TIANQI LITHIUM

天齊鋰業股份有限公司
Tianqi Lithium Corporation

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

Stock Code: 9696

2022
Annual Report

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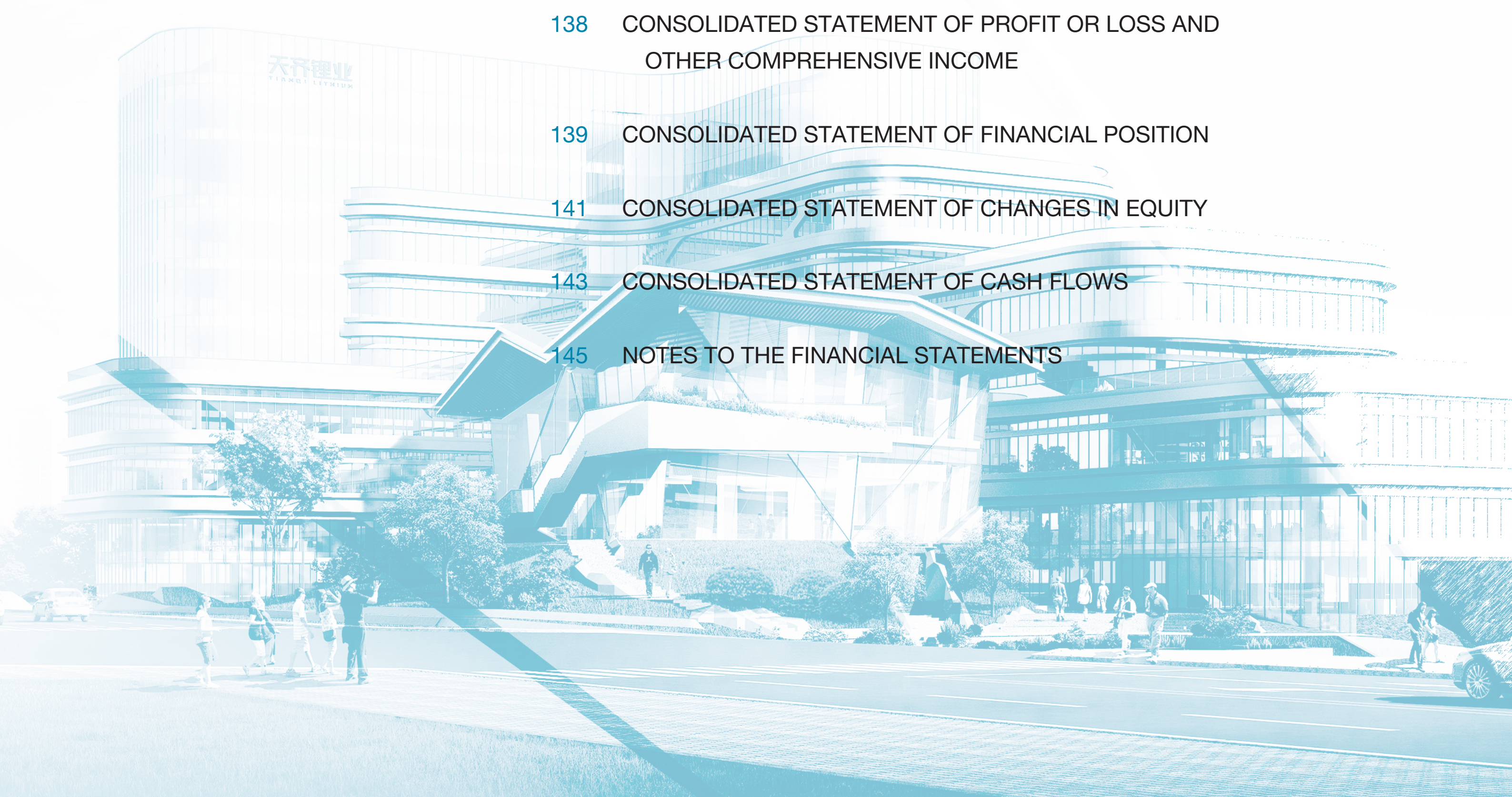


COMPANY PROFILE

Tianqi Lithium is a leading new energy material producer in China and globally with lithium as the core. It is a dual-listed company on both the Shenzhen Stock Exchange (002466.SZ) and the Hong Kong Stock Exchange (9696.HK). The Group's business covers critical stages of the lithium industrial chain, including the exploration and development of hard rock lithium mineral resources, the processing and sales of lithium concentrates, and the manufacturing and sales of lithium chemical products. The Group has strategically deployed lithium resources in China, Australia and Chile, and has established partnerships with international customers by virtue of its fully vertically integrated global industrial chain advantages to jointly support the long-term sustainable development of lithium-ion battery technologies in the electric vehicle and energy storage industries.

Over the past three decades, Tianqi Lithium witnessed many chapters such as corporate restructuring, the listing on the Shenzhen Stock Exchange, capital expansion, global mergers & acquisitions and the listing on the Hong Kong Stock Exchange. As a leading new energy material producer in China and globally with lithium as the core, the Group stays positive about the future long-term development prospect of the new energy vehicle market and the energy storage sector, and has been committed to achieving win-win results with partners through continuously enhancing resource guarantee capability, product quality and customer satisfaction, so as to promote the coherent, healthy and sustainable development of the industry.

Tianqi Lithium is committed to upholding the values of openness and cooperation across all aspects of corporate concept, management administration, research and development, product quality, investment and financing, corporate culture, ESG and sustainable development to achieve better access to global resources. By adhering to international standards and operating in accordance with international industry rules, Tianqi Lithium aims to be a influential pioneer in global energy revolution.






Important: This report is prepared in both Chinese and English. In case of discrepancy, the Chinese version shall prevail, except for the Independent Auditor's Report and the consolidated financial statements prepared in accordance with all applicable International Financial Reporting Standards, of which the English version shall prevail.

CORPORATE INFORMATION

THE BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Jiang Weiping *(Chairman of the Board)*
Jiang Anqi *(Vice chairlady)*
Ha, Frank Chun Shing *(President)*
Zou Jun *(Executive vice president/chief financial officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pan Ying *(resigned on 14 April 2023)*
Xiang Chuan
Tang Guoqiong
Huang Wei
Wu Changhua *(appointed on 14 April 2023)*

THE BOARD OF SUPERVISORS

SUPERVISORS

Yan Jin *(resigned on 14 April 2023)*
Chen Zemin
Hu Yi
Wang Dongjie *(appointed on 14 April 2023)*

AUTHORIZED REPRESENTATIVES

Jiang Anqi
Wong Hoi Ting

JOINT COMPANY SECRETARIES

Zhang Wenyu
Wong Hoi Ting

STRATEGY AND INVESTMENT COMMITTEE OF THE BOARD

Pan Ying *(Chairman) (resigned on 14 April 2023)*
Xiang Chuan *(Chairman) (appointed on 14 April 2023)*
Jiang Weiping
Jiang Anqi
Ha, Frank Chun Shing
Tang Guoqiong *(resigned on 14 April 2023)*
Wu Changhua *(appointed on 14 April 2023)*

AUDIT AND RISK COMMITTEE OF THE BOARD

Tang Guoqiong *(Chairlady)*
Huang Wei *(appointed on 14 April 2023)*
Pan Ying *(resigned on 14 April 2023)*
Xiang Chuan

NOMINATION AND GOVERNANCE COMMITTEE OF THE BOARD

Pan Ying *(Chairman) (resigned on 14 April 2023)*
Huang Wei *(Chairlady) (appointed on 14 April 2023)*
Jiang Weiping
Xiang Chuan *(resigned on 14 April 2023)*
Tang Guoqiong *(appointed on 14 April 2023)*

REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

Xiang Chuan *(Chairman)*
Jiang Anqi
Pan Ying *(resigned on 14 April 2023)*
Tang Guoqiong *(appointed on 14 April 2023)*

ESG AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD

Jiang Anqi *(Chairlady) (resigned as the Chairlady and appointed as a member on 14 April 2023)*
Wu Changhua *(Chairlady) (appointed on 14 April 2023)*
Ha, Frank Chun Shing
Xiang Chuan *(resigned on 14 April 2023)*

HEADQUARTER

Building 1, No. 10 East Gaopeng Road
Hi-Tech Zone
Chengdu, Sichuan
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F
Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

COMPANY'S WEBSITE

http://www.tianqilithium.com/

SHARES INFORMATION

Where A Shares are Listed Shenzhen Stock Exchange (SZSE)
Stock Abbreviation of A Shares 天齊鋰業
Stock Code of A Shares 002466
Where H Shares are Listed Hong Kong Stock Exchange (SEHK)
Stock Abbreviation of H Shares Tianqi Lithium
Stock Code of H Shares 9696

INFORMATION DISCLOSURE AND PLACES AVAILABLE FOR INSPECTION

Media for Information Disclosure: Securities Times, Securities Daily, China Securities Journal, Shanghai Securities News, the website of Cninfo (巨潮資訊網), the HKEXnews website
Websites for publication of the Annual Report
A Shares: http://www.cninfo.com.cn
H Shares: http://www.hkexnews.hk

LEGAL ADVISER (AS TO HONG KONG LAW)

Paul Hastings

INTERNATIONAL AUDITOR

KPMG

PRC AUDITOR

KPMG Huazhen LLP

LOCATION WHERE THE ANNUAL REPORT IS AVAILABLE FOR INSPECTION

The Board's Office of the Company

DEFINITIONS

"Albemarle Germany"	Rockwood Lithium GmbH (now Albemarle Germany GmbH), the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation, and a connected person of the Company at the subsidiary level
"Articles of Association"	the Articles of Association of Tianqi Lithium Corporation
"A Shares"	domestic shares of our Company with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange and traded in RMB
"A-share Listing Rules"	Listing Rules of Shenzhen Stock Exchange
"A$" or "AUD$"	Australian dollars, the lawful currency of Australia
"Beijing WeLion"	Beijing WeLion New Energy Technology Co., Ltd. (北京衛藍新能源科技有限公司)
"Board of Directors" or "Board"	the Board of Directors of Tianqi Lithium Corporation
"Board of Supervisors"	the Board of Supervisors of Tianqi Lithium Corporation
"CAAM"	China Association of Automobile Manufacturers
"CALB"	CALB Group Co., Ltd. (Stock Code: 3931.HK)
"Chengdu Tianqi"	Chengdu Tianqi Lithium Co., Limited (成都天齊鋰業有限公司), a wholly-owned subsidiary of the Company
"Chile SALA"	Salares de Atacama Sociedad Contractual Minera, a company incorporated with limited liability in Chile on 28 November 2008, in which each of Chile SLI and San Antonio SpA holds 50% equity interest respectively, and which they account for as a joint venture. Since the Company indirectly holds a 26.01% equity interest in Talison, the Company also holds a 13% equity interest in Chile SALA
"Chile SLI"	Inversiones SLI Chile Limitada, a company with limited liability incorporated in Chile on 24 October 2009, in which the Company holds a 26.01% equity interest through Windfield
"Chongqing Tianqi"	Chongqing Tianqi Lithium Co., Limited (重慶天齊鋰業有限責任公司), a holding subsidiary of Chengdu Tianqi

"Company", "our Company" or "Tianqi Lithium"	Tianqi Lithium Corporation (天齊鋰業股份有限公司)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"date of this Annual Report"	30 March 2023
"Director(s)"	director(s) of our Company, including all executive directors and independent non-executive directors
"Group"	the Company and its subsidiaries
"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"IGO"	IGO Limited, a limited liability company incorporated in Australia on 5 October 2000 and listed on the Australian Securities Exchange (stock code: IGO), which holds 49% equity interest in TLEA through its wholly-owned subsidiary IGO Lithium Holdings Pty. Ltd.
"Jiangsu Tianqi"	Tianqi Lithium (Jiangsu) Co., Limited (天齊鋰業(江蘇)有限公司), a wholly-owned subsidiary of the Company and was owned as to 97.5% and 2.5% by Chengdu Tianqi and Tianqi Lithium HK, respectively, as at 31 December 2022
"LCE"	lithium carbonate equivalent, a unit of measurement for lithium
"Listing of H Shares"	listing of H Shares of the Company on the Main Board of the Hong Kong Stock Exchange on 13 July 2022
"Ministry of Ecology and Environment"	the Ministry of Ecology and Environment of PRC

DEFINITIONS

"Ministry of Industry and Information Technology" or "MIIT"	the Ministry of Industry and Information Technology of PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"MSP"	MSP Engineering Pty Ltd (MSP工程私人有限公司), once served as the general contractor for the lithium hydroxide project of TLK
"National Development and Reform Commission" or "NDRC"	the National Development and Reform Commission of PRC
"National Energy Administration" or "NEA"	the National Energy Administration of PRC
"PRC" or "China"	the People's Republic of China
"Reporting Period"	the year ended 31 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	The PRC Securities Law (《中華人民共和國證券法》)
"SEHK" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SES"	SES Holdings Pte. Ltd, an investee of Tianqi Lithium HK, whose name was changed to SES AI Corporation after business combination with IVANHOE Capital Acquisition Corp. in February 2022, and was owned as to 7.97% by the Company as at the end of the Reporting Period
"SFC"	the Securities and Futures Commission of Hong Kong
"Shanghai Aerospace"	Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司), an investee of the Company and was owned as to 9.91% by the Company as at the end of the Reporting Period
"Shareholder(s)"	holder(s) of our Shares
"Shareholders' General Meeting"	the Shareholders' General Meeting of Tianqi Lithium Corporation
"Shehong Tianqi"	Tianqi Lithium (Shehong) Co., Limited (天齊鋰業(射洪)有限公司), a wholly-owned subsidiary of the Company

"Shenghe Lithium"	Sichuan Tianqi Shenghe Lithium Co., Ltd. (四川天齊盛合鋰業有限公司), a limited liability company incorporated in the PRC on 4 November 2008, in which the Company holds 49% equity interest with the remaining 51% held by Tianqi Lithium (Shehong) Co., Limited (天齊鋰業(射洪)有限公司)
"Shigatse Zabuye"	Tibet Shigatse Zabuye Lithium High-Tech Co., Limited (西藏日喀則紮布耶鋰業高科技有限公司), an investee of the Company and was owned as to 20% by the Company as at the end of the Reporting Period
"SQM"	Sociedad Quimica y Minera de Chile S.A., a publicly held company incorporated in Chile on 29 June 1968 and listed on the Santiago Stock Exchange, the Santiago Electronic Stock Exchange and the New York Stock Exchange, in which Tianqi Lithium HK and Tianqi Chile held 0.26% and 21.90%, respectively, of the equity interest as at 31 December 2022
"SQM Indebtedness"	bank borrowings incurred under two syndicated facility agreements with aggregate original loan facilities of US$3.5 billion to finance the purchase price, acquisition costs and fees associated with the SQM Transaction
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Suining Tianqi"	Suining Tianqi Lithium Co., Ltd. (遂寧天齊鋰業有限公司), a wholly-owned subsidiary of Chengdu Tianqi
"Supervisor(s)"	Supervisor(s) of our Company
"SZSE"	Shenzhen Stock Exchange
"Talison"	Talison Lithium Pty Ltd, a limited liability company incorporated in Australia on 22 October 2009 and a wholly-owned subsidiary of Windfield
"Talison Lithium Australia"	Talison Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 11 September 2009, in which the Company holds 26.01% equity interest indirectly through Windfield
"Tianqi Group Company"	Chengdu Tianqi Industrial (Group) Co., Limited (成都天齊實業(集團)有限公司), a company with limited liability incorporated in the PRC on 6 December 2003, which is a member of the Single Largest Group of Shareholders of the Company holding 416,316,432 A Shares, representing 25.37% of the total issued share capital of the Company as at the date of this annual report

DEFINITIONS

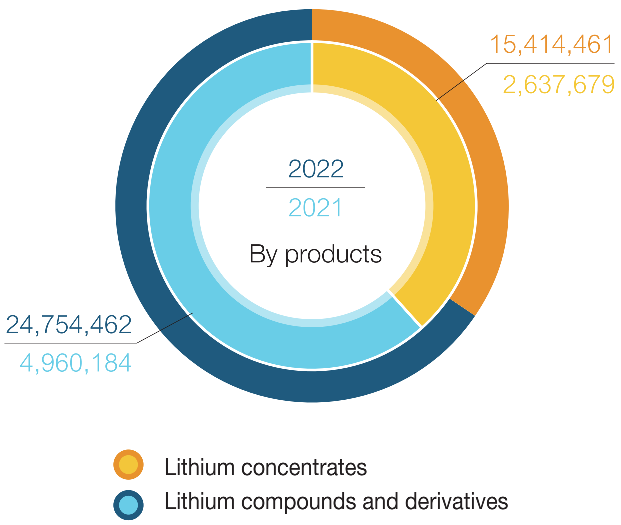
"Tianqi Lithium HK"	Tianqi Lithium HK Co., Limited, a limited liability company incorporated in Hong Kong on 11 March 2015, which is a wholly-owned subsidiary of the Company
"Tianqi Resources"	Tianqi Lithium Resource Recycling Technologies Research & Development (Jiangsu) Co., Limited (天齊鋰業資源循環技術研發(江蘇)有限公司), a wholly-owned subsidiary of Jiangsu Tianqi
"TLA"	Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 9 November 2017, formerly a wholly-owned subsidiary of TLH, now a wholly-owned subsidiary of TLEA
"TLEA"	Tianqi Lithium Energy Australia Pty Ltd, formerly known as Tianqi UK Limited (天齊英國有限公司), a limited liability company incorporated in the United Kingdom on 26 March 2014, in which the Company holds 51% equity interest and the remaining 49% equity interest is held by IGO Lithium
"TLH"	Tianqi Lithium Holdings Pty Ltd, a wholly-owned subsidiary of Chengdu Tianqi
"TLK"	Tianqi Lithium Kwinana Pty Ltd, formerly known as Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 27 April 2016, which is a wholly-owned subsidiary of TLA
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Windfield"	Windfield Holdings Pty Ltd, a limited liability company incorporated in Australia on 21 September 2012, a subsidiary of TLEA and with 51% equity interest held by TLEA
"Wood Mackenzie"	Wood Mackenzie (Asia Pacific) Pty. Ltd.

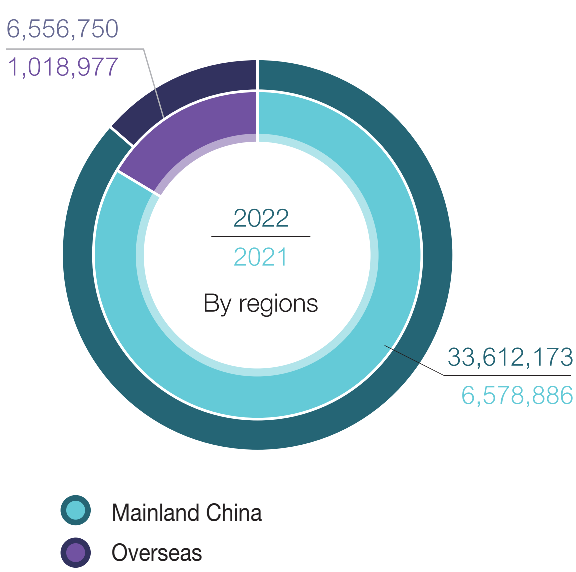
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

	Amount (RMB thousand)	Changes as compared to the year ended 31 December 2021
Revenue	**40,168,923**	428.69%
Gross profit	**34,154,295**	628.57%
The profit for the year attributable to equity shareholders of the Company	**23,944,590**	556.16%
Earnings per share (RMB)	**15.41**	523.89%

REVENUE (BY PRODUCT CATEGORIES AND SALES REGIONS)

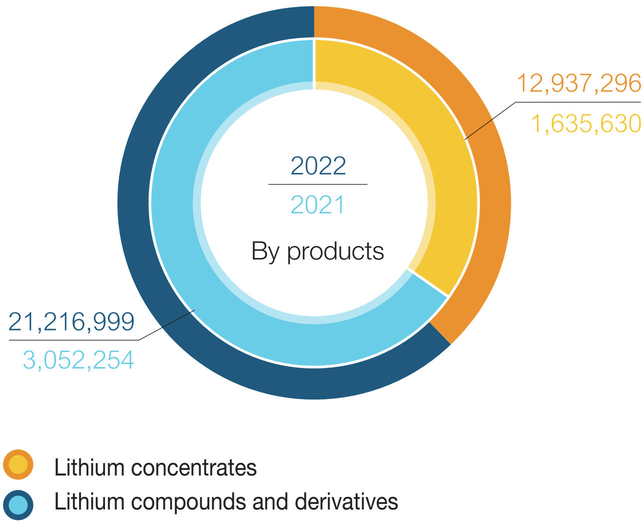
	For the year ended 31 December (RMB thousand)				
	2022		2021		Year-on-Year increase or decrease
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	
Revenue	**40,168,923**	**100%**	7,597,863	100%	428.69%
By products					
Lithium concentrates	**15,414,461**	**38.37%**	2,637,679	34.72%	484.39%
Lithium compounds and derivatives	**24,754,462**	**61.63%**	4,960,184	65.28%	399.06%
By regions					
Mainland China	**33,612,173**	**83.68%**	6,578,886	86.59%	410.91%
Overseas	**6,556,750**	**16.32%**	1,018,977	13.41%	543.46%

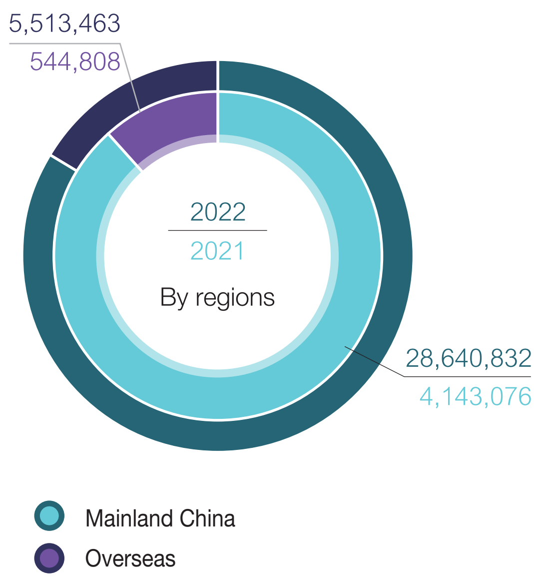




GROSS PROFIT (BY PRODUCT CATEGORIES AND SALES REGIONS)

	For the year ended 31 December (RMB thousand)			
	2022		2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
By products				
Lithium concentrates	**12,937,296**	**83.93%**	1,635,630	62.01%
Lithium compounds and derivatives	**21,216,999**	**85.71%**	3,052,254	61.54%
Total	**34,154,295**	**85.03%**	4,687,884	61.70%
By regions				
Mainland China	**28,640,832**	**85.21%**	4,143,076	62.98%
Overseas	**5,513,463**	**84.09%**	544,808	53.47%
Total	**34,154,295**	**85.03%**	4,687,884	61.70%





Dear Shareholders,

On behalf of the Board of Tianqi Lithium Corporation, I hereby present to you the annual report of the Group for the year ended 31 December 2022.

