentive scheme 2022 of the Company and the resolution on the grant of share options to the participants of the share option incentive scheme 2022. The Company adjusted the number of participants of the share option incentive scheme from 113 to 110 persons and granted share options to the participants. The total number of share options granted was adjusted from 2.17 million to 2.065 million.

Pursuant to the relevant provisions of the Share Option Incentive Scheme 2022, in the event of any capitalization issue, bonus issue or share subdivision prior to the exercise of the share options, the Company shall adjust the exercise price of the share options accordingly. Due to the issuance of the Bonus Issue, the exercise price and number of share options initially intended to be granted under the Share Option Incentive Scheme 2022 were adjusted. The exercise price of the share options was adjusted from RMB118.86 per unit (A share) to RMB84.90 per unit (A share), while the number of share options was adjusted from 2.065 million to 2.891 million. On 5 September 2022, 2.891 million share options (representing 2.891 million A Shares which may be issued upon exercise of all such share options) were granted to 110 participants under the Share Option Incentive Scheme 2022 at an exercise price of RMB84.90 per A Share. The summary of the Share Option Incentive Scheme 2022 are as follows:

1. The purpose of the Share Option Incentive Scheme 2022: in order to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding employees, fully motivate the core management and core technical or business personnel of the Company, effectively align the interests of Shareholders, the Company and the key individuals, and bring their attention to the Company's long-term development.

2. Date of grant: 5 September 2022.

3. Number of grant: 2.891 million.

4. Number of participants of grant: 110.

5. The maximum entitlement of each participant under the Share Option Incentive Scheme 2022: no more than 16,131,456.89 A Shares, representing 1% of the relevant class of securities in issue when the Share Option Incentive Scheme 2022 was approved in the relevant extraordinary general meeting and the class meetings.

6. The arrangement of validity period, vesting period and exercise period of the Share Option Incentive Scheme 2022:

    (1) The validity period of the 2022 Share Option Incentive Scheme shall commence from the date of the grant of the Share Options and end on the date on which all the Share Options granted to the Participants have been exercised or repurchased and cancelled, which shall not be longer than 60 months.

(2) The Vesting Period for the Share Options under the 2022 Share Option Incentive Scheme shall commence from the date of grant of the Share Options and end on the Exercisable Date of the Share Options. The Vesting Periods of the Share Options are 12 months, 24 months, 36 months and 48 months, respectively. During the Vesting Periods, the Share Options which are granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt.

(3) The Share Options granted to the Participants can be exercised after expiry of 12 months commencing from the date of the grant, subject to the consideration and approval of the 2022 Share Option Incentive Scheme at the EGM and the Class Meetings. The Exercisable Date must be a trading day and shall not fall within any of the following periods:

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

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

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

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

During the Exercise Period, the Participants are able to exercise the Share Options according to the following exercising arrangement upon the fulfillment of the Exercise Conditions for the Share Options granted under the 2022 Share Option Incentive Scheme.

The Exercise Period of the Share Options granted under the 2022 Share Option Incentive Scheme and timetable for each Exercise are set out below:

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

Share Options for which Exercise Conditions are not fulfilled during the above agreed period shall not be exercised or deferred to be exercised during the next Exercise Period, and the Company shall cancel the underlying Share Options of the Participants according to the principle stipulated in the 2022 Share Option Incentive Scheme. After the end of each Exercise Period of the Share Options, the Share Options of the Participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

7. No payment is required on application or acceptance of the share options under the Share Option Incentive Scheme 2022.

8. The basis of determining the exercise price of the share options is as follows:

   (1) The exercise price of the share options is RMB118.86 per A Share for the grant (i.e. upon the fulfillment of the exercise conditions of the share options, the participants are able to purchase the A Shares issued by the Company to the participants at the price of RMB118.86 per A Share).

(2) The exercise price of the share options for the grant shall not be lower than the nominal value of the Shares, and not lower than the higher of:

(i) the average trading price of A Shares of the Company on the last trading day preceding the date of the announcement of the Share Option Incentive Scheme 2022(the total transaction value of A Shares on the last trading day/the total trading volume of A Shares on the last trading day), being RMB118.86 per A Share; and

(ii) the average trading price of A Shares of the Company for the last 20 trading days preceding the date of announcement of Share Option Incentive Scheme 2022 (the total transaction value of A Shares for the last 20 trading days/the total trading volume of A Shares for the last 20 trading days), being RMB110.16 per A Share.