2022 is an important year for China to vigorously promote new energy transformation and for the world to continuously carry on global energy revolution. In the meanwhile, 2022 is also a crucial year for Tianqi Lithium to formulate new strategic plans, anchor new development goals and continuously embark on a new journey. With the rapid development of the global new energy vehicle industry, the accelerated expansion of the energy storage business, the demand for lithium resources is witnessing a surging growth and we believe that the industry will embrace new development opportunities.

Based on the development of the industry and its own advantages, Tianqi Lithium continuously promoted the expansion of production capacity in efficient, environmental-friendly and safe manners and achieved the maximum and optimal supply to industrial chains during the past year. In terms of lithium mineral resources and according to the information of Wood Mackenzie, the Greenbushes Mine controlled by the Group through Talison, a holding subsidiary in Australia, is a spodumene mine project with the largest production capacity and output in the world in 2022. The current nameplate annual capacity of Talison lithium concentrate is 1.62 million tons, with total output of approximately 1.35 million tons in 2022, and its planned new capacity is 520,000 tons via constructing a third chemical grade lithium concentrate processing plant. In terms of lithium compounds production and according to the information of lithium compound production volume in 2021 by Wood Mackenzie, the Group is also the world's fourth largest and Asia's and China's second largest lithium compound producer. Currently, the Group has four established lithium compounds and derivatives manufacturing plants in China and abroad. The Group's current nameplate capacity of lithium chemical products is 68,800 tons per year, its announced capacity of lithium chemical products will exceed 110,000 tons per year, and the planned capacity by 2027 under the five year strategic plan will be around 300,000 tons. In addition, the Company holds 22.16% of shares of SQM in Chile as an investor and is its second largest shareholder. According to the information of Wood Mackenzie, the total output calculated by equity interest of lithium chemical products attributable to the Company accounted for 9.5% of the world total output in 2022.

Meanwhile, we continuously enhanced our industrial landscape with a forward-looking horizon, steadily consolidated the upstream industrial advantages and actively expanded the synergies and collaborations with downstream partners. In terms of upstream resources, by continuously implementing the concept of global industrial layout, the Group focused on high-quality lithium resource projects around the world with an open and cooperative attitude, to further consolidate the Company's leading position in lithium resources, and provide more assurance for the Company's stable capability for resources self-sufficiency in the long run. In terms of downstream industrial chains, the Group cooperated with next-generation battery technology manufacturers focusing on semi-solid-state and solid-state batteries. The Company invested in CALB as a cornerstone investor and entered into cooperation agreement with Beijing WeLion and actively promoted the industrial revolution of lithium battery materials in combination with their respective advantages.

CHAIRMAN'S STATEMENT

Under the dual opportunities of market and national policies in 2022, Tianqi Lithium achieved new breakthroughs in operating results by actively progressing and upholding missions and hit record high in revenue, net profit as well as dividends and returns to shareholders. In 2022, the revenue of the Group amounted to RMB40,168,923 thousand, representing a year-on-year increase of 428.69%. Gross profit reached RMB34,154,295 thousand, representing a year-on-year increase of 628.57%. The profit for the year attributable to equity shareholders of the Company was RMB23,944,590 thousand, representing a year-on-year increase of 556.16%. The debt to asset ratio decreased from 56.78% in 2021 to 24.53% in 2022. Meanwhile, the Board of the Company announced the annual profit distribution plan and proposed to the Shareholders' General Meeting to approve the distribution of a cash dividend of RMB30 (tax inclusive) for every 10 shares to all shareholders of the Company.

While continuously enhancing its own strength, the Group always adheres to the operation concepts of "creating value will not be at the cost of the environment, health and safety", persists in the mission and vision of "changing the world with lithium". We continue to outline the development blueprint with a new vision, drive business transformation with technological innovation, and create an industry benchmark with craftsmanship and good quality. We will light up a low-carbon new world with "smart lithium", and strive to become a global leader in the new energy materials industry with lithium as the core, and we will forge ahead and move forward with courage on the way for green, low-carbon and sustainable development.

Looking into the following five years and on the basis of fully leveraging its current production capacity and advantages, we will continue to explore opportunities in upstream high-quality lithium resources, expand the processing capacity of lithium chemical products and broaden the cooperation in downstream industrial chains. With electric vehicles, ships and energy storage sectors as the orientation of the lithium business, we will vigorously link upstream and downstream industries, achieve pollution and carbon emission reduction plans, enhance synergies and efficiency, facilitate efforts on climate change, and strive to become a technology enterprise with high added value and an international enterprise with leading ESG practices, so as to contribute to building new patterns for the industrial development via Tianqi strength.

2023 is a key year for Tianqi Lithium to initiate the five-year plan. We will firmly seize opportunities, embrace challenges, forge ahead with enterprise and fortitude and strive to achieve the Group's development milestones, in order to create greater value for Shareholders and the society and make unremitting efforts towards the vision of "changing the world with lithium". We look forward to working with all Shareholders and friends supporting Tianqi Lithium, sharing the benefits of high-quality development and achieving all-win results!

Jiang Weiping
Chairman
Chengdu, the PRC
30 March 2023

INDUSTRY AND MARKET ANALYSIS

(I) Policy Environment

Global energy shortage and environmental pollution are increasingly prominent. With the gradually enhanced awareness on environmental protection and requirement for higher level of environment, society and governance (ESG) practice by both China and the world, energy transformation has gradually become a global consensus of major countries or regional governments and new energy vehicles (NEVs) have become the orientation for the development of the global automobile industry. Combining the general background of "carbon peaking and carbon neutrality", major countries or regions in the world continuously promoting the development of new energy industries. New energy automobile and relevant industries have embraced high-speed development.

At the 75th Session of the United Nations General Assembly in September 2020, China clearly stated that it will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures and aims to have carbon dioxide emissions peak before 2030 and achieve carbon neutrality before 2060. To achieve the "carbon peaking and carbon neutrality" targets, China has introduced various policies to vigorously support the development of new energy industries since 2020. Among them, the New Energy Automobile Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021 – 2035年)》) specified that the NEV sales volume will reach above 20% of total vehicle sales volume by 2025 and the core technology of NEVs in China will reach internationally advanced level by 2035. The growth in the NEV market is expected to boost the continuous growth in demand for lithium batteries and further promote the expansion of the lithium battery cathode materials market.

It can be seen that NEV development has become an important pillar and direction for China's economic development. The Central Economic Work Conference held in December 2022 proposed to support NEV consumption for the first time. Despite the full withdrawal of subsidies on NEVs in 2023, the development expectations and targets on NEVs were not lowered across China and other relevant supporting policies were successively introduced by central and local governments.

To achieve the target of carbon neutrality, the United States and Europe also adopted various policies and measures to control carbon emissions.

On 16 August 2022, the US President officially signed the "Inflation Reduction Act of 2022". The act proposes to raise approximately US$737 billion over the following 10 years by increasing taxations on large corporations and wealthy people and lowering the cost of medical insurance and prescription drugs to promote the economic development within the United States and reduce the deficit and inflation. For such funds, the US government proposes to allocate approximately US$369 billion as the budget for dealing with climate change with an aim to reduce carbon emissions by 40% by 2030. As one of the measures to reduce carbon emissions, the act provides that for NEVs assembled in the United States or countries having signed free trade agreements with the United States with over 40% of NEV battery materials sourcing from North America, the US government grants a tax credit of up to US$7,500 and US$4,000 for new and used electric vehicles, respectively, and cancelled the upper subsidy limit of 200,000 units for each automobile manufacturer. According to the research report released by Bloomberg Finance, the NEV sales volume in the United States reached 979,500 units in 2022, close to the 1 million units milestone and representing a year-on-year increase of nearly 51%. It is expected that the US will maintain high growth in 2023 and the NEV sales volume will reach approximately 1.6 million units in the whole year, representing a year-on-year increase of approximately 64%.

On 10 February 2022, the Committee on Environment, Public Health and Food Safety of the European Parliament voted to pass the EU Regulation on Batteries and Waste Batteries. According to the regulation, electric vehicle batteries launched in the EU market must have carbon footprint related declarations from 1 July 2024; must have grading labels based on carbon footprint from 1 January 2025; and must comply with maximum carbon footprint thresholds from 1 January 2027. Meanwhile, the EU also included the minimum recycling quota for batteries launched in the EU market into the clauses. From 1 January 2027, electric vehicle batteries must declare the content of recycled cobalt, lead, lithium and nickel within and achieve the minimum recycling quota from 1 January 2030.

On 8 June 2022, the European Parliament officially approved the legislative proposal of the European Commission. On 27 October 2022, the EU reached an agreement on the plan on "zero CO2 emissions for all passenger vehicles and light commercial vehicles under sale in the EU market in 2035". According to the agreement, by 2030, the carbon emissions of all new passenger vehicles and light commercial vehicles shall be reduced by 55% and 50% respectively from 2021 and to zero by 2035. The fuel vehicles mentioned in the proposal include all passenger vehicles and light commercial vehicles under 3.5 tons, which also cover hybrid models. It means that by 2035, the EU will only accept pure electric vehicles and hydrogen fuel cell vehicles in the range of passenger vehicles and light commercial vehicles. The carbon reduction efforts and policy anticipation of the EU provided long-term guarantees to the promotion of electric vehicles in Europe. According to the analysis of Guosen Securities Economic Research Institute, the penetration rate of electric vehicles in Europe is about 17% from January to October 2022. It is expected that the sales volume of NEVs in Europe will reach approximately 2.45 million units in 2022, representing a year-on-year increase of 13.5%. Despite the potential impacts of subsidies withdrawal for NEVs in certain European countries in 2023, the withdrawal will be limited and the sales volume of NEVs in Europe is likely to maintain stable growth. The sales volume for year 2023 is expected to reach approximately 2.8 million units, representing a year-on-year increase of 14%.

(II) Supply of Lithium Resources and Lithium Products

With the vigorous development of lithium in power battery and energy storage battery sectors, the pace of exploration and development of lithium resources in various countries in the world has been accelerated in recent years. According to the latest data of the United States Geological Survey, the current global lithium resources reached 98 million tons of contained lithium, which is approximately 520 million tons LCE. The lithium reserves reached 26 million tons of contained lithium, which is approximately 140 million tons LCE. They are deposited in Bolivia, Argentina, Chile and other South American countries in the form of lithium salt lakes and in Australia, China, North American and African countries in the form of lithium mines, respectively. Currently, the Company controls the Greenbushes spodumene project, which is the world's largest ore reserves with highest grade and under production, through Windfield, a holding subsidiary. The ore reserves of the mine reached approximately 8.24 million tons LCE. The Company also invested in SQM in Chile with a shareholding proportion of 22.16%. SQM operates the Atacama lithium salt lake project in Chile which is the largest brine-based lithium reserve in the world. The lithium reserves of the lake reached approximately 45.51 million tons LCE.

1. *Supply of lithium resources*

According to the latest data issued by the United States Geological Survey in January 2023, the total supply of global lithium resources was 130,000 tons of contained lithium in 2022, which is approximately 690,000 tons LCE and represents an increase of 22% as compared with the figure for 2021. The supply of lithium resources from Australia, Chile and China accounted for 92% of the world total. As a country rich of lithium resources, Australia contributed nearly half of the global supply of lithium resources. The supply of lithium resources from China in 2022 was 19,000 tons of contain lithium, which is approximately 100,000 tons LCE and represents an increase of 36% as compared with the figure for 2021.

Currently, the global supply of lithium resources is mainly from the exploration and development of spodumene, salt lakes and lepidolite. Spodumene, quartz, feldspar and other gangue minerals generally form pegmatites spodumene mines with a grade of 1%-4%. After various processes such as crushing, screening, classification, separation, and flotation for mined ores, spodumene are produced into lithium concentrates with a grade of 5.0%-6.0% for subsequent sales or processing of refined lithium compound. Lithium in salt lakes is generally in the form of lithium chloride or lithium carbonate. Based on different magnesium to lithium ratios, lithium brine concentrates are generated through evaporation and concentration, direct extraction or other extraction approaches, to further generate lithium products and derivatives. The lithium extraction technology of lepidolite generating lepidolite concentrates with a grade of 2.0%-3.5% are mainly through roasting.

Based on Wood Mackenzie's data in the 4th quarter of 2022, it is estimated that there is a total of 42 lithium projects under production globally in 2022. Spodumene, lithium brines and lepidolite contributed 48%, 41% and 11% of the total supply, respectively. As the largest lithium mine project under production and the largest lithium brines project in the world, Greenbushes and SQM Atacama salt lake contributed 21% and 18% of the total supply of global lithium resources, respectively.

The development process of lithium resources is relatively long and takes an average of 7-10 years from exploration, construction, commissioning to full production. Currently, most of global lithium projects to be developed are still under preliminary stage of exploration. According to the latest data from Wood Mackenzie, it is expected that over 70% of global increased lithium supply in the near future will come from Australia, Chile, China and other countries and the global supply of lithium resources in 2023 is expected to be 1.08 million tons LCE in total. In the medium term, with new lithium projects in South America, Africa, North America and China being put into production, the global supply of lithium resources is expected to reach 2.34 million tons LCE in 2032 and the number of lithium resources supply projects will increase to 87, which will lead to a more scattered and diversified pattern of global lithium supply.

2. *Supply of lithium products*

After preliminary extraction, lithium resources in lithium mines and brines can be processed into primary lithium chemical products, including industrial-grade lithium carbonate, industrial-grade lithium hydroxide and lithium chloride. After secondary processing, such products can be further generated into battery-grade lithium carbonate, battery-grade lithium hydroxide, lithium hexafluorophate, high purity lithium carbonate, lithium metal and other products, which are widely applied in various downstream sectors.

According to the latest data of Wood Mackenzie in the fourth quarter of 2022, the total output of global lithium chemical products was 762,000 tons LCE in 2022, representing an increase of 23% from 2021. Divided by product categories, the output of battery-grade and industrial-grade products accounted for 66% and 29% of total output, respectively. Divided by final products, the output of battery-grade lithium carbonate, battery-grade lithium hydroxide, industrial-grade lithium carbonate and industrial-grade lithium hydroxide accounted for 36%, 30%, 25% and 4% of total output, respectively. There is a total of 69 lithium chemical projects globally in 2022, involving 55 lithium suppliers, in which the top five suppliers accounted for 52% of global total output.

According to the latest data of Wood Mackenzie in the fourth quarter of 2022, China remains the major source of global lithium chemical products. Despite in 2022 domestic lithium chemical plants were affected by the restrictions on electricity and output in hot weather as well as other factors, the total output of lithium compounds and derivatives still accounted for 66% of the world total. In addition, according to the data of the General Administration of Customs of China, China's total import of lithium carbonate was 143,000 tons in 2022, representing a year-on-year increase of 67%; while the total export of lithium hydroxide was 93,000 tons, representing a year-on-year increase of 25%.

According to the latest data of Wood Mackenzie, it is expected that the global supply of lithium chemical products will increase rapidly in the next 10 years. The global supply of lithium products is expected to reach 2.55 million tons LCE by 2032, representing a CAGR of 13% from 2022 to 2032. China will remain a major contributor of lithium compounds and derivatives. Moreover, as multiple enterprises establish lithium compound processing plants in Australia, Australia is likely to be another major manufacturer of lithium products in the world in the future.

(III) Market Demand

Under the wave of the global energy revolution, the Chinese market is transforming from "policy-driven" to "product-driven"; the European market is driven by "carbon emission + high subsidies + preferential taxations"; and the US market has introduced the largest investment plan on the climate and energy sectors in the history. The "green and low-carbon" development trend of the global market drove the rapid growth of lithium demands in new energy vehicles, energy storage, electric bicycles, electric instruments and other various applicable sectors. Guosen Securities Economic Research Institute estimated that the CAGR of global demand for lithium resources during the "14th Five-year Plan" period is likely to reach over 30% and the market scale is expected to rapidly expand from approximately 400,000 tons of LCE in 2020 to approximately 1.6 million tons LCE in 2025, representing a growth potential of 4 folds.

1. The penetration rate of global NEVs is likely to further improve

As an important part of the automobile industry, NEVs is a key orientation for the green transformation and upgrading of the global automobile industry. Thanks to the vigorous support of national governments to the new energy market, the sales volume of NEVs of major automobile manufacturers in the world hiked significantly in 2022. Among them, the sales volume of NEVs in China continued to top the world, accounting for over 60% of the global NEVs market.

According to the "Whitepaper on the Development of the New Energy Vehicle Industry in China (2023)" jointly released by EVTank, a research institute, ChinaYiWei Institute of Economics and China Battery Industry Research Institute, the sales volume of global NEVs (including pure electric vehicles and plug-in hybrid electric vehicles) reached 10,824,000 units in 2022, representing a year-on-year increase of 61.6%. The global automobile sales volume was mainly contributed by China. In 2022, the sales volume of NEVs in China reached 6,884,000 units, accounting for 63.6% of the global sales. In 2022, the growth of sales volume in the European and US NEV market was lower than expected, representing a year-on-year increase of 16.0% and 52.1%, respectively, with certain gap when comparing with the estimates at the beginning of the year.

In 2023, with the implementation of the "Inflation Reduction Act of 2022" in the United States, it will promote the sales volume in the US NEV market in the demand end and affect the regional competition patterns on the whole global NEV industrial chains to a certain extent. EVTank estimated that the sales volume of global NEVs will reach 25,422,000 units and 52,120,000 units in 2025 and 2030, respectively; and the penetration rate of NEVs will continue to hike and surpass 50% in 2030.

In addition, according to the data of China Association of Automobile Manufacturers ("CAAM"), China witnessed high-speed development in recent two years. Driven by policies and the market, NEVs (including pure electric vehicles, plug-in hybrid electric vehicles and fuel cell vehicles) experienced an explosive growth in 2022. The market penetration rate reached 25.6%, 12.1 percentage points higher than that of 2021. Among them, the sales volume of pure electric vehicles was 5,365,000 units, representing a year-on-year increase of 81.6%. The sales volume of plug-in hybrid electric vehicles was 1,518,000 units, representing a year-on-year increase of 1.5 times; and the sales volume of fuel cell vehicles was 3,000 units, representing a year-on-year increase of 112.8%.

Despite the full withdrawal of NEVs subsidies in 2023, the growth expectations and targets of NEVs have not been reduced across China. Local governments have successively launched policies on promoting NEV consumption since January 2023, including encouraging the launching of NEV consumption subsidies, the distribution of consumption coupons, carrying out NEV promotion activities in rural areas and granting preferential treatment on traffic restrictions, license index, free parking in a limited time and other supporting policies. The CAAM estimated that the production and sales volume of NEVs in China is likely to achieve rapid growth in 2023 and the total sales volume is estimated to be 9 million units, representing a year-on-year increase of 35%.

On the other hand, as the core component of NEVs, power batteries, with lithium-ion battery as the mainstream, not only carry the basic function of energy storage for NEVs, but also are important units of conversion devices. Driven by the rapid expansion of demand for lithium-ion batteries, the consumption of lithium metal has grown sharply. According to relevant data from the Zheshang Securities Research Institute, the total consumption of lithium metal reached 93,000 tons of lithium metal in 2021, representing an increase of 296% from 23,500 tons in 2010. Among them, the proportion of lithium metal used in the battery sector has expanded from the original 23% to 74% in 2021, and the consumption amount has also increased from 5,405 tons in 2010 to 68,820 tons in 2021, representing an increase of 1,273%. Against the background of the vigorous development of the NEV industry, it is expected that the demand for lithium-ion batteries will also show a steady upward trend, thus forming a relatively solid support for the demand for upstream lithium compound products.

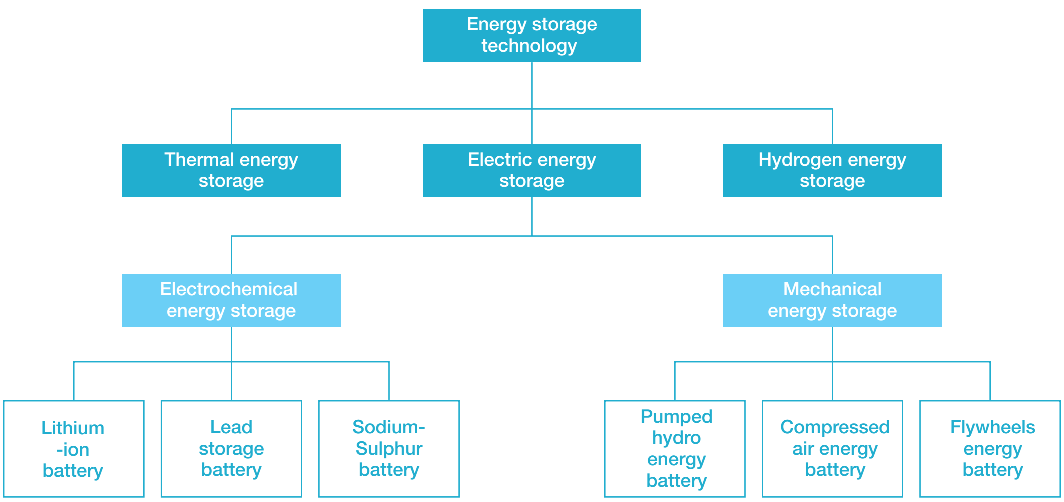
With the surging demand for lithium-ion batteries, power lithium-ion batteries in particular, the demand for lithium battery recycling increased rapidly in recent years. On 1 August 2022, the Ministry of Industry and Information Technology (MIIT), the National Development and Reform Commission and the Ministry of Ecology and Environment jointly released the "Implementation Plan for Carbon Peaking in the Industrial Sector". The plan proposes to strengthen the recycling of renewable resources. It implements the system of extended responsibility of producers with the focus on electrical, electronic, automobile and other products and promotes the construction of the recycling system of NEV power batteries. In response to the "Proposal on Actively Promoting the Recycling of Lithium Batteries of New Energy Vehicles" at the fifth meeting of the 13th Session of the CPPCC in November 2022, the MIIT indicated that with the rapid development of the NEV industry in China in recent years, the number of retired power batteries increased year by year. The recycling of power batteries is of great significance in improving the utilization efficiency of resources and safeguarding the sustainable and healthy development of the NEV industry.