9. Cancellation of share options: on 5 September 2022, the number of participants was adjusted from 113 to 110, and the number of share options granted but had not yet been exercised was adjusted from 2.17 million to 2.065 million with exercise price of RMB118.86, in which 105,000 units of share options were cancelled. During the Reporting Period, save as disclosed information above, no share options granted under the Share Option Incentive Scheme 2022 had lapsed nor been cancelled.

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

(1) Accounting treatment

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

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

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

(i) Price of the Underlying Shares: RMB118.99 per Share (assuming the closing price was RMB118.99 on the Grant Date)

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

(iii) Historical volatility ratio: 51.58%, 61.64%, 60.09% and 57.13%, respectively (adopted the historical volatility ratio of the Company in the latest one year, two years and three years prior to the grant of the Share Option Incentive Scheme 2022)

(iv) Risk-free interest rate: 1.72%, 2.08%, 2.18% and 2.30%, respectively (adopted the yield of PRC treasury bond for one, two, three and four years prior to the grant of the Share Option Incentive Scheme 2022)

(v) Dividend yield: 0.19%, 0.18%, 0.28% and 0.55%, respectively (the average dividend rate of the Company in one year, two years, three years and four years prior to the grant of the Share Option Incentive Scheme 2022)

(3) Impact on the operating performance of the Company

The fair value of the Share Options on the Grant Date which is determined in accordance with the relevant valuation method, and the costs of payment of Shares under the Share Option Incentive Scheme 2022 which is determined finally, will be amortized in accordance with the percentage of Share Options exercised during the implementation of the Share Option Incentive Scheme 2022. The incentive costs incurred from the Share Option Incentive Scheme 2022 will be charged to the recurring profit and loss.

The Company granted share options to the participants on 5 September 2022, according to the requirements of the PRC accounting standards, the impact of the Share Options granted under the Share Option Incentive Scheme 2022 on accounting costs of each period is shown in the following table:

Number of share options granted *(0'000)*	**Total costs to be amortized** *(RMB0'000)*	**2022** *(RMB0'000)*	**2023** *(RMB0'000)*	**2024** *(RMB0'000)*	**2025** *(RMB0'000)*	**2026** *(RMB0'000)*
289.10	7,919.51	1,167.51	3,129.05	2,056.55	1,146.79	419.60

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

According to the preliminary evaluation by the Company based on the information available, without taking into account the stimulus effects of the Share Option Incentive Scheme 2022 on the results of the Company, the amortization of the costs of share options incentive scheme shall affect the net profit of each year during the validity period, but the effect will not be substantial. Taking into consideration the positive impact of the Share Option Incentive Scheme 2022 on the development of the Company, such as motivating the management team, increasing the operational efficiency, and reducing agent costs, the benefits generated from the improvement in the Company's results due to the Share Option Incentive Scheme 2022 shall far exceed the increase in expenses.

For further details of the Share Option Incentive Scheme 2022, please refer to the circular of the Company dated 5 August 2022.

Change of Company Name and Amendments to the Articles of Association

On 5 September 2022, the Board proposed to change the Chinese name of the Company from "江西贛鋒鋰業股份有限公司" to "江西贛鋒鋰業集團股份有限公司", and the English name of the Company from "Ganfeng Lithium Co., Ltd." to "Ganfeng Lithium Group Co., Ltd." (the "**Change of Company Name**") and amend the Articles of Association. On 30 September 2022 and subsequent to the passing of the special resolutions regarding the Change of Company Name and the amendments to the Articles of Association at the extraordinary general meeting, the Company has completed the business registration procedures for the Change of Company Name and the filing of the Articles of Association, and had obtained the renewed business license from the relevant PRC authorities. With effect from 30 September 2022, the Chinese name of the Company has changed from "江西贛鋒鋰業股份有限公司" to "江西贛鋒鋰業集團股份有限公司", and the English name of the Company has changed from "Ganfeng Lithium Co., Ltd." to "Ganfeng Lithium Group Co., Ltd.", and the amendments to the Articles of Association have also become effective on the same date. The certificate of registration of alteration of name of registered non-Hong Kong company was issued by the Registrar of Companies in Hong Kong on 1 November 2022, confirming the Company is now registered under the new English name of "Ganfeng Lithium Group Co., Ltd." and the new Chinese name of "江西贛鋒鋰業集團股份有限公司" respectively in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

For further details of the Change of Company Name and the amendments to the Articles of Association, please refer to the circular of the Company dated 9 September 2022 and the announcement of the Company dated 4 November 2022.

Significant Events after the Reporting Period

Change of president

For the purpose of enhancing the corporate governance of the Group, Mr. Li Liangbin ("**Mr. Li**"), the chairman of the Board has voluntarily resigned as the president of the Company (the "**President**") with effect from 3 February 2023. Mr. Li remains as an executive Director, the chairman of the Board, the authorized representative within the meaning under Rule 3.05 of the Listing Rules and the chairman of the Strategy Committee of the Board. The change of the President will enable the Company to comply with the code provision C.2.1 of separating the roles of the chairman of the Board and the President under the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. In contemplation of Mr. Li's resignation as the President, Mr. Wang Xiaoshen, an executive Director, has tendered his resignation as vice president of the Company and been appointed as the President with effect from 3 February 2023.

Change of vice president and financial director

Ms. Deng Zhaonan has tendered her resignation as vice president of the Company with effect from 3 February 2023. She remains as an executive Director and a consultant of the Company; and Ms. Yang Manying has tendered her resignation as vice president of the Company and the financial director of the Company with effect from 3 February 2023. She remains as a consultant of the Company.

Mr. Luo Guanghua ("**Mr. Luo**") has been appointed as vice president of the Company and Ms. Huang Ting ("**Ms. Huang**") has been appointed as vice president and financial director of the Company, both with effect from 3 February 2023. Under the Articles of Association, both Mr. Luo and Ms. Huang would assist the President in the performance of works of the Company, under the leadership of and being accountable to the President.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this announcement.

Utilization of the Company's raised proceeds

Proceeds from the issuance of A Share Convertible Bonds

On 6 August 2020, due to the then financing needs of the Company, the Company publicly issued 21,080,000 convertible bonds with a nominal value of RMB100 each, and the closing price of the A Shares on the date of issuance was RMB40.93. The total amount of the proceeds raised was RMB2,108 million. The net amount of the proceeds raised was RMB2,093 million after deduction of various issuance cost, and the net price per convertible bond was approximately RMB99.29. According to the circular of the Company dated 28 June 2019, the proceeds from the issuance of the A Shares convertible bonds will be used for the project of subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tons of lithium salt and replenishment of working capital. As at 30 June 2022, the Company has utilized proceeds of RMB2,102.5832 million in aggregate (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account) for subscription of certain equity interest in Minera Exar S.A., renovation and expansion project for ten thousand tons of lithium salt and replenishment of working capital. The utilization was in line with the purposes set out in the circular dated 28 June 2019, and all outstanding convertible bonds which appear on the register of bonds have been redeemed by the Company. The proceeds from the issuance of A share convertible bonds of the Company had been fully utilized and details of the use of proceeds are as follows:

Items	Amount allocated *(RMB0'000)*	Amount utilized as of 31 December 2022 *(RMB0'000)*	Unutilized amount as of 31 December 2022 *(RMB0'000)*	Expected timeline
Replenishment of working capital	54,800.00	54,820.75	–	The balance of proceeds had been used before 31 December 2021
Subscription of certain equity interests of Minera Exar S.A.	107,200.00	107,242.33	–	The balance of proceeds had been used before 31 December 2021
Renovation and expansion project for ten thousand tons of lithium salt	47,300.00	48,195.24	–	The balance of proceeds had been used before 30 June 2022
Total *(Note)*	209,300.00	210,258.32	–	

Note: The utilized proceeds in aggregate included interest income generated from proceeds deposited with the designated proceeds account.