Looking into 2023, in China, despite the impact of the withdrawal of subsidies for NEVs and considering the gradually weakened impacts of the pandemic, the frequent implementation of central and local measures on stimulating automobile consumption and the launching of new and popular models, the output and sales volume of NEVs in China is likely to maintain rapid growth and it is expected to achieve a year-on-year increase of 20%-30% according to the prediction made by Guosen Securities Economic Research Institute. In Europe, despite the possible impacts of the withdrawal of subsidies for NEVs in certain countries, the withdrawal will be limited and the sales volume of NEVs in Europe is likely to maintain stable growth. According to the prediction made by Guosen Securities Economic Research Institute, the sales volume for the whole year is expected to reach approximately 2.8 million units, representing a year-on-year increase of 14%. In the United States, the core subsidy policy on NEVs in the "Inflation Reduction Act of 2022" implemented from 2023 is to grant a tax credit of US$7,500 for new vehicles and cancel the upper subsidy limit of 200,000 units for each automobile manufacturer. It is expected to maintain high growth in 2023 and the NEV sales volume will reach approximately 1.8 million units in the whole year, representing a year-on-year increase of approximately 80%.

2. *Strong demand in the energy storage sector boosts the lithium demand*

With the booming trend of "carbon peaking and carbon neutrality" globally, the new energy industrial chains entered the overall explosive period. Due to the instability of renewable energy, the energy storage system becomes critical for solving the problem.

Energy storage is the process of the storage of energy through a medium or equipment and the releasing of it when needed. Based on different storage methods, the broad definition of energy storage includes electric energy storage, thermal energy storage and hydrogen energy storage. Currently, the most common energy storage method with the widest application is electric energy storage. Based on different storage principles, electric energy storage is further classified into electrochemical energy storage and mechanical energy storage.



New energy storage refers to new energy storage technologies except pumped hydro energy storage, including electrochemical energy storage, compressed air energy storage and flywheels energy storage. Featured flexible configuration and rapid response, new energy storage is more suitable for the consumption of new energy storage and is a key pillar to achieving carbon peaking and carbon neutrality targets.

On 23 July 2021, the NDRC and the National Energy Administration released the "Guiding Opinions on Accelerating the Development of New Energy Storage", proposing that the installed capacity in China will reach over 30 million kWh by 2025, new energy storage will transform from the initial stage of commercialization to large-scale development and will achieve fully market-oriented development by 2030. In 2022, various policies on new energy storage have been released. The "Notice on Further Promoting the Participation of New Energy Storage in the Electricity Market and Dispatching Application" clarified that the new energy storage can participate in the electricity market as an independent energy storage approach. The "Plan for Scientific and Technological Innovation in the Energy Sector during the 14th Five-year Plan Period" announced the roadmap on energy storage technologies. The "Implementation Plan for the Development of New Energy Storage during the 14th Five-year Plan Period" is the core guidance on promoting the large-scale, industrialized and market-oriented development of new energy storage.

In general, pumped hydro energy storage remains dominant role in various energy storage means, but new energy storage develops more rapidly with the growth rate much higher than pumped hydro energy storage. Among all new energy storage technologies, lithium-ion battery has the largest accumulated installed capacity and accounts for nearly 90% of the total. According to relevant data of the NEA, as at the end of 2022, among the installed capacity of new energy storage across China, lithium-ion battery energy storage accounted for 94.5% in the installed capacity of new energy storage across China. Based on the proportion of technologies in the new installed capacity in 2022, the lithium-ion battery energy storage technology accounted for 94.2%, maintaining the absolute dominant position.

According to the statistical and research data released by Gaogong Industry Research Institute (GGII), the shipment of energy storage lithium battery in China reached 130GWh in 2022, representing a year-on-year increase of 170%. Many energy storage projects conducted public bidding or put into operation in domestic and overseas markets in 2022 and application scenarios included energy storage power stations, frequency adjustment on wind farms, solar power generation and storage, the user side and communication base stations, attracting various battery enterprises and intensifying market competitions. GGII estimated that with the unleashing of demand in the global energy storage market in the following 2-3 years, the energy storage battery industry with lithium battery as the mainstream product will embrace explosive growth. With more new entrants, the market competition will be further intensified.

According to the data of Changjiang Securities Research Institute, the global installed energy storage capacity and the shipment in 2022 are expected to reach 45-50GWh and 90-100GWh, respectively, representing an increase of over 100%. The global installed energy storage capacity and the shipment in 2025 are expected to reach 300-400GWh and over 500GWh, respectively, representing a CAGR of 80%-100% from 2022 to 2025. The vigorous development of energy storage industry will drive the growth of lithium resources. As predicted by Zheshang Securities Research Institute, energy storage lithium-ion battery is expected to become the second growth pole of lithium resource demand. The "Action Plan for Carbon Dioxide Peaking before 2030" estimated that the installed capacity of new types of energy storage will reach over 30GW by 2025. Meanwhile, various provinces and municipalities have released policies and specified the targets on the installed capacity of energy storage during the "14th Five-year Plan" period. Based on incomplete statistics, the target on total installed capacity of new energy storage in all provinces is over 36.7GWh by 2025.

With the progress in lithium battery materials, cell technology and system integration technology and further demonstration of the scale effect of industrial chains, the global lithium battery witnessed a continuously decreasing cost curve, which significantly expanded its application scenarios. In particular, the application scenarios of lithium battery energy storage products were expanded significantly, such as power energy storage, new energy power generation energy storage, portable energy storage, 5G base station energy storage, household energy storage, energy storage for charging piles as well as energy storage for business buildings and data centers.

While the combined photovoltaic and energy storage and independent energy storage power stations sped up the development in overseas markets and the Chinese market entered the first year for new energy distribution and storage. With the continuous improvement of business mechanism on the power side, the grid side and end-user side, the global electrochemical energy storage is likely to embrace rapid growth. It can be seen that the accelerated application of lithium batteries in the energy storage sector is expected to become a new growth point driving lithium demand in the future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading new energy material enterprise focusing on lithium both in China and globally. It is a dual-listed company on both the Shenzhen Stock Exchange (SZ.002466) and the Hong Kong Stock Exchange (9696.HK). The Company's business covers key stages of the lithium industrial chain, including the exploration and development of hard rock lithium mineral resources, the processing and sales of lithium concentrates, and the production and sales of lithium chemical products.

During the Reporting Period, the revenue of the Group increased from RMB7,597,863 thousand in 2021 to RMB40,168,923 thousand in 2022, representing an increase of 428.69%. Gross profit of the Group increased from RMB4,687,884 thousand to RMB34,154,295 thousand, representing an increase of 628.57%. The profit for the year attributable to equity shareholders of the Company increased from RMB3,649,185 thousand in 2021 to RMB23,944,590 thousand in 2022, representing an increase of 556.16%. Total assets of the Group increased from RMB45,800,308 thousand in 2021 to RMB72,558,017 thousand in 2022, representing an increase of 58.42%. Net assets increased from RMB19,792,952 thousand in 2021 to RMB54,758,242 thousand in 2022, representing an increase of 176.66%. The debt to asset ratio decreased from 56.78% in 2021 to 24.53% in 2022.

Throughout over 20 years of history in lithium industry, the Group has a number of stable and high-quality customers primarily incorporating global top-tier battery manufacturers, battery materials producers, multinational electronics companies and glass producers. According to the Wood Mackenzie Report, the Group's products are supplied to three of the five largest manufacturers of large-cell lithium-ion batteries in the world, as well as six of the ten largest cathode material manufacturers in the world as measured by market share in 2020. The Group has strategically deployed lithium resources in China, Australia and Chile, and has established partnerships with international customers by virtue of its vertically integrated global industrial chain advantages to jointly support the long-term sustainable development of lithium-ion battery technologies in the electric vehicle and energy storage industries.

The Group's development of lithium minerals is mainly carried out in the Greenbushes Lithium Mine owned by Talison, a holding subsidiary in Australia, and the Yajiang Cuola Mine in Sichuan, China. Talison, a holding subsidiary, processes and produces lithium concentrates. The production and sales of lithium chemical products are carried out through our plants in Shehong, Sichuan Province, Zhangjiagang, Jiangsu Province, Tongliang, Chongqing and the Kwinana Plant in Australia. In terms of production output in 2021, Talison, the Company's holding subsidiary, is the world's largest producer of lithium minerals and the Group is also the world's fourth largest and Asia's second largest producer of lithium chemical products.

With operation footprint across the world, the Group is devoted to enhancing the capacity of lithium concentrates and lithium chemical products

The Group's total established capacity of lithium chemical products is **68,800 tons/year** and the mid-term planned capacity is over **110,000 tons/year** in the future

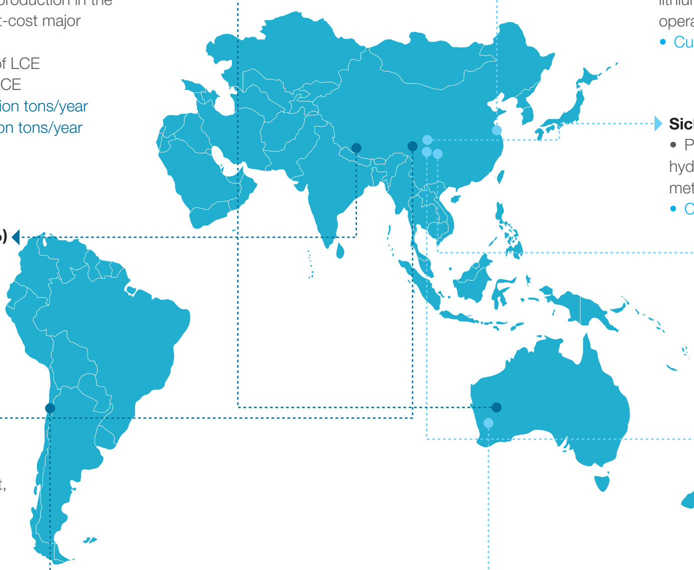
Layout on upstream lithium resources

Greenbushes mine in Australia (26.01%)
- Greenbushes mine is a hard rock spodumene mine with the largest proven reserves and the highest production in the world, and also one of the world's lowest-cost major producers of spodumene
- Lithium resources: 12.86 million tons of LCE
- Lithium reserves: 8.24 million tons of LCE
- Current established capacity: 1.62 million tons/year
- Planned capacity in 2025: ＞2.10 million tons/year

Zabuye salt lake in Tibet, China (20%)
- Brine resources
- Indicated and inferred resources: 1.79 million tons of LCE

Yajiang Cuola Mine in Sichuan, China (100%)
- The Yajiang Cuola Mine is part of the larger Jiajika lithium mineralization district, which is believed to be the largest hard rock lithium mineralization district in China and Asia
- Lithium resources: approximately 632,000 tons of LCE

SQM Atacama salt lake in Chile (approximately 22.16%)
- Atacama salt lake has the largest salt lake lithium resources in the world
- Lithium reserves: 45.51 million tons of LCE



Layout on lithium mines and resources

Plants of lithium chemical products

Production bases of midstream lithium chemical products

Jiangsu Zhangjiagang in China (100%)
- The only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world currently
- Current capacity: 20,000 tons/year

Sichuan Shehong in China (100%)
- Production of lithium carbonate, lithium hydroxide, lithium chloride and lithium metal
- Current capacity: 24,200 tons/year

Chongqing Tongliang in China (86.38%)
- Production of lithium metal
- Current capacity: 600 tons/year

Sichuan Anju in China (100%)
- A lithium carbonate production plant under construction
- Designed capacity: 20,000 tons/year

Kwinana in Australia (51%)
- An automatic plant for the production of battery-grade lithium hydroxide
- Established capacity: 24,000 tons/year (commercial production)
- Planned capacity: 48,000 tons/year

Notes: 1. The data on resources and reserves in the above picture is on a basis of 100% equity and sourced from the data in the report of BDA as at 31 December 2021. The data on the existing resources of the Zabuye Salt Lake in Tibet is based on relevant announcement released by Tibet Mining on 15 January 2022. The Mineral resource and ore reserve data of Greenbushes spodumene project is updated by Talison based on the BDA report and depleted the already mined ore through to 31 December 2022.
2. Relevant shareholding proportions are the data as at 31 December 2022. Unless otherwise requires, the above shareholding proportions are the direct or indirect shareholding proportions of Tianqi Lithium (TLC).
3. TLC indirectly holds 26.01% equity interest of Windfield (with the mining rights at the Greenbushes Mine) (TLEA, a holding subsidiary of TLC, directly holds 51% equity interest of Windfield).
4. The middle-term planned capacity refers to the total lithium chemical capacity that are under production or to be constructed with clear designs.

1. Lithium Mines and Lithium Salt Lake Resources

The Group has completed the deployment of the highest-quality lithium mines and salt lake resources in the world and its deployment has been continuously enhanced. With the rapid growth of sales for global new energy vehicles and the active replenishment of inventories in the industrial chain, sufficient lithium resource bases will help the Group to enhance its position in the industry and further consolidate its industrial barriers.

In December 2008, the Group obtained the exploration right of the Cuola Spodumene Mine in Yajiang County through the acquisition of Tianqi Shenghe and obtained the mining license of the mine in July 2012. At present, the project is under the updates of feasibility study.

Yajiang Cuola Mine in Sichuan

Meanwhile, the Group indirectly obtained the control over the Greenbushes Lithium Mine, the largest lithium mine under production with the highest grade in the world, through its subsidiary in Australia in May 2014. Greenbushes Lithium Mine, remains to be the main source of lithium concentrates supply for the Group. Its stable and high-quality supply advantages of concentrate products provide the Group with reliable guarantee of raw materials for further lithium chemical products production.

As at the end of the Reporting Period, the project had lithium resources of approximately 12.86 million tons LCE and the average grade of lithium oxide was 1.5%. The reserve was approximately 8.24 million tons of LCE and the average grade of lithium oxide was 1.9%. During the reporting period, the total run of mine movements reached 6.34 million bank cubic meters, with mined ore of 4 million tons. As at the end of 2022, the mine's annual production capacity has reached 1.62 million tons and the total lithium concentrate output was approximately 1.35 million tons in 2022. According to the latest data of Wood Mackenzie in the fourth quarter of 2022, the Greenbushes Lithium Mine is a large lithium mineral project with the largest production capacity and output in the world in 2022.

According to the data from Morgan Stanley, thanks to the large-scale mining model and the outstanding resource advantages of the Greenbushes project, which the Company controls, as well as its advanced technologies of lithium chemical production, the Company has maintained a relatively high gross profit margin in lithium industry during last few years. Currently, the project is at the mining stage and the total mined lithium ores reached 4 million tons in 2022 and the average grade of ores was 2.49%, including technical grade ores and chemical grade cores.

Lithium resources at Greenbushes are mainly located at the Central Lode and Kapanga areas. The Central Lode is currently the major source for lithium operation while Kapanga is currently still under exploration stage. In addition to the above mineral resources, Talison also conducts secondary processing of remaining tailings of the tantalum mineral operations contained within the Tailings Storage Facility No.1 (TSF1), which was left before lithium exploration in Greenbushes.

Meanwhile, the Greenbushes mine remains active in drilling and other activities. During the Reporting Period, 19,947 meters of drilling has been completed from three core rigs with core returned from 41 holes, with an average size of 76mm, across the Central Lode and Kapanga deposits. The total drilling expenses are A$7.3 million during the Reporting Period.

Greenbushes Mine

Greenbushes Central Lode C3 Pit

Greenbushes Tailings Treatment Plant

At the same time, the Group invested in SQM in Chile with a shareholding proportion of 22.16%. SQM operates the Atacama lithium salt lake project which has the largest salt lake lithium reserve in the world. The project has reserves of approximately 45.51 million tons LCE with a concentration of over 1,500mg/L and a magnesium to lithium ratio of only 6:1, ranking among the top in the world in terms of the resource and grade. According to the data prediction of Wood Mackenzie in the 4th quarter of 2022, the Atacama project will be the largest lithium salt lake project in the world in terms of its production capacity and output in 2022. Meanwhile, as the project is located in the Atacama Desert with high evaporation rate and scarce precipitation in the geographical environment, it is very suitable for brine evaporation. As a result, SQM adopts the most fundamental carbonate sediment approach in lithium extraction with a very low cost level in the industry. Besides, the Company also holds 20% equity interest in Shigatse Zabuye, deploying in domestic lithium salt lake resources.


SQM - Atacama salt lake


Zabuye salt lake

Summary of Global Distribution of the Group's Key Lithium Resources

Lithium resources project	Category of resources	Location	Proportion of equity	Total resources (10,000 tons of LCE)	Equity resources (10,000 tons of LCE)	Operation status
Greenbushes	Spodumene mine	Australia	26.01%	1,286	334.5	Under production
Atacama	Lithium salt lake	Chile	22.16%	4,551	1,008.5	Under production
Yajiang Cuola	Spodumene mine	Sichuan	100%	63.2	63.2	Preparation for construction
Zabuye	Lithium salt lake	Tibet	20%	179	35.8	Under production
Total			–	6,079.2	1,442.0	

Data sources: announcements published by relevant companies

Note: The data on the resources of the Zabuye salt lake in Tibet is based on relevant announcement released by Tibet Mining on 15 January 2022.

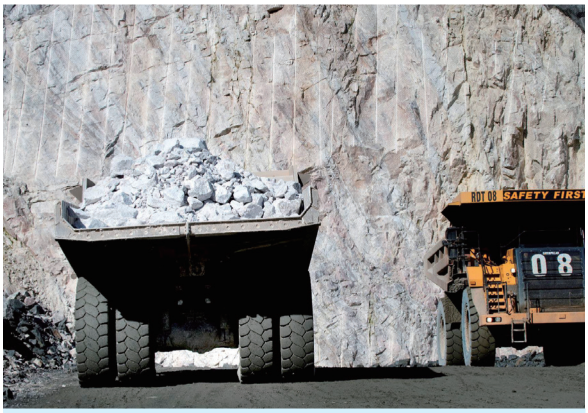
2. Lithium Concentrate Products

The Group is the largest lithium producer in the world. According to the data of Wood Mackenzie, Greenbushes controlled by the Company through Talison, a holding subsidiary in Australia, is a spodumene mine project with the largest production capacity and output in the world in 2022. The mine currently has an established capacity of lithium concentrate of 1.62 million tons/year. With the Chemical-Grade Plant No.3 to be put into operation in 2025, its planned production capacity will reach over 2.1 million tons/year.

The spodumene mine project at Greenbushes currently has a total of four lithium concentrate processing plants, namely the Chemical-Grade Plant No. 1, the Chemical-Grade Plant No. 2, the Tailings Retreatment Plant, all of which are used for production of chemical grade lithium concentrates with a grade of 6% and the Technical-Grade Plant, which is used for the production of low iron technical grade lithium concentrates with a grade of 5.0% to 7.2%. Among them, the Chemical-Grade Plant No. 2 and the Tailings Retreatment Plant are still in the ramp-up stage. In the future, Greenbushes will also plan to construct the Chemical-Grade Plant No. 4 to further expand the production capacity on lithium concentrates.

Talison's current nameplate annual capacity is 1.62 million tons and its lithium concentrate output was approximately 1.35 million tons in 2022. Among which, the output of chemical-grade lithium concentrates for the year was 1.20 million tons and such products are sold to shareholders for the reprocessing of lithium chemical products. The output of technical-grade lithium concentrates was 150,000 tons in 2022. According to the distribution agreement entered into between its shareholders and Windfield, 50% of such products will be sold by the Group in the Greater China market to customers in glass and ceramics, lithium lubricating grease, metallurgy and casting and pharmaceutical sectors. Calculated based on the lithium mineral output in 2022 released by Wood Mackenzie in the fourth quarter of 2022, the lithium concentrate output of Talison in 2022 accounted for 35% of the global total lithium concentrate output, which is equivalent to the sum of the annual outputs of the second to the fifth largest lithium mineral manufacturers.

Meanwhile, Talison is speeding up the construction of the Chemical-Grade Plant No. 3 with a designed capacity of 520,000 tons per year. It is expected to complete and put into production in March 2025 and the construction of the project is currently under progression. The project has a total capital expenditure estimate of A$632.0 million, which was approved by Windfield's board of directors in September 2022. During the Reporting Period, A$53.6 million of capital cost was expensed on this project. By the end of the Reporting Period, the total incurred cost has reached A$151.0 million. Moreover, Talison also plans to initiate the construction of the Chemical-Grade Plant No. 4 with a designed capacity of 520,000 tons per year in 2025 and is preliminarily scheduled to complete and produce first ton of ore in 2027.



Talison Mining Operation


Talison Lithium Mineral Processing

3. **Lithium Compounds and their Derivatives**

The Group has deeply explored the processing of lithium chemical products for years with an in-depth deployment on major links in the middle stream of the industrial chains. Calculated based on the output in 2021 released by Wood Mackenzie, the Group is the world's fourth largest and Asia's and China's second largest lithium compound producer.

The Group has four established lithium compound production bases in China and abroad, which are located in Shehong, Sichuan Province, Tongliang, Chongqing and Zhangjiagang, Jiangsu Province as well as Kwinana, Australia (Train I) respectively. Lithium chemical products include lithium hydroxide, lithium carbonate, lithium chloride and lithium metal. The Group's current nameplate capacity of lithium chemical products is 68,800 tons per year, its announced planned capacity of lithium chemical products exceeds 110,000 tons, and the planned annual capacity by 2027 under the five year strategic plan will be around 300,000 tons.

Products of the Group: Lithium Metal

Products of the Group: Lithium Carbonate

Sichuan Shehong Base is the earliest production base of the Group. It mainly processes lithium concentrates produced from the Greenbushes mine and the product covers various types such as lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. Its annual capacity of comprehensive lithium chemical products is approximately 24,200 tons.

Sichuan Shehong Production Base

Chongqing Tongliang Base is a lithium metal production project of the Group. Despite a small market share of lithium metal in the whole lithium industry, it is expected that the demand for lithium metal in the market will continue to increase with the gradual maturity, application and popularization of solid-state battery technology. Currently, the annual capacity of lithium metal at the Chongqing Tongliang Base is 600 tons.

Chongqing Tongliang Production Base

Jiangsu Zhangjiagang Base is the only fully-automated battery-grade lithium carbonate manufacturing plant in operation in the world. It has the world's leading production technology and technological process and is considered as a benchmark in the domestic lithium carbonate market in terms of cost control and product quality with a current annual capacity of approximately 20,000 tons.

Jiangsu Zhangjiagang Production Base

Sichuan Anju project is a lithium carbonate plant under construction with a planned annual capacity of 20,000 tons and the construction of the project is undergoing properly. The Company expects that the plant will complete construction and initiate commissioning in the second half of 2023.

The construction design sketch of Anju project

The construction site of Anju project

As the first fully automated battery-grade lithium hydroxide plant put into operation in the world, the Train I project in Kwinana, Australia is a significant symbol in the expansion of the Group's overseas processing business. The Train I project has established a battery-grade lithium hydroxide production line with an annual capacity of 24,000 tons and its first ton of battery-grade lithium hydroxide produced in the project in May 2022 passed the internal laboratory testing already. Currently, the project is under the crucial periods of capacity ramp-up and external verification. The train II project of the Kwinana Plant has entered the preliminary preparation stage. It is expected that the comprehensive capacity of the Kwinana Plant will reach an annual production of 48,000 tons of battery-grade lithium hydroxide.

Kwinana Plant in Australia

Summary of Comprehensive Capacity of Global Lithium Products of the Group (Unit: 10,000 tons/ year)

Lithium mineral processing	Equity proportion	Existing capacity	Planned new capacity	Future total
Talison	26.01%	162	52	214
Total	–	162	52	214

Lithium compound processing	Equity proportion	Existing capacity	Planned new capacity	Future total
Sichuan Shehong	100%	2.42	–	2.42
Chongqing Tongliang	86.38%	0.06	–	0.06
Sichuan Anju	100%	–	2	2
Jiangsu Zhangjiagang	100%	2	–	2
Kwinana in Australia	51%	2.4	2.4	4.8
Total	–	6.88	4.4	11.28

Notes:

1. Such capacity planning only covers the period when the Chemical-Grade Plant No. 3 is completed and put into production in 2025. With the Chemical-Grade Plant No. 4 put into construction in the future, the capacity planning of Talison in the future will reach 2.66 million tons per year.

2. In February 2023, the Company and the Municipal Government of Zhangjiagang entered into a letter of interests for investment. It is expected to establish a new lithium hydroxide production base in Zhangjiagang Bonded Area in the future. Currently, the project is under preparation.

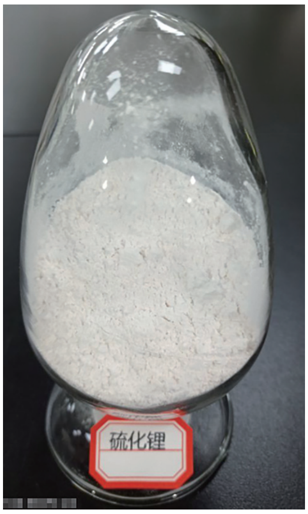
3. The above capacity data are on 100% equity basis.

Meanwhile, the Group adopts the vertically integrated operation model and directly applies high-quality lithium concentrates mined and processed in the Greenbushes mine into the processing of lithium chemical products in the middle stream. According to the Wood Mackenzie Report, the Group is the only producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates. While guaranteeing the supply of resources, it reduces the cost of raw materials at the maximum extent. In combination with the Group's leading lithium compounds production and processing skills, it enables the Group to achieve the maximum profit of lithium products and establishes strong risk resistance capability. In recent years, the gross profit of the Group's production of lithium compounds fluctuated with industry cycles but maintained a leading level in the industry in the world. In 2022, the gross profit margin of the Group in the sales of lithium chemical products was 85.71%, maintaining the leading position in the industry.

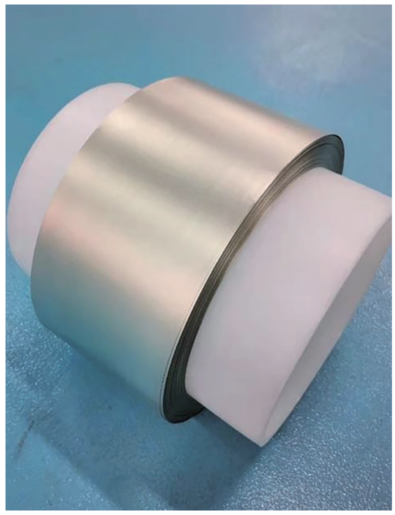
4. Technology and R&D

Technology research and development capability is the cornerstone of the Company's development and a solid guarantee for sustained and steady business growth. The Group has established a strong and stable research and development team for a long time. The Group continued to consolidate its traditional main business through research and development innovation, and actively deployed the industry's future core new products (technologies) while saving energy, reducing consumption and improving product qualities, striving to diversify the Group's business categories and realize the dual-core drivers of "resources + technology". The Group's core research and development team comprises of a group of experts who were carefully selected and have balanced composition. These experts have professional educational backgrounds and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy and other scientific fields essential to the research and development of lithium products. The Group encourages open and constructive competition internally and has research and development teams located in Chengdu of Sichuan, Shehong of Suining, Zhangjiagang of Jiangsu, Tongliang of Chongqing and Western Australia.

In 2022, the Group completed the first phase of the special lithium compound preparation and platform construction and developed kilogram-grade lithium orthophosphate monometallic and lithium tetraborate under standards for market sales; and completed the preliminary work for expanded trials of lithium sulfide for the next-generation solid-state batteries. The purity of lithium sulfide products has been improved to 99.9% while the impurity has been reduced by 90%. The lithium sulfide products of the Group were highly recognized by target customers. In addition, the Group successfully developed the 20 micron-grade ultra-thin metal lithium tape and achieved low-rate stable preparation. The product was included in the directory of first application plan on new materials of Chongqing in 2022. Currently, dozens of domestic and overseas well-known lithium battery enterprises and scientific research institutes have proposed cooperation intention and sampling demand for ultra-thin metal lithium tapes, which has received positive feedbacks from certain customers. The successful development of the project shows that the Group gradually expanded from the traditional resources development and production of basic lithium chemicals to core new materials and new technology sectors in the middle and down streams and developed the dual-core driving system with "resources + technology".



The purity of lithium sulfide products has been improved to above 99.9%



Metal lithium tape (foil) for the next generation of lithium battery

In terms of the comprehensive recycling of lithium residues, the Group completed the output of the lab-scale to pilot-scale (ton/dry basis) process packages and the deployment on patents; revealed and solved difficulties in the high-efficient preparation of silicon aluminum powder with lithium residues and provided basis for the design and construction of plants for the high-value and comprehensive recycling of lithium residues for the preparation of silicon aluminum powder. The completion of pilot-scale programs means that the Group explored the development with the principle of "reduction, reuse and recycling" in the recycling of bulk solid waste. While extending the economy of industrial chains, it practiced the concept of low-carbon ecology in the disposal of solid waste and enhanced the development concept on whole-process control technological route with "reduction from the source, recycling in the process and harmless treatment in the end".

The Group owns honor platforms such as National Intellectual Property Demonstration Enterprise (國家知識產權示範企業), National High-tech Industrialization Base for Magnesium and Lithium New Materials (國家鎂鋰新材料高新技術產業化基地), National Enterprise Technology Center (國家企業技術中心), National Technological Innovation Demonstration Enterprise (國家技術創新示範企業), Sichuan Provincial Key Laboratory (四川省重點實驗室), and Sichuan Provincial Engineering Technology Research Center (四川省工程技術研究中心). In 2022, the Group obtained 25 patents (including 12 invention patents and 13 utility model patents); and published 2 academic theses as the primary unit.

In addition, in September 2022, the Group initiated the 2022 Entrepreneurship Competition of Tianqi Lithium. With the theme of "Focusing on Lithium Dreams with my Gifts" and based on the national development targets on "carbon peaking and carbon neutrality", it strived to stimulate the innovation potential in industrial ecosystems through the competition to facilitate the incubation and implementation of outstanding entrepreneurship programs and promote the sustainable and innovative development of the lithium battery industry.

5. Overseas Equity Management

Since 2022, the Group has continuously enhanced the management on the corporate governance and operation of overseas wholly-owned and controlling subsidiaries and actively participated in the governance of the board of directors and operational management of overseas subsidiaries, which effectively improved the governance and management efficiency of overseas subsidiaries and bolstered the international position of the Company in the lithium industry.

TLEA, a holding subsidiary of the Company in Australia, is jointly owned by the Company and IGO, an Australian strategic investor, with a shareholding proportion of 51:49. The business of TLEA covers the Greenbushes Lithium Mine project and the Kwinana Plant. The Kwinana Plant is the first fully-automated battery-grade lithium hydroxide manufacturing plant in Australia. During the construction and operation of the plant, the Company dispatched technical experts from domestic production bases and formed an operation supporting team in Australia and continuously provided all-round supports and guidance to the production technology and operational management of the project. The plant has completed the construction of the Train I project and entered the stage of production commissioning. It successfully produced the first batch of battery-grade lithium hydroxide products in May 2022. Currently, the plant is speeding up on production ramp-up and external verification on products.

As the controlling shareholder of the largest hard rock lithium mineral project under production in the world, the Company deeply participates in the corporate governance, supervision and management of Windfield, a holding subsidiary in Australia. In 2022, the board of directors of Windfield considered and determined various resolutions in terms of project construction, production operation and debt financing of Talison, and the Greenbushes Lithium Mine project, which facilitated the sustainable and rapid development of Talison and practically safeguarded the interests of Shareholders and stakeholders the Company. The Company also established multi-dimensional and multi-layered communication and exchange mechanisms with the management of Windfield, regularly monitors its production, operation and financial conditions and actively participates in the operational management committees and strategic meetings of Windfield to fully understand matters which may have significant or important effects on the Company and adopts relevant solutions and response measures in a timely manner.

In addition, the Company formulated the set of "Administrative Measures for Directors (Supervisors) of Subsidiaries" to standardize the corporate governance works of directors and supervisors nominated by the Company in domestic and overseas wholly-owned and controlling subsidiaries, specify their duties and rights and the corresponding governance systems as well as safeguard the legitimate interests of the Company.

Visited Greenbushes Mine

Management teams of the Company and Talison

OUTLOOK

1. Continuously consolidate the layout on upstream lithium resources

Resource guarantee is the cornerstone of the Company's normal operation. The Group will continue to implement the concept on global industrial layout and expand the layout on upstream lithium resources. In the future, the Group will continue to implement the concept of global industrial deployment, expand further on upstream resources and pay close attention to global high-quality lithium resources programs with an open attitude for cooperation to continuously consolidate the leading position of the Group in lithium resources and provide more guarantees to the long-term and stable self-sufficiency of resources of the Group.

2. **Steadily implement the Group's production expansion plan on lithium products**

The Group will continue the established "vertically integrated" business model, steadily implement the capacity expansion plan on basic lithium compound and strive to achieve a lithium chemical product capacity of around 300,000 tons of lithium carbonate equivalent by 2027 to further display the synergistic effect of industrial chains. The Group will fully leverage and improve the technical advantages and experience in automatic production to continuously improve the utilization rate of resources and continuously lead the automatic production of global lithium chemical plants.

The Greenbushes Mine of Talison is constructing the Chemical Grade Plant No. 3. The Front-End Engineering Design of the project has been completed in March 2022. In combination with local market fluctuations in Australia, the current expected capital expenses of the project are AUD$634 million, with a schedule to complete the construction and produce the first ton of lithium concentrates by March 2025. It is expected to further expand the annual lithium concentrate capacity of Talison to 2.14 million tons after the completion. Currently, the EPCM contract of the project has been awarded and all construction works are undergoing properly.

The Group will further demonstrate the synergistic effect of industrial chains and expand the lithium chemical capacity to better achieve the capacity matching of lithium concentrates and lithium chemical processing. Currently, the 20,000 ton battery-grade lithium carbonate project in Anju District, Suining City, Sichuan enters the peak period for the construction. The Company expects that the project will complete construction and start commissioning in the second half of 2023.

3. **Establish various strategic partnerships with leading companies in the upstream and downstream of the value chain to fully capture the latest opportunities**

The Group will pay close attention to the opportunities in the upstream and downstream of the industry chain, continuously optimize the investment portfolio of the Group, enhance the deployment of the industry chain, and provide new value growth points for the Group's long-term sustainable development. In terms of upstream resources, the Group will continue to seek partners to expand the deployment on high-quality lithium mineral resources, continuously promote strategic cooperation and continue to cooperate with the world's leading mining enterprises to explore new lithium resource development opportunities, so as to expand the layout of high-quality lithium mineral resources. In terms of the downstream industry chain, the Group will continue to strategically deploy new energy materials and next-generation battery technology manufacturers, including solid-state batteries, in the new energy value chain, and deepen the partnerships with them in such areas as precursor production, battery recycling, etc., pay attention to investment opportunities in electric vehicles and energy storage sectors and actively participate in downstream investment layouts to prepare for the future trend for better utilization of lithium in new battery applications.

4. **Continue to expand the Group's global business and develop global customers**

The Group, as an established leader in the global lithium industry, has built a first-class customer group and become a critical partner in the supply chain of several key battery and Energy Vehicle Original Equipment Manufacturers ("**EV OEMs**") around the world. During the Reporting Period, the Group maintained stable relationships with a majority of customers, and planned to sign long-term sales agreements and strategic cooperation agreements with reputable customers to further develop and maintain stable customer relationship by continuously meeting customers' requirement for high quality and consistency. At the same time, the Group will consider global economic development, the dynamics of major-country relationships and so on, actively optimize the deployment of overseas businesses, create a new developing model for the interaction between domestic and overseas businesses, and promote integrated development of domestic and overseas businesses.

5. **Reinforce R&D capabilities, enhance know-how of the lithium battery value chain, and improve the Group's core competitiveness**

The Group will continuously adhere to the development direction of "technical transformation", concentrate the backbone force of R&D team and focus on the future development goal of building a world-class R&D platform, so as to gradually refine the Company's R&D management system, vigorously improve the level of R&D platform and R&D team, leading the world in green extraction of lithium resources, comprehensive utilization of resources and advanced material application technology and supporting the sustainable and healthy development of the lithium battery industry chain. The Group is accelerating the project of constructing a world-class R&D platform and the plan to build Tianqi Lithium Innovation and Experiment Research Institute to enhance its capabilities on the application of technological innovation and research and international testing and certification and carry the functions of talent attraction and technological conversion. In the future, with the "One Center One Platform", the Group will strive to create a high-level R&D team with strong professionalism, excellent comprehensive quality and optimal structure. In 2023, the Group will continue to advance the applied science research on lithium-metal cathode for the next generation of high-performance lithium battery and proactively form all-round strategic partnerships with downstream enterprises to incubate products and technologies; the Group will further expand the experimental results of lithium sulfide and other special lithium compound preparation research, achieve the goal of stable preparation of sizable high-purity products in batches, and customize personalized products closely to cater for the needs of downstream customers; and the Group will launch the construction of a demonstration production line for extracting lithium from brine to integrate and optimize the modular lithium extraction technology. In the future, the Group will comprehensively improve the market competitiveness of its high-end lithium products, and focus on developing and improving technologies which serve as a driver of the Company's future growth.

6. **Optimize the governance system, promote the sustainable development and continuously promote the high-quality development of the Group**

The Board of Directors will focus on "the goal of creating a world-class enterprise of corporate governance", continue to standardize and improve the system construction, ensure that the Board of Directors operates in compliance with relevant laws and regulations, elevate the level of corporate governance in terms of enterprise culture, independence, diversity and so on, enrich the dimensions of the Company's compliance with the Corporate Governance Code, and strive to fully protect the interests of investors and promote the high-quality development of the Company through good governance of the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, accurate and timely information disclosure and sound investor communication platform construction.

To better respond to challenges brought about by climate change and speed up in the low-carbon transformation of the Group, the Group has promoted the setting of various indicators and targets, such as the planning on carbon reduction paths, the calculation of carbon footprint of products and the calculation of emissions under scope III. Leveraging on the complete ESG governance structure, the Group set strategic targets on sustainable development by 2030 and established sustainable development models and strategic houses to lead the sustainable development of the Group in the future.

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the Group's revenue was RMB40,168,923 thousand, representing an increase of RMB32,571,060 thousand or 428.69% from RMB7,597,863 thousand in 2021.

The Group's gross profit was RMB34,154,295 thousand, representing an increase of RMB29,466,411 thousand or 628.57% from RMB4,687,884 thousand in 2021. The basic earnings per share of the Group were RMB15.41.

During the Reporting Period, the profit for the period attributable to equity holders of the Company was RMB23,944,590 thousand, representing an increase of RMB20,295,405 thousand or 556.16% from RMB3,649,185 thousand in 2021, which was mainly due to the increase in operating revenue in line with the rising selling prices and sales volume of the major lithium products of the Company, as well as the increase in the Company's share of profits less losses of associates.

2. Analysis of revenue and cost

During the Reporting Period, the Group generated revenue from the sales of lithium concentrates and lithium compounds and derivatives. Our total revenue increased by RMB32,571,060 thousand to RMB40,168,923 thousand in 2022 from RMB7,597,863 thousand in 2021. The increase was mainly because during the Reporting Period, benefiting from a number of positive factors, such as the global prosperity of new energy vehicles, accelerated capacity expansion of lithium-ion battery manufacturers and increasing orders of downstream cathode materials, the sales volume and average selling prices of the major lithium products produced by the Group in 2022 significantly increased as compared to 2021.

(1) Main business by products and regions

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

Unit: RMB'000

	2022		2021		Year-on-year
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	increase or decrease
Revenue	**40,168,923**	**100%**	7,597,863	100%	428.69%
By products					
Lithium concentrates	**15,414,461**	**38.37%**	2,637,679	34.72%	484.39%
Lithium compounds and derivatives	**24,754,462**	**61.63%**	4,960,184	65.28%	399.06%
By regions					
Mainland China	**33,612,173**	**83.68%**	6,578,886	86.59%	410.91%
Overseas	**6,556,750**	**16.32%**	1,018,977	13.41%	543.46%

(2) Analysis of cost of sales by products

Unit: RMB'000

	2022		2021		Year-on-year
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	increase or decrease
Cost of sales	**6,014,628**	**100%**	2,909,979	100%	106.69%
By products					
Lithium concentrates	**2,477,165**	**41.19%**	1,002,049	34.43%	147.21%
Lithium compounds and derivatives	**3,537,463**	**58.81%**	1,907,930	65.57%	85.41%
By regions					
Mainland China	**4,971,341**	**82.65%**	2,435,810	83.71%	104.09%
Overseas	**1,043,287**	**17.35%**	474,169	16.29%	120.02%

3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 85.03%, representing an increase of 23.33% as compared with 61.70% in 2021, mainly due to the increase in sales prices of lithium products 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

Unit: RMB'000

	2022		2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
Lithium concentrates	**12,937,296**	**83.93%**	1,635,630	62.01%
Lithium compounds and derivatives	**21,216,999**	**85.71%**	3,052,254	61.54%
Total	**34,154,295**	**85.03%**	4,687,884	61.70%

Gross profit and gross profit margin by regions

Unit: RMB'000

	2022		2021	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
Mainland China	**28,640,832**	**85.21%**	4,143,076	62.98%
Overseas	**5,513,463**	**84.09%**	544,808	53.47%
Total	**34,154,295**	**85.03%**	4,687,884	61.70%

4. Major customers and suppliers

During the Reporting Period, total sales to the top 5 customers of the Group was RMB24,303,919 thousand (2021: RMB3,781,664 thousand), which accounted for 60.50% of the total sales for the Reporting Period (2021: 49.77%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB1,250,058 thousand (2021: RMB772,379 thousand), which accounted for 21.34% of the total purchases for the Reporting Period (2021: 25.19%).

5. Other net income

The other net income of the Group was mainly comprised of net realised and unrealized gains/(losses) on derivative financial instruments, gains on deemed disposal of an associate, gains/(losses) on partial disposal of an associate, net foreign exchange gains/(losses), government grants, interest income from bank deposits and net gains from modification of syndicated bank loans. During the Reporting Period, other net income of the Group amounted to RMB1,286,972 thousand, representing an increase of RMB808,379 thousand as compared with RMB478,593 thousand in 2021, which was mainly because the increases in gains on deemed disposal of an associate, gains on partial disposal of an associate and foreign exchange gains during the Reporting Period.

6. Expenses

	For the year ended 31 December 2022	For the year ended 31 December 2021	Changes	Explanations on material changes
Selling and distribution expenses	**29,034**	20,488	41.71%	Primarily because the increase in sales volume and selling prices led to the corresponding increase in charges and insurance expense compared to last year
Administrative expenses	**409,372**	478,060	-14.37%	Primarily due to the decrease in consulting fees for intermediary agencies
Research and development expenses	**26,703**	18,826	41.84%	Primarily due to the increase in R&D staff and the increase in depreciation and amortization of assets of R&D department
Finance costs	**1,082,721**	1,474,799	-26.59%	Primarily due to the repayment of syndicated loans in advance, resulting in decrease in interest expense

7. Research and development expenses

The research and development expenses of the Group for the Reporting Period amounted to RMB26,703 thousand, representing an increase of 41.84% as compared to RMB18,826 thousand in 2021, and accounting for 0.07% of the Group's revenue, which was mainly due to the increase in R&D staff and depreciation and amortization of assets in R&D department during the Reporting Period.