Issuance of H shares of the Company under specific mandate

Due to the then financing needs of the Company, the Company placed 48,044,400 new H shares under the specific mandate in June 2021 to not less than six placees (the placees and their respective ultimate beneficial owners are third parties who are independent of and not connected with the Company and its connected persons) at the placing price of HK$101.35 per H share, and the closing price of the H Shares on the date of issuance was HK$76.21. The proceeds from the issuance of H Shares will be used for the Company's capacity expansion construction, potential investment, replenishment of working capital and general corporate purpose. The total proceeds raised amounted to HK$4,869.30 million, and the net proceeds raised amounted to HK$4,854.75 million after deduction of various issuance cost. As a result, the net price per H share was approximately HK$101.05. As of 31 December 2022, the Company had utilized proceeds of approximately RMB4,067.2782 million in aggregate, and the balance of unutilized proceeds is nil (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account). The utilization was and is expected to be in line with the purposes set out in the announcement dated 11 June 2021 on the placing of new H shares under the specific mandate. The breakdown of the use of proceeds from the issuance of H Shares under specific mandate is as follows:

Items	**Amount allocated**	**Amount utilized as of 31 December 2022** *(RMB0'000)*	**Unutilized amount as of 31 December 2022** *(RMB0'000)*	**Expected timeline**
Capacity expansion construction and potential investment	80%	325,549.80	–	The balance of proceeds had been used before 31 December 2022
Replenishment of working capital and general corporate purpose	20%	81,178.02	–	The balance of proceeds had been used before 31 December 2022
Total		406,727.82	–	

Compliance with the Corporate Governance Code

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance through continuous effort in improving its corporate governance practices and procedures. Through the establishment of a sound and effective corporate governance framework, the Company strives to ensure completeness and transparency in its information disclosure and enhance stable operation, so as to safeguard the interests of the Shareholders to the greatest extent. Other than the deviation from code provision C.2.1 of the Corporate Governance Code, the Company has complied with the principles and code provisions of the Corporate Governance Code in Appendix 14 of the Listing Rules during the year ended 31 December 2022.

Deviation from Code Provision C.2.1 of Corporate Governance Code

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

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

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

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

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

Mr. Li Liangbin has stepped down as the president of the Company on 3 February 2023 and remains as the chairman of the Board while Mr. Wang Xiaoshen was appointed as the president of the Company on 3 February 2023. Therefore, there is no deviation from the Code Provision C.2.1 as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

REVIEW OF THE AUDITED 2022 ANNUAL RESULTS

The Audit Committee of the Company (the "**Audit Committee**") was established by the Board in compliance with Rules 3.21 and 3.22 of the Hong Kong Listing Rules and the terms of reference of code provision D.3.3 as set out in the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Mr. Wang Jinben and Ms. Xu Yixin. Ms. Wong Sze Wing serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The Audit Committee has reviewed the Group's audited consolidated financial results for the year ended 31 December 2022 and is of a view that the preparation of such financial results has complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The 2022 AGM of the Company will be held on Thursday, 29 June 2023. A circular containing further information in respect to the AGM will be dispatched to the holders of H Shares of the Company as soon as practicable. The relevant information about the closure of register of members for the AGM will be set out in the circular.

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

Jiangxi, PRC
29 March 2023

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

DEFINITIONS

A Share(s)	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB and listed on the SZSE (stock code: 002460)
Articles of Association	the articles of association of the Company, as amended from time to time
Board	the board of Directors
Company	Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司), a joint stock company established in the PRC with limited liability whose A Shares and H Shares are listed on the SZSE and on the Main Board of the Stock Exchange respectively
Director(s)	Director(s) of the Company
Ganfeng LiEnergy	Ganfeng LiEnergy Technology Co., Ltd., a controlled subsidiary of the Company
GFL International	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on 29 March 2011 and a wholly-owned subsidiary of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 1772)
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Pence	1/100 of a pound
Pound	British Pound, the lawful currency in British
PRC	the People's Republic of China
Reporting Period	the period beginning from 1 January 2022 and ending on 31 December 2022
RMB	Renminbi, the lawful currency of the PRC
Shanghai Ganfeng	Shanghai Ganfeng International Trading Co., Ltd., a wholly-owned subsidiary of our Company
Share(s)	A Share(s) and/or H Share(s)
Shareholder(s)	holder(s) of Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor(s)	Supervisor(s) of the Company
SZSE	The Shenzhen Stock Exchange
%	Per cent