8. Cash flows

	For the year ended 31 December 2022 RMB'000	For the year ended 31 December 2021 RMB'000	Changes %	Explanations on material changes
Net cash flows generated from operating activities	**20,297,583**	2,232,917	809.02	Primarily due to the increase in the amount of cash receipts from sales of lithium products during the Reporting Period compared to last year
Net cash flows generated from/ (used in) investing activities	**744,009**	(65,195)	1,241.21	Primarily due to the increase in dividends received from SQM during the Reporting Period compared to last year
Net cash flows used in financing activities	**(10,570,625)**	(1,147,848)	820.91	Primarily due to: 1) the increase in the repayment of syndicated loans and the principal and interest of other borrowings, and the increase in dividends paid to non-controlling Shareholders compared to last year during the Reporting Period; 2) partially offset by the proceeds raised from H Shares offering during the Reporting Period
Net increase in cash and cash equivalents	**10,470,967**	1,019,874	926.69	Resulting from the changes of abovementioned capital activities

9. Financial position

Non-current assets increased by RMB7,249,963 thousand from RMB39,347,796 thousand as at 31 December 2021 to RMB46,597,759 thousand as at 31 December 2022, which was mainly due to the increase in interests in associates, property, plant and equipment, financial assets measured at fair value, and deferred tax assets.

Current assets increased by RMB19,507,746 thousand from RMB6,452,512 thousand as at 31 December 2021 to RMB25,960,258 thousand as at 31 December 2022, which was mainly due to the increase in cash and cash equivalents, trade receivables and inventories resulting from the significant increase in revenue during the Reporting Period.

Current liabilities decreased by RMB5,038,308 thousand from RMB12,593,415 thousand as at 31 December 2021 to RMB7,555,107 thousand as at 31 December 2022, which was mainly due to the repayment of bank loans and other borrowings during the Reporting Period.

Non-current liabilities decreased by RMB3,169,273 thousand from RMB13,413,941 thousand as at 31 December 2021 to RMB10,244,668 thousand as at 31 December 2022, which was mainly due to the repayment of bank loans and other borrowings during the Reporting Period.

As at 31 December 2022 and 31 December 2021, net current assets/(liabilities) of the Group amounted to RMB18,405,151 thousand and RMB6,140,903 thousand, respectively, and net assets amounted to RMB54,758,242 thousand and RMB19,792,952 thousand, respectively.

As at 31 December 2022 and 31 December 2021, cash and cash equivalents of the Group amounted to RMB12,289,948 thousand and RMB1,766,096 thousand, respectively.

10. Interests in associates and a joint venture

The summary of interests in associates and a joint venture of the Group and relevant impairments during the Reporting Period are as follows:

	Name of the companies	Group's effective interest	Carrying amounts as at the end of the Reporting Period (RMB'000)	Reversals of impairment losses during the Reporting Period (RMB'000)	Impairment provision (RMB'000)
Associates	SQM	22.16%	26,564,160	–	2,902,716
	Shanghai Aerospace	9.91%	29,821	–	–
	Shigatse Zabuye	20.00%	576,232	37,795	–
A joint venture	SALA	50.00%	123,435	–	10,685

For the details of the accounting treatments and valuation methods of the associates and a joint venture of the Group, please refer to note 16 and note 17 to the consolidated financial statements in this annual report, and note 17 and note 18 in the Accountants' Report set out in Appendix I to the Prospectus.

11. Income tax expenses

During the Reporting Period, income tax of the Group amounted to RMB8,813,674 thousand, representing an increase of RMB7,440,039 thousand as compared to RMB1,373,635 thousand in 2021, which was mainly due to the increase in the taxable income caused by the increase in profit before taxation for the current period.

12. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB1,716,033 thousand, representing an increase of RMB715,121 thousand as compared to RMB1,000,912 thousand in 2021. The Group's capital expenditures mainly consisted of expenditures incurred for the purchase of property, plant and equipment (including right-of-use assets) and intangible assets. Funds used as capital expenditure of the Group were mainly sourced from cash flows generated from operating activities of the Group, bank borrowings and proceeds from share issuance.

13. Interest-bearing bank and other borrowings

As at 31 December 2022, interest-bearing bank and other borrowings of the Group amounted to RMB8,390,743 thousand. Interest-bearing bank and other borrowings of the Group that would be due within one year, due within one to two years and due within two to five years amounted to RMB127,335 thousand, RMB145,768 thousand, and RMB8,117,640 thousand, respectively. As at 31 December 2022, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 8.35% (31 December 2021: 24.39%) 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 debt to asset ratio within a reasonable range.

14. Restricted assets

As at 31 December 2022, assets with a total carrying value of RMB47,784,155 thousand of the Group were used as collaterals for bank loans and other banking facilities. Such assets mainly included Windfield's total assets in Australia of RMB20,517,736 thousand, 100% equity interest in TLAI1 of RMB23,412,747 thousand, and equity investment in SQM of RMB3,776,593 thousand.

15. Gearing ratio

As at 31 December 2022, the Group's gearing ratio, defined as total liabilities (which includes current and non-current bank loans, lease liabilities and other borrowings) divided by total equity, was 15.90%, decreased by 94.30 percentage points as compared to that as at 31 December 2021.

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

As the majority of monetary assets, liabilities and transactions of the Group are denominated in RMB, U.S. dollars and Australian dollars, the foreign exchange rate risk of the Company is primarily related to U.S. dollars and Australian dollars. The Company has established relevant systems of approval and management of foreign exchange hedging operations. On the premise of ensuring security and liquidity, the management is authorized to choose and adopt forward foreign exchange settlement and sale, foreign exchange swaps and other financial instruments to operate flexibly, so as to reduce the adverse impact of variations in exchange rates on the Company's profit level.

17. Contingent liabilities

On 8 December 2020, the Company and TLEA entered into an investment agreement with IGO, pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310 new shares, representing 49% equity interest in TLEA after the share subscription (the "**IGO Transaction**") which did not crystalise an Australian taxation liability. The Australian Taxation Office (the "**ATO**") is currently focusing on arrangements whereby a multiple entry consolidated group enables a tax-free exit from certain Australian investments. The Group is currently engaged with the ATO in respect of the IGO Transaction to obtain certainty of the tax outcomes, as this engagement process is in its early stages so the outcome and timing is uncertain at this stage.

18. Employees and remuneration system

As at 31 December 2022, the Group had a total of 2,191 employees. In accordance with the PRC Labor Contract Law (《中華人民共和國勞動合同法》) and other laws and regulations, the Group followed the principles of professionalism, differentiation and unification, established and continuously improved the remuneration management system, actively built the remuneration and welfare system taking into account both external competitiveness and internal fairness, and provided employees with a comprehensive remuneration and welfare consisting of fixed wages, short-term incentives, long-term incentives and employee benefits.

19. Capital commitments

Capital commitments of the Group as at 31 December 2022 were as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Contracted for	**1,477,053**	659,332

20. Share capital

As at 31 December 2022, the total issued share capital of the Company is 1,641,221,583 at the nominal value of RMB1 each; the structure of the Company's share capital was set out as follows:

	Number of issued shares	Percentage
A Shares	1,477,099,383	90%
H Shares	164,122,200	10%
Total	1,641,221,583	100%

OTHER INFORMATION

Significant investment, material acquisition and disposal

The Group did not have any significant investments held, or any material acquisition or disposal of any relevant subsidiaries, associates and joint ventures during the Reporting Period.

Final Dividend

The Board proposed to distribute cash dividend of RMB30 (tax inclusive) for every 10 shares to all shareholders of the Company, based on the total share capital of the Company as at the record date of shareholding (deducting the number of shares held in the repurchase account of the Group). If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. The above proposal will be put forward at the forthcoming annual general meeting (the "**AGM**") of the Company for consideration and approval. The specific arrangements regarding the final dividend and its distribution and the arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the AGM. The Company will announce separately the expected dividend payment date.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

1. **The issuance of H shares of the Company and listing on the Main Board of the Hong Kong Stock Exchange**

   At the 19th meeting of the fifth session of the Board of Directors, the 16th meeting of the fifth session of the Board of Supervisors and the third extraordinary general meeting of 2021, the Company reviewed and approved the Proposal on the Issuance of H Shares of the Company and Listing on the Main Board of the Hong Kong Stock Exchange, as well as other proposals relating to the issuance of H Shares of the Company, in which the Company intends to issue overseas listed foreign shares (H Shares) and apply for listing on the Main Board of the Hong Kong Stock Exchange. All listed foreign shares are ordinary shares, denominated in RMB and subscribed in foreign currency, with a par value of RMB1 each. Subject to the regulatory requirements including but not limited to the minimum issue ratio in the place where the Company's shares are listed and taking into account the capital requirements for the Company's future business development, the number of H Shares to be issued shall not exceed 20% of the total share capital of the Company after the issuance (before exercising the over-allotment option) or the minimum issue ratio requirement in the place where the Company's shares are listed (whichever is higher), and the proceeds, after deducting the issue expenses, will be used for (including but not limited to) repayment of existing debts, capacity expansion and supplement for working capitals. The relevant resolutions for the issue and listing shall be valid for 18 months from the approval date of such resolutions by the Shareholders' General Meeting of the Company.

The Company submitted an application to CSRC for the listing and issuance and received the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) from CSRC on 2 June 2022. The Company submitted the application for the listing and issuance to the Hong Kong Stock Exchange on 28 January 2022, and published the application materials for the listing and issuance on the website of the Hong Kong Stock Exchange on the same day. The Listing Committee of the Hong Kong Stock Exchange held a listing hearing on 16 June 2022, and reviewed the Company's application for the listing and issuance. The total issue of H Shares in the global offering of the Company was 164,122,200 (before exercising the over-allotment option), of which 16,412,400 shares were issued in the Hong Kong public offering, representing approximately 10% of the total issue in global offering (before exercising the over-allotment option); 147,709,800 shares were issued in the international offering, representing approximately 90% of the total issue in global offering (before exercising the over-allotment option), at an issue price of HK$82 per share. The H Shares in the offering were listed and commenced trading on the Hong Kong Stock Exchange on 13 July 2022. The stabilizing period of the global offering ended on 5 August 2022 (i.e. the 30th day after the deadline for submission of applications for the Hong Kong Public Offering). The joint representatives appointed by the Company (on behalf of the international underwriters) did not exercise the over-allotment option during the stabilizing period and therefore the over-allotment option lapsed on 5 August 2022, and there was no change in the shares of the Company before and after the invalidation of the over-allotment option. The share capital of the Company after the H Share issuance is as follows:

Class of shares	Number (shares)	Percentage
Domestically listed domestic shares (A Shares)	1,477,099,383	90%
Overseas-listed foreign shares (H Shares)	164,122,200	10%
Total number of shares	1,641,221,583	100%

The H share listing ceremony of the Company

Details relating to usage of the proceeds raised from the issuance of H shares can be found in the below section of Utilization of the Proceeds from H Share Offering of the Company.

2. Participation in the Initial Public Offering of CALB in Hong Kong as a Cornerstone Investor

On 21 September 2022, the Resolution on Participation in the Initial Public Offering of CALB in Hong Kong as a Cornerstone Investor was reviewed and approved at the 30th meeting of the fifth session of the Board of Directors of the Company, pursuant to which Tianqi Lithium HK, a wholly-owned subsidiary of the Company, intended to participate in the subscription for shares under the initial public offering of CALB on the Hong Kong Stock Exchange as a cornerstone investor with its own funds of not more than US$100 million (equivalent to approximately RMB695 million, calculated at the RMB central parity published by the China Foreign Exchange Trade System on 20 September 2022; including brokerage fee, the Stock Exchange trading fee, the SFC transaction levy, FRC transaction levy, etc.), and entered into the Cornerstone Investment Agreement with CALB, Huatai Financial Holdings (Hong Kong) Limited and other underwriters (if applicable) on 21 September 2022.

The shares of CALB has listed and commenced trading on the Hong Kong Stock Exchange on 6 October 2022, with a total of 265,845,300 shares issued at a price of HK$38 per share. The Company, as one of the largest cornerstone investors in the offering, invested a total of approximately US$100 million and subscribed for 20,217,200 shares, representing 7.47% of the shares under the offering and 1.12% of the share capital after the offering, with a lock-up period of 6 months for the cornerstone investors.

3. Listing of an investee of the Company on the New York Stock Exchange

On 1 February 2022, IVANHOE Capital Acquisition Corp (NYSE: IVAN, IVANHOE Capital Acquisition Corp, hereinafter referred to as "**IVANHOE**") held an extraordinary general meeting to review and approve the business consolidation with SES, an investee of the Company, and IVANHOE changed its name to "SES AI Corporation"; on 3 February 2022, it completed a private non-public issuance of its ordinary shares at an issuance price of US$10.0 per share, raising aggregate proceeds of approximately US$275 million; on 4 February 2022, the merged company's Class A ordinary shares and warrants commenced trading on the New York Stock Exchange under the new stock codes of "SES" and "SES WS", respectively. The business consolidation of SES and IVANHOE will create better opportunities for its longer-term strategic planning in the future, which will further accelerate the commercialization of lithium metal batteries and lay a solid foundation for its market expansion and development in the related business areas. As at the date of this annual report, the Company held 27,740,256 shares of SES, which had been released from the sales restriction.

4. Progress of Lithium Hydroxide Project in Australia

The train I of the "Battery-grade Lithium Hydroxide Monohydrate Project with an Annual capacity of 24,000 Tons" (the "**Lithium Hydroxide Project (Train I)**") launched by the Company in October 2016 was reviewed and approved at the 37th meeting of the fourth session of the Board of Directors of the Company held on 25 October 2019. The total investment amount of such project was adjusted from A$398 million to A$770 million (equivalent to approximately RMB3.712 billion, calculated at the mid-price of the RMB exchange rate published by the China Foreign Exchange Trade System on 25 October 2019), and the increased fund was self-financed by the Company. Currently, such project has completed the load commissioning for all processes and linked up the whole process, and the plant has entered the formal trial production stage at the end of 2021. After multiple times of commissioning and optimization, the first batch of approximately 10 tons of lithium hydroxide products passed the Company's internal laboratory sampling and testing, and on 19 May 2022, all parameters were confirmed to meet the battery-grade lithium hydroxide standard.

After passing sampling tests in the in-house laboratory, the first batch of samples of lithium hydroxide products were sent by TLK to SGS-CSTC Standards Technical Services Co., Ltd ("**SGS**") in China for external certification. SGS is an internationally recognized institute for sample testing, verification and certification, and the samples sent by TLK are tested and analyzed by China battery-grade lithium hydroxide monohydrate standard GB/T26008-2020. Certification result from SGS is consistent with the testing result from the Company's in-house laboratory. TLK is ready and distributing samples of relevant lithium hydroxide products to potential offtakers for customer certification.

The plant now is capable of continuous production and operation. TLK's management reasonably estimated that the output of Train I was expected to rise steadily from December 2022. Based on the above factors, the Company determined that the Lithium Hydroxide Project (Train I) has been capable of operating commercially since 30 November 2022. The Company and TLK will continue to focus on achieving stable, consistent and reliable operation of the plant.

5. **Progress of The Production Expansion Project of Talison Lithium Concentrates**

On 24 July 2018, the Proposal on Approving the Phase III Lithium Concentrate Production Expansion Plan of Talison was reviewed and approved at the 18th meeting of the fourth session of the Board of Directors of the Company, which agreed that Talison would officially launch the construction for continued expansion of the production capacity of chemical grade lithium concentrates, construct an independent, dedicated large-scale chemical grade plant for lithium concentrates production and a new ore crushing facility, as well as provide supporting infrastructure for subsequent production expansion projects at the same time; the project site is located in Greenbushes, Western Australia with a total estimated capital investment of approximately A$516 million, and the funds are self-raised by Talison; the construction was originally planned to be completed with the trial production planned to commence in the fourth quarter of 2020. Taking consideration of the market conditions, in March 2022 the board of directors of Windfield decided to adjust the overall project budget to A$626.8 million, representing an increase of A$69.3 million over the original budget, and postpone the planned trial operation date to 2025 based on the latest front-end engineering design study of the project. The reasons for this adjustment to the total budget include the increase in labor costs, equipment improvement costs, camp construction costs and resource supply costs, etc. In September 2022, based on the implementation of the Chemical Grade Plant No. 2 optimization project, Windfield's management wanted to improve the performance of certain equipments originally planned to be purchased. With the approval of the Board of Directors of Windfield, the overall capital expense budget of the project was adjusted to A$632 million, representing an increase of A$5.1 million over the original budget. The time for trial operation remained unchanged. Upon completion of the project, it is expected that the production capacity for the chemical grade lithium concentrates of Talison will increase to 2 million tons per year.

At present, Talison's existing production capacity can meet the production demands of the Group, and the commissioning time of phase III chemical grade lithium concentrates expansion project of Talison will have no impact on the Group's normal production and operation activities.

6. **Progress of Anju Project**

On 4 December 2017, the Proposal on Signing the Investment Agreement was approved at the 11th meeting of the fourth session of the Board of Directors of the Company and Investment Agreement was signed with the People's Government of Anju District, Suining City. Both parties reached a cooperation consensus in respect of the Company's project of "New Lithium Carbonate Plant with Annual capacity of 20,000 Tons" (the "**Anju project**" or the "**Project**") in the Chemical Industrial Park of Anju District, Suining City, with a total capital investment of approximately RMB1.5 billion. On 7 September 2018, the Proposal on the Construction of "Lithium Carbonate Plant with an Annual capacity of 20,000 Tons in Anju District of Suining of Tianqi Lithium" was reviewed and approved at the 22nd meeting of the fourth session of the Board of Directors held by the Company, which agreed that the Company would launch the construction of a battery-grade lithium carbonate plant with an annual capacity of 20,000 tons in Anju District of Suining. The owner of the project is Suining Tianqi, a wholly-owned subsidiary of the Company and the project is to construct a battery-grade lithium carbonate plant with an annual capacity of 20,000 tons; the project is located in Andong Avenue Chemical Industrial Park, Industrial Concentration Zone, Anju District, Suining City, Sichuan Province; the target for construction is to achieve production capacity of battery-grade lithium carbonate with an annual capacity of 20,000 tons in Suining Tianqi; the total capital investment of the project is expected to be RMB1,431.01 million with the funds being self-raised.

As a result of various factors, the operational results of the Group decreased significantly in 2019. Especially since February 2020, the Group's liquidity pressure has been further increased. Therefore, in order to ensure normal production and operation, taking into account the then financial capital position of the Company, the management decided to adjust the construction progress and capital investment plan for the Anju project, and slowed down the overall project construction. Since 2021, benefitted from various positive factors, including the global prosperity of new energy vehicles, accelerated capacity expansion of lithium-ion battery manufacturers and increasing orders of downstream cathode materials, the Group's operational results were improved and the tight liquidity situation was eased. Meanwhile, the orders from downstream customers of the Group were saturated and the supply of products can't meet the demand. To continually enhance the Group's share in the downstream market, optimize the Group's existing capacity allocation and further improve the Group's profitability, the Group intended to resume the construction of the Anju project after comprehensively evaluating the capital situation and improving the project planning, and gradually push forward the project construction and capital investment as planned.

In July 2022, the Company's management team reviewed the progress and budget usage of the project as well as the construction bidding process and agreed to increase the project's budget to RMB1,484,192,800. In October 2022, the Company's budget management team finally approved the budget of the Project to be RMB1,477,807,100. The Project is expected to be completed in the second half of 2023.

7. External Investment of the Wholly-Owned Subsidiary and Establishment of Joint Venture

In accordance with the strategic development needs, Tianqichuang Lithium, a wholly-owned subsidiary of the Company, and Beijing WeLion entered into the Cooperation Agreement (the "**Cooperation Agreement**") on 20 May 2022. Both parties planned to establish a joint venture, to collaboratively engage in the research and development, production, sales and other related businesses of pre-lithiation manufacturing equipment products. Tianqichuang Lithium intends to contribute RMB10.2 million in currency, representing 51% of the registered capital of the joint venture. Beijing WeLion intends to contribute RMB6.8 million, representing 34% of the registered capital of the joint venture; among which, RMB2 million is funded in the form of currency and RMB4.8 million is funded in the form of intellectual property rights. The actual amount of capital contribution is subject to the result of appraisal report issued by the qualified appraisal institution. The joint venture will set aside 15% of the entire registered capital for employee equity incentives.

As at the date of this annual report, the joint venture, Tianqi WeLion Solid Lithium New Materials (Shenzhen) Co., Ltd. (天齊衛藍固鋰新材料(深圳)有限公司), has been officially established. The establishment of the joint venture is beneficial to promoting sound development and industrial integration of the Group, enhancing the Group's core competitiveness and profitability, providing investors with better returns, which is in line with the Group's long-term development strategy and the interests of all Shareholders.

8. Successful Appointment of Directors of SQM and the Disposal of a Portion of the Series B Equity Interests Held in SQM

In April 2022, at the annual general meeting convened by SQM, a holding entity of the Company, three candidates nominated by the Company were successfully elected as directors of SQM, namely, Mr. Ashley Ozols, an Australian business consultant, Ms. Dang Qi, a former chief journalist of Xinhua News Agency office in Santiago, Chile, and Mr. Antonio Schneider, a well-known businessman in Chile.

In early 2019, after fully analyzing the Company's overall budget and capital needs for 2019, the Company financed through the Series B shares of SQM held by its wholly-owned subsidiary Tianqi Lithium HK, to further satisfy the capital needs for the construction, commissioning and ramp-up of the lithium hydroxide project of the Company's subsidiary TLK. As the share price of SQM's Series B shares continuously declined in the first half of 2019, after thorough research on various financing options and multiple argument from commercial standpoint, the Company selected a 3-year collar option financing scheme with a higher loan amount, which can meet the Company's capital needs to the maximum extent. In view of the successive maturity of the aforesaid financing since January 2022, after full discussion by the Company's management and as reviewed and approved at the 22nd meeting of the fifth session of the Board of Directors and the 19th meeting of the fifth session of the Board of Supervisors of the Company, the Company intended to use the Series B shares of SQM previously pledged to the financier for physical delivery upon maturity. Taking into account the current capital position of the Company and its domestic and overseas subsidiaries, the overall capital budget of the Company for 2022 and the maturity of interest-bearing liabilities, the Board of Directors agreed to authorize the management of the Company to choose the physical delivery method (i.e. to sell all pledged Series B shares of SQM), and authorize the management to choose to recover part of the remaining shares or sell all of the remaining shares to recover cash based on the actual price, timing and other factors.

As at 28 June 2022, the Company has completed the delivery of all the contracts relating to abovementioned collar options, with physical delivery of 4,526,828 Series B shares of SQM. After the completion of the delivery, the Company still holds 748,490 Series B shares of SQM and 62,556,568 Series A shares of SQM, and the Company's total shareholding percentage in SQM is approximately 22.16%. The disposal of the Series B shares of SQM held by the Company will not affect the board seats held by the Company in SQM, or pose material adverse impact on the Company's future main business and ability to continue as a going concern, nor be detrimental to the interests of the Company and all Shareholders (especially for minority Shareholders).

9. Termination of Litigation and Arbitration Matters

In regards to the litigation arising in March 2020 between TLK and MSP, which is the general contractor for the construction of the lithium hydroxide project in Kwinana, Australia, the Supreme Court of Western Australia (the "**Supreme Court of Western Australia**") adjudicated on 8 March 2021 that TLK should pay MSP the project arrears by 15 March 2021, of which the total amount of principal and interest is A$38,881,500. TLK filed an appeal under the relevant Australian law and paid the full amount of A$38,881,500 to the escrow account of relevant court on 9 April 2021. TLK was subsequently served with a notice by the Court of Appeal on 12 August 2021, with an appeal hearing date of 10 November 2021. In addition, the arbitration application for liquidated damages filed by TLK against MSP, the arbitration application for guarantee filed by MSP against Chengdu Tianqi Lithium Co., Limited, a wholly-owned subsidiary of the Company, and the arbitration of the statement of claim contained in a supplemental notice of dispute filed by MSP against TLK have been consolidated and heard concurrently by the dispute resolution authority of Western Australia with a tribunal hearing date of 21 February 2022.

The management of the Company has been paying close attention to and attaching great importance to the subsequent progress of the aforesaid litigation and arbitration matters, and has organized relevant parties to actively negotiate with MSP with a view to properly handling the possible adverse impact of the relevant litigation and arbitration results on the Company. On 18 October 2021, the Company and TLK reached an agreement with MSP on all the aforesaid litigation and arbitration cases and signed the Deed of Settlement and Release (the "**Settlement Agreement**").

Immediately after the signing of the Settlement Agreement, TLK and MSP jointly applied to the Court of Appeal and the Arbitral Tribunal for the termination of the appeal proceedings and the suspension of all arbitration proceedings, respectively, and received the formal document from the Court of Appeal on 22 October 2021, specifying the termination of the appeal proceedings. On 24 February 2022, TLK and MSP jointly filed an application for terminating the first instance proceedings between MSP and TLK and an application for terminating all the aforesaid arbitration proceedings between MSP and the Company and its subsidiaries in the Supreme Court of Western Australia and the Arbitral Tribunal of Western Australia, respectively; on 3 March 2022, TLK received the official document from the Supreme Court of Western Australia agreeing to terminate the proceedings of the first instance case, and the proceedings between MSP and TLK have been completely terminated; on 4 March 2022, TLK received the official document from the Arbitral Tribunal of Western Australia agreeing to terminate all arbitration disputes. At this point, all judicial proceedings including litigations and arbitrations between MSP and the Company and its subsidiaries have been completely terminated.

For details, please refer to the announcements of the Company published on the Shenzhen Stock Exchange on 11 March 2021, 18 March 2021, 6 April 2021, 10 April 2021, 19 October 2021 and 8 March 2022, respectively.

UTILIZATION OF THE PROCEEDS FROM H SHARE OFFERING OF THE COMPANY

Upon approval by the CSRC in accordance with the Reply on the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) issued on 2 June 2022, the Company issued its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022. A total of 164,122,200 H Shares (before any exercise of the over-allotment option) were issued at the price of HK$82 per share through both public offering and international placement. After deducting underwriting fees and other issuance expenses, the net proceeds from the global offering were approximately HK$13.062 billion, which will be used for the purpose and proportion as set out in the H Share Prospectus of the Company. The table below sets out the proposed purposes of the net proceeds and summary of usage as at 31 December 2022:

Unit: HK$ million

Proposed use of proceeds	Planned use of the net proceeds	Utilized net proceeds as of 31 December 2022	Balance as of 31 December 2022	Expected timeline of use of proceeds
Repay the outstanding balance of the SQM Indebtedness	8,865	8,865	0	
Fund the construction of Phase I of the Anju Plant	1,170	363.71	806.29	From April 2023 to June 2024
Repay certain PRC domestic bank loans	1,721	1,721	0	
Working capital and general corporate purposes	1,306	1,306	0	
Total	13,062	12,255.71	806.29	

DIRECTORS

Executive Directors

Mr. Jiang Weiping (蔣衛平) ("Mr. Jiang"), Chinese, was born in 1955. Mr. Jiang was appointed as the executive Director and the chairman of the Board of the Company since December 2007. He is primarily responsible for the overall strategic planning and business development of our Company and making major strategic decisions. Mr. Jiang is a member of the Single Largest Group of Shareholders of our Company and is the father of Ms. Jiang Anqi.

Mr. Jiang has nearly 20 years of experience in the lithium industry. He set up Tianqi Group Company in December 2003, and has acted as the chairman of Tianqi Group Company since its incorporation. Mr. Jiang acquired Shehong Lithium, the predecessor of our Company, through Tianqi Group Company in October 2004, and has been a Director and the chairman of the Board since then. He also served as the general manager of our Company from August 2011 to December 2012. Further, Mr. Jiang has been the vice president of the lithium branch of China Non-Ferrous Metals Industry Association since September 2011, and was elected as a representative at the 13th National People's Congress in March 2018.

Mr. Jiang graduated from Chengdu College of Agricultural Machinery (成都農機學院工學學士) in China with a bachelor's degree in engineering in June 1982. Mr. Jiang was also accredited as an engineer by the Ministry of Machinery and Electronics Industry of the PRC in September 2011.

Ms. Jiang Anqi (蔣安琪) ("Ms. Jiang"), Chinese, was born in 1987. Ms. Jiang was appointed as an executive Director of the Company in February 2017 and as the vice Chairlady of the Board in April 2022. She is primarily responsible for assisting our Company in formulating the strategic and investment plans, and assisting the chairman in making major strategic decisions.

Ms. Jiang is a member of the Single Largest Group of Shareholders of our Company and is the daughter of Mr. Jiang Weiping.

Ms. Jiang has nearly 10 years of experience in the lithium industry. She has been serving as the vice general manager and a director of Tianqi Group Company since February 2016 and July 2018, respectively, and the general manager since August 2021. She holds various positions in Tianqi Group Company and its subsidiaries. Further, Ms. Jiang has been serving as the Director of the Company and its subsidiaries since July 2021, including (i) TLEA; (ii) TLH; (iii) TLA; (iv) TLK; (v) Tianqi Australia Investments 1; and (vi) Tianqi Australia Investments 2.

Ms. Jiang graduated from Concordia University in Canada with a bachelor's degree in arts in May 2012 and obtained a master of business administration from Southwestern University of Finance and Economics (西南財經大學) in China in June 2022.

Mr. Ha, Frank Chun Shing (夏浚誠) ("Mr. Ha"), Chinese (Hong Kong), was born in 1972. Mr. HA was appointed as the president of the Company in January 2021 and an executive Director in February 2021. He is primarily responsible for the overall and day-to-day management of our Company.

Prior to joining the Group, Mr. Ha worked at Olip Italia S.p.A. from August 1997 to May 2002 and Swarovski (Austria). He also worked at Steyr Motors GmbH from May 2018 to December 2020, in which he acted as the chief operating officer of Steyr Motors GmbH from May 2018 to November 2018, the CEO of Steyr Motors GmbH from November 2018 to August 2019, and the managing director of Steyr Motors Hong Kong Co. Ltd from August 2019 to December 2020. Mr. Ha was also appointed as the general manager of Tianqi Lithium HK Co., Limited ("**Tianqi Lithium HK**") in February 2021. Further, Mr. Ha has been serving as the director of (i) TLEA; (ii) TLH; (iii) TLA; (iv) TLK; (v) Tianqi Australia Investments 1; and (vi) Tianqi Australia Investments 2 since July 2021. Mr. Ha has also acted as the executive director, general manager and legal representative of Chengdu Tianqi since July 2021, the executive director of Tianqichuang Lithium, and the director and general manager of Tianqi Grand Vision Energy Limited since September 2021, and the executive director of Tianqi Lithium New Energy Technology Research (Meishan) Co., Ltd (天齊鋰業新能源技術研究(眉山)有限公司) since March 2023.

Mr. Ha obtained (i) a graduate diploma in core business management from the MCI Management Center Innsbruck, Austria in November 2007; (ii) an MBA/EMBA from the Chinese University of Hong Kong Business School in July 2016; and (iii) a master's degree in engineering management from the University of Technology Sydney, Australia in July 2018. Mr. Ha has been a PhD candidate in enterprise management at the Shanghai University of Finance and Economics (上海財經大學) since October 2021.

Mr. Zou Jun (鄒軍) ("Mr. Zou"), Chinese, was born in 1973. Mr. Zou was appointed as an executive Director and the chief financial officer in December 2007, primarily responsible for the finance, accounting, and taxation affairs of the Company.

Mr. Zou has nearly 20 years of experience in finance and accounting. He served as auditing assistant, project manager, department manager and senior manager of Chongqing Tianjian Auditing Firm (重慶天健會計師事務所) from September 1998 to July 2007. He then joined the Company as a director and the chief accountant in December 2007.

Mr. Zou currently also holds positions in various companies within our Group, serving as (i) a director of Tianqi Lithium HK since March 2015; (ii) a director of Tibet Shigatse Zabuye Lithium High-Tech Co., Limited since July 2016; (iii) a director of Tianqi Finco Co., Ltd since June 2017; (iv) a director of Tianqi Bond Co., Ltd. since June 2019; and (v) a director of ITS since 2022.

Mr. Zou obtained a master's degree in accounting from East China Jiaotong University (華東交通大學), China in June 1998.

Mr. Zou was also accredited as a PRC-registered public accountant by The Chinese Institute of Certified Public Accountants in November 2000.

Independent Non-executive Directors

Mr. Pan Ying (潘鷹) ("Mr. Pan"), Chinese, was born in 1973. He acted as an independent non-executive Director of the Company from February 2017 to April 2023. He is primarily responsible for providing professional advice for the Company with his expertise in legal theory and practice, and supervising and providing independent advice on the operation and management of our Company.

Mr. Pan has worked at Southwestern University of Finance and Economics (西南財經大學) since March 2005 and has been an associate professor of Southwestern University of Finance and Economics (西南財經大學) since 2014. He has also been acting as an executive director and a general manager of Chengdu Shouwei Enterprise Management & Consultation Co., Ltd. (成都守威企業管理諮詢有限責任公司) since December 2014 and a consultant at Chengdu Minsheng Real Estate Co., Ltd (成都民生置業有限公司) since May 2015. Further, he has been an attorney at Tahota Law Firm (泰和泰律師事務所) since January 2008. Previously, Mr. Pan also worked at the Sichuan Provincial People's Procuratorate (四川省人民檢察院) and served as staff member at the Chengdu Intermediate People's Court (成都市中級人民法院). Mr. Pan has been an independent director of Leshan Electric Power Co., Ltd. (樂山電力股份有限公司) (600644.SH) since 23 May 2022. Mr. Pan has been an independent director of Chengdu Okay Pharmaceutical Co., Ltd. (成都歐康醫藥股份有限公司) since 4 January 2022 and a non-executive director of Sichuan Zigong Conveying Machine Group Co., Ltd. (四川省自貢運輸機械集團股份有限公司) since 26 October 2022.

Mr. Pan graduated from Southwest Minzu University (西南民族大學) in China with a bachelor's degree in law in June 1995. He then obtained a master's degree in law from Hitotsubashi University in Japan in April 2000.

Mr. Pan was admitted as a lawyer by the Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in March 2004.

Mr. Xiang Chuan (向川) ("Mr. Xiang"), Chinese, was born in 1958. Mr. Xiang was appointed as an independent non-executive Director in February 2020. He is primarily responsible for providing professional advice on auditing, risk identification and prevention and operation compliance for the Company with his expertise in finance, corporate management and governance risk of listed companies, and supervising and providing independent advice on the operation and management of our Company.

Prior to joining the Group, Mr. Xiang served as a deputy factory director at Daxian Lixin Iron Factory (達縣立新鐵廠) from July 1976 to July 1986, the staff member, the principal staff member and the chief deputy of the Daxian People's Government Office (達縣人民政府辦公室) from August 1986 to October 1991, the chairman of the Daxian Economic Association (達縣經協委) from October 1991 to September 1997, and later joined Tongwei Co. Ltd (通威股份有限公司) (600438.SH) in November 1997 where he served as a director and secretary to the board until October 2004. He also acted as a vice president and secretary to the board of directors of New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) (000876.SZ) from October 2004 to October 2018. Mr. Xiang acted as an independent non-executive director of Xi'an Triangle Defense Co., Ltd. (西安三角防務股份有限公司) (300775.SZ) from March 2017 to September 2022, and has been the chairman and general manager of Chengdu Shucai Business Consulting Center (成都蜀採商務諮詢中心) since November 2018, an independent non-executive director at Lonten Semiconductor Co., Ltd. (龍騰半導體股份有限公司) since October 2019, an independent director of Sichuan Qiangshan Agriculture and Animal Husbandry Technology Co., Ltd. (四川省羌山農牧科技股份有限公司) since April 2020, an independent director of Shanghai Meinong Biotechnology Co., Ltd. (上海美農生物科技股份有限公司) (301156.SZ) since October 2020, an independent director of Ya'an Baitu High New Materials Co., Ltd. (雅安百圖高新材料股份有限公司) since September 2022, and an independent non-executive director of Hope Education Group Co., Ltd. (希望教育集團有限公司) (01765.HK) since January 2023.

Mr. Xiang obtained a master of business economics at Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in July 1998.

Ms. Tang Guoqiong (唐國瓊) ("Ms. Tang"), Chinese, was born in 1963. Ms. Tang was appointed as an independent non-executive Director in November 2020. She is primarily responsible for providing professional advice on auditing, risk identification and prevention and strategy development for the Company with her expertise in finance and accounting, and supervising and providing independent advice on the operation and management of our Company.

As an expert in the finance and accounting domain, Ms. Tang has published many academic papers and participated in the compilation of accounting textbooks during her tenure as a professor of accounting at Southwestern University of Finance and Economics (西南財經大學).

Prior to joining the Group, Ms. Tang acted as an independent non-executive Director of various companies, including Troy Information Technology Co., Ltd. (創意信息技術股份有限公司) (300366.SZ) from November 2008 to November 2014, Chengdu Leejun Industrial Co., Ltd. (成都利君實業股份有限公司) (002651.SZ) from January 2011 to December 2016, Maoye Commercial Co., Ltd. (茂業商業股份有限公司) (600828.SH) from March 2012 to June 2018, Sichuan Xunyou Network Technology Co., Ltd. (四川迅遊網絡科技股份有限公司) (300467.SZ) from March 2012 to December 2018, Sichuan Western Resources Holding Co., Ltd (四川西部資源控股股份有限公司) (600139.SH) from February 2014 to August 2019, Leshan Electric Power Co., Ltd. (樂山電力股份有限公司) (600644.SH) from April 2015 to April 2021, Tibet New Boom Business Management Chain Co., Ltd (西藏新博美商業管理連鎖股份有限公司) and Chengdu Dongjun Laser Co., Ltd (成都東駿激光股份有限公司) from July 2016 to June 2020. Further, Ms. Tang has served as an independent director of Beijing Decentest Technology Corporation Limited (北京世紀德辰通信技術有限公司) (currently known as Beijing Decentest Technology Corporation Limited (北京德辰科技股份有限公司)) since July 2018, Cheng Du Sheng Nuo Biotec Co., Ltd. (成都聖諾生物科技股份有限公司) (688117.SH) since January 2019, SI-TECH Information Technology Co., Ltd. (北京思特奇信息技術股份有限公司) (300608.SZ) since June 2019 and Sichuan Mingxing Electric Power Co., Ltd. (四川明星電力股份有限公司) (600101.SH) since May 2021.

Further, Ms. Tang has been the professor of accounting at the School of Accounting of the Southwestern University of Finance and Economics (西南財經大學) in China since December 2009 and is currently a financial review expert of science and technology project plans at the Science & Technology department of Sichuan province (四川省科技廳).

Ms. Huang Wei (黃瑋) ("Ms. Huang"), Chinese (Hong Kong), was born in 1968. Ms. Huang was appointed as an independent non-executive Director in June 2022. She is primarily responsible for supervising and providing independent advice on the operation and management of our Company with her expertise in asset valuation, finance and financial analysis, ESG strategy, business consulting, risk identification and prevention.

Prior to joining the Group, Ms. Huang worked at the Foreign Economics Affairs office of the Guangzhou Municipal Government from July 1995 to July 1996, Centaline (China) Property Consultants Limited and Grant Sherman Advisory Limited (中證評估有限公司) from October 2002 to April 2004. She has also been working at Hong Kong Appraisal Advisory Limited (中聯資產評估集團香港分所) since May 2015. Further, Ms. Huang currently serves as the founder and managing director of Hong Kong Appraisal Advisory Limited (香港評值國際有限公司), the director of Hong Kong branch of China United Assets Appraisal Group (中聯資產評估集團香港分所) and an independent non-executive director of Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司) (HKSE stock code: 06868).

Ms. Huang obtained a master degree in Mathematics from the School of Science at Sun Yat-sen University (中山大學), China in June 1995 and a PhD in real estate economics from the Real Estate and Construction Department, the Faculty of Architecture at University of Hong Kong in December 2002.

Ms. Huang is an Accredited Senior Appraiser of American Society of Appraisers (ASA), a Chartered Member of the Royal Institution of Chartered Surveyors (MRICS) and a Registered Business Valuer (HK).

Ms. Wu Changhua (吳昌華) ("Ms. Wu"), American, born in China in 1965, was appointed as an independent non-executive Director on 14 April 2023. She is primarily responsible for providing professional advice for the Company with her expertise in the fields of ESG, sustainable development and new energy, and supervising and providing independent advice on the operation and management of our Company.

Ms. Wu has extensive experience and professional insights in the fields of ESG, sustainable development and new energy. She successively served as the Editor for the English Edition of the China Environment News, the director of China Studies for the World Resources Institute of the United States, the executive director of China Operations of ENSR of the United States, the Greater China director of the Climate Group of the United Kingdom and the founding chief executive officer of Langtian Zhongchuang Environmental Protection Technology (Beijing) Co., Ltd. (朗天眾創環保科技(北京)有限公司). Currently, Ms. Wu primarily acts as the Asia director of Jeremy Rifkin Office of the United States, the vice chairlady of the Governing Council of Asia Pacific Water Forum, the chief strategy officer of CN Innovation in Singapore, the chairlady of Future Innovation Center, a member of the Steering Committee of Innovation for Cool Earth Forum (ICEF) of Japan and a member of the Water Advisory Group of Asian Development Bank.

Ms. Wu obtained a bachelor's degree in British and American language and literature from the Department of Foreign Languages of Shandong University in China in July 1987, and a master's degree in journalism from the Graduate School of Chinese Academy of Social Sciences in July 1990. She then obtained a master's degree in environmental policy and ecological economics from the School of Public Affairs of the University of Maryland in May 1994.

Supervisors

Ms. Yan Jin (嚴錦) ("Ms. Yan"), Chinese, was born in 1975. She acted as the chairlady of the Board of Supervisors from February 2017 to April 2023. She is responsible for overall work of the Board of Supervisors and supervising the performance of duties by the Directors and the senior management.

Ms. Yan has been a partner at Sichuan Xingrong Law Firm (四川興蓉律師事務所) since October 2016, having joined as an attorney at the firm in November 2014. Ms. Yan also served as an attorney at Zhongchuan Dazhong Law Firm Chongqing Branch (中川大眾律師事務所重慶分所) from July 1997 to April 2000 and as an attorney at Chongqing Qingyuan Law Firm (重慶青原律師事務所) from April 2000 to October 2014. Further, she worked at Chengdu Tanyutou Investment Co., Ltd. (成都譚魚頭投資股份有限公司) from October 2000 to December 2013, where she served as a director and the secretary to the board of directors from September 2008 to December 2013.

Ms. Yan graduated from Southwest Minzu University (西南民族大學) in China with a bachelor's degree in law in July 1995. Ms. Yan was admitted as a lawyer by Ministry of Justice of the People's Republic of China (中華人民共和國司法部) in August 1996.

Ms. Chen Zemin (陳澤敏) ("Ms. Chen"), Chinese, was born in 1973.

Ms. Chen is a Supervisor appointed in September 2021. She is primarily responsible for supervising the performance of duties by the Directors and the senior management. Ms. Chen served as a financial director and then a financial manager at TQMMM from 2001 to 2013. Ms. Chen has successively served as a manager of the funding department, a manager of the financial department and a financial director of Tianqi Group Company since 2013 and has been a director of Tianqi Group Company since August 2021.

Ms. Chen graduated from the Southern Western of Finance and Economics (西南財經大學) with a degree in accounting in December 1994. She also obtained a bachelor's degree in accounting jointly from The Open University of China (中央廣播電視大學) and Beijing Technology and Business University (北京工商大學), China in July 2005 through online distant learning. She was also accredited as accountant by Ministry of Finance (財政部) in 1997.

Mr. Hu Yi (胡軼) ("Mr. Hu"), Chinese, was born in 1980. He is an employee representative Supervisor appointed in September 2021. He is responsible for supervising the performance of duties by the Directors and the senior management, managing the audit team to conduct audit mission based on annual audit plan and to ensure compliance with external regulation and internal policies and procedures and reporting regularly and directly to the Audit and Risk Committee. Mr. Hu has also been appointed as the audit director of the Company since May 2021.

During July 2002 to September 2015, Mr. Hu Yi successively served as an audit project manager, a senior audit manager and an audit assistant general manager at Chongqing Pan-China Certified Public Accountants LLP (重慶天健會計師事務所), Ernst & Young Hua Ming LLP (安永華明會計師事務所) and Fullerton Credit (富登信貸公司). He joined Mashang Consumer Finance Co., Ltd (馬上消費金融股份有限公司) as an audit director in October 2015, followed by a French sole proprietorship named Microcred (美興小額貸款公司) as the audit representative of the PRC region from September 2016 to April 2019. He then served as the audit director of Suning Finance Group (蘇寧金融集團) in 2019.

Mr. Hu graduated from Central South University (中南大學), China with a degree in computerized accounting in July 2002. Further, he obtained an MBA from Sichuan University (四川大學), China in September 2015.

Ms. Wang Dongjie (王東傑) ("Ms. Wang"), Chinese, born in 1968, was appointed as the Chairlady of the Board of Supervisors on 14 April 2023. She is responsible for overall work of the Board of Supervisors and supervising the performance of duties by the Directors and the senior management.

Ms. Wang started her career in July 1989. She has extensive experience and professional insights in audit supervision and legal compliance. Ms. Wang has successively worked in Textile Industry Supply and Marketing Company of Textile Department of Sichuan Province (四川省紡織廳紡織工業供銷公司), Southwest Textile Market (西南紡織市場) and Import and Export Branch of Sichuan Shulian Textile Co., Ltd. (四川蜀聯紡織股份公司進出口分公司), and successively engaged in audit supervision, litigation and non-litigation legal affairs, risk control and compliance management since she joined Sichuan Provincial Investment Group Co., Ltd. (四川省投資集團有限責任公司) in May 1999.

Ms. Wang obtained a bachelor's degree in law from the Department of Law of Sichuan University in China in July 1989. She subsequently finished her postgraduate courses in business administration in Sichuan University of Economy and Trade (四川省工商管理學院) in China in July 2005.

Ms. Wang holds the legal professional qualification certificate issued by the Ministry of Justice of the People's Republic of China and the senior economist qualification issued by the Ministry of Human Resources of the People's Republic of China. She is a corporate lawyer certified by the Sichuan Provincial Department of Justice (四川省司法廳).

Senior Management

For biographical details of Mr. Ha, Frank Chun Shing (夏浚誠) and Mr. Zou Jun (鄒軍), please see "– Board of Directors – Executive Directors" in this section.

Mr. Guo Wei (郭維) ("Mr. Guo"), Chinese, was born in 1970. He is an executive vice president of our Company appointed in April 2022, primarily responsible for the operation and management of the Company's operations, projects, procurement and supply chain, process technology, and molecule bases.

Mr. Guo has over 17 years of experience in the lithium industry. Mr. Guo held various positions at Chengdu Machinery, Hardware and Mineral Import and Export Co., Ltd (成都市機械五金礦產進出口公司), TQMMM and Tianqi Group Company respectively. Mr. Guo joined our Company in September 2004 where he served as the head of supply department of our Company from September 2004 to November 2006, the assistant to general manager of our Company from November 2006 to May 2009, the vice president (deputy general manager) from May 2009 to February 2021, and the senior vice president (deputy general manager) from February 2021 to April 2022. Mr. Guo was a member of the Chinese People's Political Consultative Conference Standing Committee of Shehong District from September 2011 to August 2021 and has been a representative at the People's Congress of Suining City since September 2021 as well.

Mr. Guo graduated from Sichuan University (四川大學), China in July 1996. Mr. Guo was also accredited as an engineer by Suining Title Reform Work Leading Group Office in August 2006.

Ms. Liu Ying (劉瑩) ("Ms. Liu"), Chinese, was born in 1974. She is an executive vice president of our Company appointed in April 2022, primarily responsible for the global sales and marketing management, corporate innovation incubation management and human resources management of our Company.

During December 2004 to April 2012, Ms. Liu served various roles at Walmart Inc. including human resources manager, regional personnel manager, senior regional personnel manager and human resources director of the Western China region. She then acted as a human resources director at the Coca Cola Company (Sichuan) between May 2012 to October 2017 (可口可樂(四川)飲料有限公司). Subsequently, Ms. Liu joined our Company as a human resources director in November 2017 and served as a vice president of the Company from February 2021 to April 2022.

Ms. Liu graduated from Southwest University of Political Science & Law (西南政法大學) in China with a bachelor's degree in law in 1996 and obtained a master's degree in human resource management from the University of Hertfordshire, United Kingdom in 2004. She also received professional certification from The Chartered Institute of Personnel and Development in 2004.

Mr. Yan Dong (閻冬) ("Mr. Yan"), Chinese, was born in 1973. He acted as a senior vice president of our Company from February 2021 to April 2023, primarily responsible for planning and coordinating the sales management activities of the Company.

Mr. Yan served as the head of the sales branch of the Company from June 2013 to December 2014, the general sales manager of Chengdu Tianqi from December 2014 to December 2015 and the deputy general manager of Chengdu Tianqi from August 2014 to July 2020. Mr. Yan also served as the vice president (deputy general manager) of the Company from December 2015 to February 2021, and has been the senior vice president of the Company since February 2021. Further, Mr. Yan served as the chairman of the board of Windfield from September 2020 to April 2022.

Mr. Yan graduated from Suzhou Institute of Silk Textile Technology (蘇州絲綢工學院), China in July 1995 with a bachelor's degree in textile machinery and Southwestern University of Finance and Economics (西南財經大學), China with a master's degree in business administration in December 2003.

Ms. Xiong Wanyu (熊萬渝) ("Ms. Xiong"), Chinese, was born in 1975. She is a vice president of our Company appointed in February 2021, primarily responsible for the ESG and sustainable development, public relations, administration, information technology management, and management of mass organizations affairs of our Company.

Ms. Xiong worked at Chengdu Tianqi Import and Export Co., Ltd (成都天齊進出口公司) and TQMMM (成都天齊機械五礦進出口有限責任公司) during April 2008 to August 2014. Subsequently, she joined our Company in August 2014 and acted as head and director of administration department till February 2021. Ms. Xiong has also been a member of the Chinese People's Political Consultative Conference of Shuangliu District, Chengdu City, Sichuan Province since December 2021 and a representative of Chengdu Municipal People's Congress since February 2023.

Ms. Xiong graduated from the Southwestern University of Finance and Economics (西南財經大學), China with a bachelor's degree in accounting in 1996. She is currently a postgraduate student major in Master of Business Administration at Southwestern University of Finance and Economics (西南財經大學) in China. She holds certificate of Carbon Asset Management.

Mr. Zhang Wenyu (張文宇) ("Mr. Zhang"), Chinese with Hong Kong permanent residency, was born in 1978. He has been the secretary to the Board and a vice president of our Company since December 2021, and concurrently a joint company secretary of the Company in respect of H Shares since July 2022, primarily responsible for the daily affairs of the Board, corporate governance, securities and information disclosure of A Shares and H Shares of the listed Company, domestic and foreign investor relations of the listed Company, equity financing, the management of capital market reputation of the Company and securities media, and corporate governance of certain overseas subsidiaries. Further, Mr. Zhang has been the chairman of Windfield since April 2022 and is responsible for the corporate governance of Talison and other businesses under Windfield from the Board of Windfield level.

Mr. Zhang has over 20 years of experience in areas of corporate governance, corporate management, law, investment and financing, finance and taxation. Prior to joining the Group, Mr. Zhang served as the head and managing director of Dajia Overseas (HK), a partner at MWE China Law Offices (元達律師事務所) in Shanghai, China, a business and tax manager at PricewaterhouseCoopers Hong Kong (羅兵咸永道) and held relevant positions in other domestic and foreign companies.

Mr. Zhang graduated from the South China University of Technology (華南理工大學), China with a double bachelor's degree in laws and arts in July 2002. He then obtained a part-time MBA master degree from the Sun Yat-sen University (中山大學), China in June 2009, a Master of Laws degree from the Northwestern University, United States in May 2015 and a part-time Master of Laws degree from the New York University, United States in September 2019. He is currently studying for a doctorate.

Further, Mr. Zhang holds the qualification of the Chartered Financial Analyst (CFA), the Certificate in ESG Investing of CFA Institute, the qualification of Certified International Investment Analyst (CIIA), the qualification to practice law in the State of New York, U.S., the qualification of PRC Legal Professional (non-practicing), the qualification of Certified Public Accountant (non-practicing) and Shenzhen Stock Exchange qualification certificate of secretary to the board, and is a Chartered Governance Professional and a chartered secretary in U.K. and Hong Kong. Also, Mr. Zhang is named as the Golden Board Secretary of the Nineteenth Session by the New Fortune in 2023.

Mr. Li Guo (李果) ("Mr. Li"), Chinese, was born in 1983. He is a vice president of the Company since April 2022, primarily responsible for the strategy development, and the investment and M&A matters of the Company.

Mr. Li has 7 years of experience in the lithium industry. He joined our Company as an investment and development manager in June 2015. Subsequently, Mr. Li served as a manager of the strategic development department from October 2016, and has been the director of strategic development since January 2021. Further, Mr. Li has been a director of Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司) ("**Shanghai Aerospace**") since January 2016. His role as a director of Shanghai Aerospace is of a non-executive nature and is therefore not a full-time role.

Mr. Li graduated from Chongqing Technology and Business University (重慶工商大學) in China with a bachelor's degree in finance in July 2006 and obtained a master's degree in business administration from Waseda University (早稻田大學) in Japan in March 2015.

Joint Company Secretaries

Mr. Zhang Wenyu (張文宇) is a joint company secretary of the Company. For biographical details of Mr. Zhang, please see "– Senior Management" in this section.

Ms. Wong Hoi Ting (黃凱婷), Chinese (Hong Kong), is a joint company secretary of the Company, appointed in December 2021.

Ms. Wong Hoi Ting has over 8 years of work experience in the corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies.

Ms. Wong Hoi Ting graduated with a degree in social sciences from Lingnan University in 2009 and a masters of science in professional accounting and corporate governance from City University of Hong Kong in 2014. Ms. Wong Hoi Ting has been accredited as a member of The Chartered Governance Institute since 2016 and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since 2016.

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022.

GLOBAL OFFERING

The Company completed the global offering of its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022. The total number of H Shares in the global offering was 164,122,200 (before any exercise of the over-allotment option), of which 16,412,400 shares were issued in the Hong Kong public offering, representing approximately 10% of the total number in global offering (before any exercise of the over-allotment option); 147,709,800 shares were issued in the international offering, representing approximately 90% of the total number in global offering (before any exercise of the over-allotment option), at an issue price of HK$82 per share. The H Shares in the offering were listed and commenced trading on the Hong Kong Stock Exchange on 13 July 2022. The stabilized price period of the global offering ended on 5 August 2022 (i.e. the 30th day after the deadline for submission of applications for the Hong Kong Public Offering). The joint representatives appointed by the Company (on behalf of the international underwriters) did not exercise the over-allotment option during the stabilization period and therefore the over-allotment option lapsed on 5 August 2022, and there was no change in the shares of the Company before and after the invalidation of the over-allotment option. The share capital of the Company after the H Share issuance is as follows:

Class of shares	Number (shares)	Percentage
Domestically listed domestic shares (A Shares)	1,477,099,383	90%
Overseas-listed foreign shares (H Shares)	164,122,200	10%
Total number of shares	1,641,221,583	100%

MAIN BUSINESS

The Group is a leading new energy material enterprise focusing on lithium both in China and globally. The Group's main business includes the production and sales of lithium concentrate products and lithium compounds as well as derivatives. The Group's products include lithium concentrate products and lithium compounds as well as derivatives. The lithium concentrate products include chemical-grade and technical-grade lithium concentrates. The lithium compounds and their derivatives include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. Our products are widely used in a number of end markets, mainly including EV, energy storage system, aircraft, ceramics and glass. The Group mainly conducts businesses in both domestic and overseas markets. For further discussion and analysis of main business, please refer to the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND DISTRIBUTION

The results for the year ended 31 December 2022 of the Group are set out in the consolidated statement of profit or loss and other comprehensive income on page 138 of this annual report.

DIVIDEND DISTRIBUTION POLICY

Pursuant to our Articles of Association, the total profit distributed in cash form during the last three years shall not be less than 30% of the year-average profit that can be distributed during the latest three years under the PRC GAAP, subject to significant investment or capital expenditure plans and working capital requirements. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consist of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account the size of share capital, profitability, investment arrangement, cash flows and Shareholders' return plan and any other conditions that our Board may deem relevant.

FINAL DIVIDEND

The Board proposed to distribute cash dividend of RMB30 (tax inclusive) for every 10 shares to all shareholders of the Company, based on the total share capital of the Company as at the record date of shareholding (deducting the number of shares held in the repurchase account of the Group). 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 to be determined upon the implementation of the annual profit distribution plan, with the distribution ratio unchanged. The above proposal will be put forward at the forthcoming AGM for consideration and approval.

The Company will publish announcement, circular and notice regarding the AGM in accordance with the Listing Rules and the Articles of Association of the Company. The Company will also make separate announcement regarding the record date and date of closure of register of members for the payment of the final dividend to the holders of H shares. It is expected that the final dividend will be distributed before 16 August 2023.

The final dividend will be denominated and declared in RMB. The holders of A Shares will be paid in RMB and the holders of H shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollar to RMB as announced by the People's Bank of China during the five business days prior to the date of the AGM for approving the declaration of dividend.

In accordance with relevant stipulations such as the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares when distributing the cash dividends. Any H shares not registered under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, will be deemed as shares held by non-resident enterprise shareholders. Therefore, the enterprise income tax will be withheld from dividends payable to such shareholders. If holders of H shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares as at the record date of the final dividend.

According to "Notice on Issues Concerning the Collection and Administration of Individual Income Tax After the Repeal of Guo Shui Fa (1993) No. 045 (Guo Shui Han (2011) No. 348) issued by the State Administration of Taxation, the Company shall withhold and pay individual income tax for dividend payable to individual shareholders. Individual shareholders are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements between the countries where they are residents and China or the tax arrangements between mainland China and Hong Kong (Macau). If the individual shareholders are Hong Kong or Macau residents or residents of the countries having an agreed dividend tax rate of 10% with China, the Company shall withhold and pay the individual income tax at a rate of 10%. Should the individual shareholders be residents of the countries having an agreed dividend tax rate of less than 10% with China, the Company may apply for entitlement of the relevant agreed preferential tax treatment on their behalf in accordance with the announcement of State Administration of Taxation on Issuing Administrative Measures on Preferential Treatment Entitled by Non-residents Taxpayers under Tax Treaties (Announcement of the State Administration of Taxation [2019] No. 35) (《關於發佈〈非居民納税人享受協定待遇管理辦法〉的公告》(國家税務總局公告2019年第35號)). Should the individual shareholders be residents of the countries having an agreed dividend tax rate exceeding 10% but lower than 20% with China, the Company shall withhold and pay the individual income tax at the actual agreed rate. In the cases of individual shareholders who are residents of countries having not entered into any tax agreement with China or residents of countries having an agreed dividend tax rate of 20% with China or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

Shareholders are recommended to consult their tax advisor regarding the ownership and disposal of H shares of the Company in the PRC and in Hong Kong and other tax effects.

BUSINESS REVIEW

The discussion and analysis of the Group's performance, results, financial position and other relevant important factors and the prospects of the Group's business during the year are provided in the section headed "Management Discussion and Analysis" of this annual report respectively.

The major risks and coping measures of the Group

1. *Risks relating to the market fluctuations of lithium prices*

   Non-ferrous metal industry belongs to a cyclical industry. Affected by changes in various factors, prices of lithium products fluctuate, and changes in current and expected supply and demand may impact the current and expected prices of lithium products. Decline in lithium prices could materially and adversely affect the businesses, financial condition and results of operations of the Group. According to the Wood Mackenzie Report, other potential factors that will affect lithium prices include the global economic growth, supply and demand dynamics, changes in manufacturing costs (including the costs of energy, raw materials and labor), changes in transportation costs, exchange rate fluctuations, inventories and technological development. We cannot assure that lithium prices will not drop. These factors may have a material and adverse impact on our business, financial condition and results of operations, including but not limited to the following:

   (1) a significant or sustained reduction in lithium prices could result in customers' unwillingness to honor their contractual commitments to purchase products at pre-agreed pricing terms;

   (2) a significant or sustained reduction in lithium prices could result in a reduction in our revenue and profitability;

   (3) a significant or sustained reduction in lithium prices could result in a decline in the value of our lithium products (including impairment losses in the Company's equity investment in SQM), which may result in impairment of assets;

   (4) the production of lithium products may be curtailed or suspended if it is no longer economically viable.

   On the other hand, in the event of a significant or sustained significant increase in prices of lithium products, customers may seek other more affordable products as alternatives to replace lithium products, which may reduce the market demand for lithium products produced by the project. Consequently, our Group's financial condition and results of operations may be adversely affected.

Coping measures: Generally speaking, lithium resources have certain industry particularity as compared to other resources in non-ferrous metal industry. Although lithium prices have cyclical risks of price fluctuations, there exists high growth expectation of downstream ends, especially new energy vehicles and energy storage industries in the future, and there are great support from national policies, thus in the medium and long term, the Group still believes that the fundamentals of the lithium industry will continue to improve in the next few years. With the situation between supply and demand remains relatively tension, the lithium product prices have potential to remain stable or within a reasonable range in the next few years. The Group will continue to leverage on its resource and cost advantage, increase investment in research and development, and accelerate innovation based on introduction, digestion and absorption, thereby steadily improving the level of process technologies. The Group will also enhance its market competitiveness to cope with the potential adverse impact of the cyclical fluctuations of lithium price on the Group by increasing cooperation with the upstream and downstream of the lithium industry chain, and continuously improving the Group's intrinsic value and innovative capability.

2. *Potential tax risks in IGO transaction*

In 2021, TLEA, a wholly-owned subsidiary of the Company, introduced a strategic investor IGO, a company listed in Australia, by means of capital increase and share capital expansion. Upon completion of the capital increase, the Company held 51% of the registered capital of TLEA and IGO Lithium Holdings Pty Ltd, a wholly-owned subsidiary of IGO, held 49% of the registered capital of TLEA. The transaction has been completed up to now. Currently, the Australian Taxation Office is still reviewing and assessing the potential taxation implications of the transaction structure of the aforesaid transaction (including the steps for implementing internal restructure). If the Australian Taxation Office considers that the transaction structure fails to comply with the general anti-tax avoidance provisions of Australian Income Tax Assessment Act 1936 substantially in its review opinions, it may cause, including but not limited to the TLA equity transfer related to the internal restructure not applicable to the capital gain tax exemption under the same consolidated tax group, as well as additional tax cost such as penalties ranging from 25% to 100% of the total tax payable and interests, which will increase the tax liability of the transaction and could have an adverse effect on the financial condition and results of operations of the Group at present or in the future. As of the date of this report, the Company and its relevant subsidiaries have not received any review or assessment opinions from Australian tax authorities yet, and the actual implication amount and assessment time are still subject to uncertainties.

Coping measures: The Company and its relevant subsidiaries entered into the Tax Sharing Agreement (《稅務分擔協議》) with IGO and IGO Limited on 21 June 2021, pursuant to which, both parties agreed that, in the event that the steps for implementing internal restructure were confirmed to incur capital gain tax upon review and assessment by the Australian Taxation Office, IGO and IGO Limited agreed to share such tax liability with TLH on the basis of its 49% equity interest in the joint venture, on the premise of not exceeding the maximum amount agreed upon in the Tax Sharing Agreement. At present, the Company and relevant subsidiaries are proactively communicating and negotiating with the Australian Taxation Office on tax review matters, and cooperating with relevant tax review matters, so as to avoid or reduce the potential adverse effect of such tax review on the Group to the greatest extent.

3. *Risk relating to the ramp-up of our production capacity lower than expected, which results in the delay of project income, thus affecting the Group's operating performance*

In November 2022, the product samples of the first phase of the lithium hydroxide project in Kwinana of the Group had been inspected by SGS-CSTC Standards Technical Services Co. Ltd., a third-party product certification institution, and the product samples met the GB/T26008-2020 standard. TLK has gradually distributed the relevant samples of lithium hydroxide products to the potential purchasers for the purpose of customer certification, which is expected to take 4 to 8 months. The actual schedule of completion is still uncertain due to the higher requirements of downstream high-end lithium battery manufacturers on lithium hydroxide products from the suppliers; after the formal commercialized production of the project, it is necessary to gradually improve the load rate for capacity ramp-up before reaching the designed production capacity; in the process of capacity ramp-up, if there are any problems affecting the quality and yield, local process optimization and technical transformation are required to gradually reach the designed production capacity. If the price of the lithium reduces and the above steps are implemented later than expected, the realization of the project income will be delayed and the results of operations of the Group will be adversely affected for a certain period. In addition, if the lithium hydroxide products produced by the Group fails to pass the customer's sampling test as scheduled, the Group's early investment in such projects may face the risk of loss, impairment provision or failure to be recovered completely in the future. The Group has invested a large amount as capital expenditure in the project, and the increase in the investment may lead to a lower return on investment than expected, and the corresponding capital cost, depreciation after the conversion into fixed assets and other operating costs will be increased.

Coping measures: The management of the Company attaches great importance on the potential adverse impact on the Group's operations caused by the continuous investments, production commencement and ramp-up progress of the above-mentioned projects. Therefore, it actively delegates domestic professional and technical experts to Australia where they participate in and support the ramp-up work of the projects, so as to speed up the progress of reaching the production capacity of these projects, and realize project income as soon as possible.

4. *Safety and environmental protection risk*

As a production enterprise of lithium mining and lithium chemical materials, the Group may engage in certain activities with inherent risks and hazards in mining and project construction, such as working at height and using heavy machinery, which may lead to accidents that will affect production or cause personal injury if there are inadequate measures to prevent and control geological hazards in mines, misuse by employees or equipment failure, etc. At the same time, some of the auxiliary materials used by the Group during its production are hazardous to human beings to some extent, so if precautionary measures are inadequate or there is leakage of toxic gases, strong acids and alkalis and other liquids, it may lead to interruption of production and even legal liabilities, thereby affecting the Group's reputation and image. In addition, as a production enterprise, the Group generates waste water, waste gas and industrial residue in the production process, which may lead to penalties by the competent authorities resulting from substandard emission parameters caused by environmental protection equipment failure or under certain circumstances, so there is a certain risk of environmental protection.

Coping measures: The Group has established the EHS (environment, health and safety) department as considered and approved at the 32nd meeting of the fifth session of the Board. The Group will continue to adhere to the project construction and operation management policy of "high-quality, high-standard and high-efficiency", fully demonstrate the safety and environmental protection risk factors in the feasibility study and project design in accordance with the latest regulatory standards, and give priority attention to forward-looking design; continue to carry out full automation modification of the existing production lines to increase the stability and reliability of operation, minimize manual operation and reduce safety and environmental protection risks; purchase production equipment provided by first-class suppliers with high safety standard, environmental protection and energy saving and high efficiency to equip all new projects, make the production lines fully automated, intelligent and networked, and timely eliminate hidden problems by real-time monitoring, early warning, transmission and collecting feedback. Meanwhile, the Group will continue to purchase accidental injury insurance for employees, strengthen training and assessment for all employees on safe and clean production, attach great importance to the standardization of production operations of employees, and insist on the continuous improvement of safety and environmental protection contingency plans and preventive drills for employees to fundamentally prevent and control safety and environmental protection problems.

5. *Risks of the fluctuation of foreign exchange rates*

The Group is exposed to risks relating to the fluctuation of exchange rates. The Group's exposure to exchange rate risk is primarily related to U.S. dollars and Australian dollars, and there is a risk of results fluctuation caused by the exchange rate fluctuation of U.S. dollars and Australian dollars. The fluctuation of exchange rates could increase our Renminbi costs for, or reduce our Renminbi revenues from, the Group's foreign operations, or affect the prices of the Group's exported products and the prices of the Group's imported equipment and materials. Any cost increases or revenue decreases due to the fluctuation of foreign exchange rates may adversely affect the Group's profit. The decreases or increases of foreign currency assets and foreign currency liabilities arising from the fluctuation of exchange rates may also adversely affect the Group's profit. The Group makes significant equity investments outside of China, and with further expansion of the Group's foreign operations, foreign currency assets and liabilities of the Group are also expected to increase. The Group may face a risk of foreign currencies translation affecting the financial statements because of the different functional currencies.

Coping measures: The Group has established relevant systems of approval and management of foreign exchange hedging operations. On the premise of ensuring security and liquidity, the management is authorized to choose and adopt forward foreign exchange settlement and sale, foreign exchange swaps, foreign exchange options and other financial instruments to operate flexibly, so as to reduce the adverse impact of variations in exchange rates on the Group's profit level.

6. *Risk of geopolitics and anti-globalization*

Under the background of the global clean energy transition, all countries gradually realized the strategic significance of lithium as an energy metal and successively specified plans on the protection of key metals. Chile, Mexico and other countries proposed nationalization of lithium resources. On the other hand, major countries with lithium resources in the world tend to promote the integrated construction in the upstream and downstream of local lithium industrial chains to further enjoy the added value in the processing of lithium resources. Australian lithium mining enterprises generally released plans on the construction of local lithium smelting capacity. In addition, with the emerging of the anti-globalization thinking in recent years, many countries with the Western ideology turned to trade protectionism. They hindered the global supply chains and supported the development of local enterprises with subsidies and high tariffs. Chinese companies in the lithium battery industrial chains may be unable to access such countries and markets and they will be confronted with new challenges.

Coping measures: The Group will continue to seek partners to expand the deployment on high-quality lithium mineral resources, continuously promote strategic cooperation and continue to cooperate with the world's leading mining enterprises to explore new lithium resource development opportunities, so as to expand the layout of high-quality lithium mineral resources. While ensuring ecological security, the Group will speed up in the development of domestic lithium resources and further optimize the deployment on industrial chains.

7. *Risks subject to macroeconomics*

The global macroeconomic environment is facing numerous challenges. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies that have been adopted by the central banks and financial authorities of some of the world's leading economies. There have also been concerns over unrest in some foreign countries, which have resulted in volatility in commodity prices and other markets. Unfavorable financial or economic conditions may adversely affect the demand for lithium concentrate and lithium compounds and derivatives. Furthermore, concerns over inflation, energy costs, geopolitical issues, policies and costs of credit, consumer confidence, asset values, capital market volatility and liquidity issues may cause operational obstacles and difficulties in the future. Additionally, the recent trade tensions between some foreign countries and China, the different potential possibility arising from the potential new constitution in Chile in the future, and any future economic conflicts escalated therefrom, may materially and adversely affect our industry and end markets, as well as the global economic conditions in general.

Coping measures: The Group will continue to closely monitor the above-mentioned possible risks, while deepen the analysis of the internal and external economic environment, and make timely risk predictions. The Group will grasp and apply various economic policies of various countries appropriately, reasonably adjust strategic measures and directions, and formulate strategies suitable for the economic environment and the Group's industrial development, so as to minimize the impact of macroeconomic changes on the Group's results of operations and ensure the Group's sustainable development and stable operation.

Environmental policies

The Group adheres to the concept of co-existence with ecology and environment and strictly complies with environmental laws and regulations released by the government of the jurisdictions where it operates. It establishes corresponding internal management systems, carries out environmental impact assessment and environment monitoring in accordance with laws and actively promotes the construction of environmental management systems. It gives priority to the management of waste water, waste gases and wastes in environmental protection and continuously upgrades and transforms pollution prevention and control facilities and equipment to ensure their efficient and stable operation. Meanwhile, it pays environmental protection related taxes in full and develops an operation model of sustainable development. As of 31 December 2022, all of the Group's domestic bases and Talison have obtained the ISO14001 environmental management system certification and are subject to internal and external audits each year. For potential issues identified in self-inspections and supervisions, the Group conducts closed-loop rectifications based on the principle of "five determinings" (namely, determining the staff for rectification and acceptance, determining the time for rectification and acceptance, determining the responsibilities and responsible persons, determining rectification standards and determining rectification measures) to increasingly improve the environmental management standards. In addition, the Group sets the annual environmental targets based on the targets of previous years and their achievement and establishes the target and performance evaluation systems to further improve the environmental performance of the Group and set up the image of green brands.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board attaches great importance to compliance of the Company's policies and practices with applicable legal and regulatory requirements. As of 31 December 2022, to the best of knowledge and belief of the Board, the Company did not have any material breach of or non-compliance with the laws and regulations applicable to the Company. Neither was there any event that has had significant effect on the business and operation of the Company.

Relationship with employees

The Group attaches great importance to trainings for employees to improve their skills and product knowledge, promote their individual development, improve the working environment and work safety and facilitate their occupational development. We pay attention to employees' welfare and regularly review policies on employees' remuneration. We have established and continuously improved the remuneration management system, actively built the remuneration and welfare system taking into account both external competitiveness and internal fairness and provided employees with a comprehensive remuneration and welfare consisting of fixed wages, short-term incentives, long-term incentives and employee benefits. In the future, we will continue to promote long-term employee incentive plans to further enhance their sense of belonging and cohesion and cultivate an employee team with high loyalty.

Relationship with customers and suppliers

The Group adheres to the integrity-oriented principle and opposes unfair competitions. It strictly complies with laws and regulations of the PRC and the countries where it operates and prohibits commercial briberies in procurement and sales processes.

The Group strives to build and maintain long-term and strong relationships with customers. The Group, as an established leader in the global lithium industry, has built a first-class customer group and become a critical partner in the supply chain of several key battery and EV OEMs around the world. During the Reporting Period, the Group maintained stable relationships with a majority of customers, and planned to sign long-term sales agreements and strategic cooperation agreements with reputable customers to further develop and maintain stable customer relationship by continuously meeting customers' requirement for high quality and consistency. The Group regularly conducts customer satisfaction surveys each year. During the Reporting Period, the customer satisfaction on all domestic production bases of the Group was above 95%.

For suppliers, the Group regularly evaluates the performance of its suppliers (including suppliers' social responsibility) and strives to build sustainable supply chains to ensure the products and services meeting the requirements on sustainable development from the source. The Group promotes intelligent procurement, reshapes the supplier management system and achieves standardized operation through information intellectualization to ensure the fairness and justice of the procurement process and reasonably avoid malpractices and non-compliance risks in procurement and performance of contracts. The Group also opens its complaint channels to suppliers to provide smooth channels for reporting corruption events. During the Reporting Period, the Group recorded no malpractices or commercial briberies.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

For the year ended 31 December 2022, sales from the top five customers and the largest customer of the Company were RMB24,303,919 thousand and RMB12,959,079 thousand, accounted for 60.50% and 32.26% of the total sales of the Company, respectively.

For the year ended 31 December 2022, purchases from the top five suppliers and the largest supplier of the Company were RMB1,250,058 thousand and RMB373,778 thousand, accounted for 21.34% and 6.38% of the total purchases of the Company, respectively.

During the Reporting Period, none of the Directors, their close associates, or any Shareholders (to the best knowledge of the Directors, own more than 5% of the issued shares of the Company) held any interest in the Group's top five customers or suppliers.

DIRECTORS' REPORT

RESERVES

Particulars on changes on the reserves of the Company and the Group for the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 141.

CHARITABLE DONATIONS

A 6.8-magnitude earthquake hit Luding County in Ganzi Prefecture, Sichuan Province in September 2022. The Company responded quickly and donated cash and goods in a total amount of RMB10 million to support earthquake relief and post-earthquake reconstruction. It maintained frequent communications with Ganzi Prefecture and carried out targeted preparations with the focus on local demands.

PROPERTY, PLANT AND EQUIPMENT

Particulars on changes on the property, plant and equipment of the Company and the Group for the year ended 31 December 2022 are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Particulars on changes on the share capital of the Company during the Reporting Period are set out in note 30 to the consolidated financial statements.

Save as disclosed in the section headed "Purchase, Sale and Redemption of Shares" in this report, during the year, none of the Company or any of its subsidiaries have purchased or redeemed any listed securities of the Company.

RETAINED PROFITS

As at 31 December 2022, for the retained profits of the Company, please refer to note 30 to the consolidated financial statements.

BANK BORROWINGS AND OTHER BORROWINGS

Particulars on bank borrowings and other borrowings of the Company and the Group as at 31 December 2022 are set out in note 25 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of the PRC, which oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

FIVE-YEAR FINANCIAL SUMMARY

As the listing of shares of the Company on the Hong Kong Stock Exchange was less than one year as at the end of the Reporting Period, we only presented the summary of the results and the balance sheets for the past four financial years prepared by the Group in accordance with IFRSs, which is set out below:

	For the year ended 31 December (RMB thousand)			
	2022	2021	2020	2019
Revenue	**40,168,923**	7,597,863	3,215,231	4,816,361
Gross profit	**34,154,295**	4,687,884	1,326,992	2,697,277
(Loss)/profit attributable to the equity shareholders of the Company	**23,944,590**	3,649,185	(1,830,920)	(5,981,435)
(Loss)/earning per share	**15.41**	2.47	(1.24)	(4.41)

	For the year ended 31 December (RMB thousand)			
	2022	2021	2020	2019
Total assets	**72,558,017**	45,800,308	42,287,895	46,665,888
Total liabilities	**17,799,775**	26,007,356	34,860,069	37,759,569
Net assets	**54,758,242**	19,792,952	7,427,826	8,906,319

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS

Directors and Supervisors in office during the Reporting Period and up to the date of this annual report are as follows:

EXECUTIVE DIRECTORS:

Mr. Jiang Weiping (Chairman of the Board)
Ms. Jiang Anqi (Vice chairlady)
Mr. Ha, Frank Chun Shing (President)
Mr. Zou Jun (Executive vice president/chief financial officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Pan Ying
Mr. Xiang Chuan
Ms. Tang Guoqiong
Ms. Huang Wei

SUPERVISORS:

Ms. Yan Jin
Ms. Chen Zemin
Mr. Hu Yi

Changes to the Information of the Directors, Supervisors and Chief Executive

During the Reporting Period, changes to the information of the Directors, Supervisors and chief executive of the Company are set out as follows:

Name	Position	Type	Date
Jiang Anqi	Vice chairlady	Elected	28 April 2022
Guo Wei	Executive vice president (deputy general manager)	Appointed	28 April 2022
Liu Ying	Executive vice president (deputy general manager)	Appointed	28 April 2022
Li Guo	Vice president (deputy general manager)	Appointed	28 April 2022
Huang Wei	Independent non-executive Director	Elected	22 June 2022
Zhou Fu	Vice president	Resigned	29 July 2022

Detailed biographies of the Directors, Supervisors and senior management of the Company are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report. Save as disclosed above, to the best knowledge of the Company, there were no other changes to the information of the Directors, Supervisors and chief executive of the Company which were required to be disclosed pursuant to the 13.51B(1) of the Listing Rules during the year ended 31 December 2022 and up to the date of this annual report.

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term commencing from the date of appointment to the date when this session of Board expires (i.e. 14 April 2026, except for the resigned Directors as disclosed above), which is subject to re-election, except that the consecutive term of independent non-executive Directors shall not exceed six years.

Each of the Supervisors has entered into a service contract with the Company for a term commencing from the date of appointment to the date when this session of Board of Supervisors expires (i.e. 14 April 2026, except for the resigned Supervisor as disclosed above), which is subject to re-election.

None of the Directors or Supervisors has a service contract with the Group which is not terminable within one year without payment of compensation (other than statutory compensation).

INTEREST OF DIRECTORS AND SUPERVISORS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT OR CONTRACTS

During the year ended 31 December 2022 and up to the date of this annual report, none of the Directors or Supervisors has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

CONFIRMATION ON INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of its independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that all independent non-executive Directors are independent during the year ended 31 December 2022 and up to the date of this annual report.

REMUNERATION POLICY

The Directors believe that the ability to attract, motivate and retain skilled and experienced personnel is of significant importance to the long-term successful development of the Group. In accordance with the PRC Labor Contract Law (《中華人民共和國勞動合同法》) and other laws and regulations and following the principles of specialization, differentiation and unification, the Group has established and continuously improved the remuneration management system, actively built a remuneration and benefit system taking into account external competitiveness and internal fairness, and provided employees with comprehensive remuneration and benefits consisting of fixed payroll, short-term incentives and employee benefits.

The Company has established a Remuneration and Appraisal Committee to review the policy and structure of the remuneration for the Directors and senior management of the Group based on the Group's operating results, individual performance of Directors and senior management and comparable market practice.

Particulars on the remuneration for the Directors, Supervisors and five highest paid individuals during the Reporting Period are set out in notes 8 and 9 to the consolidated financial statements.

DIRECTOR'S REMUNERATION

The Company has formulated the Remuneration Plan for Directors and Supervisors and the Remuneration Plan for Senior Management, and published the same on the website of the SZSE on 30 April 2022.

According to the above remuneration plans, the emoluments payable to the Directors shall be determined based on (i) their positions and nature of work; (ii) service time and responsibilities, risks and pressure borne by them; (iii) salaries of the same positions of similar listed companies.

In addition to the fixed Directors' remuneration, the executive Directors who concurrently serve as the senior management members of the Company will also receive senior management's remuneration. The remuneration of the senior management shall be determined with reference to the market salary level, profitability of the Company, duties and responsibilities borne by them, inflation and other factors, and will be reviewed annually by the Remuneration and Appraisal Committee.

Details of Directors' remuneration is set out on page 123 of this annual report.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 31 December 2022, the interests and short positions of our Directors, Supervisors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules, were set out as follows:

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Jiang Weiping[(3)(4)]	Interest of controlled corporations	A Shares	416,316,432 (L)	28.18%	25.37%
	Interest of spouse	A Shares	68,679,877 (L)	4.65%	4.18%
Ha, Frank Chun Shing	Beneficial owner (held through employee stock ownership plan)	A Shares	16,900 (L)	0.001%	0.001%
Zou Jun	Beneficial owner (held directly)	A Shares	643,637 (L)	0.044%	0.039%
	Beneficial owner (held through employee stock ownership plan)	A Shares	14,300 (L)	0.001%	0.001%
Hu Yi	Beneficial owner (held through employee stock ownership plan)	A Shares	5,100 (L)	0.0003%	0.0003%

Notes:

(1) The calculation is based on the percentage of shareholding in A Shares (as applicable) of the Company.

(2) The calculation is based on the total number of 1,641,221,583 Shares in issue.

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at 31 December 2022, Tianqi Group Company had pledged 4,500 thousand A Shares in total to two financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行) and China Everbright Bank Co., Ltd. Chengdu Wuhou Sub-branch (中國光大銀行股份有限公司成都武侯支行).

(4) Mr. Jiang Weiping is deemed to be interested in the Shares held by his spouse, Ms. Zhang Jing, under the SFO.

Save as disclosed above, as at 31 December 2022, none of our Directors, Supervisors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which were required to be entered in the register required to be kept pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in this annual report, none of the Company, or any of its subsidiaries have entered into any arrangement to enable the Directors or Supervisors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other corporate body, and none of the Directors and Supervisors or their spouses and children under the age of 18 had any right to subscribe for the share capital or debt securities of the Company or any other corporate body or had exercised any such right at any time during the Reporting Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 31 December 2022, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be kept pursuant to section 336 of the SFO:

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate % of the relevant class of shares in our Company[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Tianqi Group Company[(3)]	Interest of controlled corporations	A Shares	416,316,432 (L)	28.18%	25.37%
Ms. Zhang Jing[(4)]	Beneficial owner	A Shares	68,679,877 (L)	4.65%	4.18%
	Interest of spouse	A Shares	416,316,432 (L)	28.18%	25.37%
Gold Mountains (Hong Kong) International Mining Company Limited	Beneficial Owner	H Shares	9,573,400 (L)	5.83%	0.58%
Zijin Mining Group Co.,	Interest of controlled corporations	H Shares	9,573,400 (L)	5.83%	0.58%
RWC Asset Advisors (US) LLC	Investment Manager	H Shares	9,000,000 (L)	5.48%	0.55%
Pacific Asset Management Co., Ltd.	Other	H Shares	15,513,600 (L)	9.45%	0.95%
Morgan Stanley Investments (UK)	Interest of controlled corporations	H Shares	17,245,690 (L) 8,014,032 (S)	10.50% 4.88%	1.05% 0.49%

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate % of the relevant class of shares in our Company[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Morgan Stanley International Limited	Interest of controlled corporations	H Shares	17,245,690 (L) 8,014,032 (S)	10.50% 4.88%	1.05% 0.49%
Morgan Stanley & Co. International plc	Interest of controlled corporations	H Shares	17,245,690 (L) 8,014,032 (S)	10.50% 4.88%	1.05% 0.49%
Morgan Stanley International Holdings Inc.	Interest of controlled corporations	H Shares	28,570,062 (L) 8,014,032 (S)	17.40% 4.88%	1.74% 0.49%
Morgan Stanley Hong Kong 1238 Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Holdings Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley (Hong Kong) Holdings Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
LG Chem, Ltd.	Beneficial Owner	H Shares	14,360,200 (L)	8.75%	0.88%
HWABAO TRUST CO., LTD	Trustee	H Shares	14,360,200 (L)	8.75%	0.88%
China International Capital Corporation Hong Kong Securities Limited	Underwriter	H Shares	9,354,916 (L) 24,618,200 (S)	5.70% 15.00%	0.57% 1.50%
China International Capital Corporation (International) Limited	Interest of controlled corporations	H Shares	14,013,716 (L) 29,277,000 (S)	8.54% 17.84%	0.85% 1.78%
China International Capital Corporation Limited	Interest of controlled corporations	H Shares	3,755,200 (L) 28,373,400 (S)	2.29% 17.29%	0.22% 1.73%

Notes:

(1) The calculation is based on the percentage of shareholding in A Shares or H Shares of the Company (as the case may be).

(2) The calculation is based on the total number of 1,641,221,583 Shares in issue.

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at 31 December 2022, Tianqi Group Company had pledged 4,500,000 A Shares in total to two financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行) and China Everbright Bank Co., Ltd. Chengdu Wuhou Sub-branch (中國光大銀行股份有限公司成都武侯支行).

(4) Mr. Jiang Weiping and his spouse, Ms. Zhang Jing, are deemed to be interested in the Shares held by each other under the SFO.

Save as disclosed above, as at 31 December 2022, so far as is known to the Directors, none of any other persons (other than the Directors, Supervisors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register referred to in section 336 of the SFO.

PERMITTED INDEMNITY

The Company has maintained appropriate liability insurance for Directors and senior management of the Company and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2022. Save for the foregoing, during the Reporting Period and as of the date of this annual report, the Company had no other permitted indemnity in force.

MANAGEMENT CONTRACTS

During the Reporting Period and as of the date of this annual report, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business.

NON-COMPETITION UNDERTAKINGS

As at the date of this annual report, Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares of the Company. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. Ms. Zhang Jing directly holds 68,679,877 A Shares of the Company. Mr. Jiang Weiping and his spouse, Ms. Zhang Jing, are deemed to be interested in the Shares held by each other under the SFO.

Mr. Jiang Weiping, Ms. Zhang Jing, and Tianqi Group Company have provided non-competition undertakings to the Company on 31 August 2010 in connection with the A Shares listing on the Shenzhen Stock Exchange, 7 June 2013 in connection with the non-public offering of A Shares, 21 April 2017 in connection with the placement of A Shares and 25 June 2019 in connection with the placement of A Shares, respectively. For further details of the non-competition undertakings, please refer to the Prospectus.

The Company has received the annual confirmation from the Controlling Shareholders in respect of their compliance with the non-competition undertakings during the Reporting Period and has disclosed the same in this annual report.

The independent non-executive Directors have reviewed the compliance with the non-competition undertakings during the Reporting Period based on information and the confirmation provided or given by the Controlling Shareholders, and are satisfied that there is no decisions that would conflict with the interests of the Company, and that the Controlling Shareholders have complied with the non-competition undertakings during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2022, neither the Directors nor any of their associates had any interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Please refer to note 6(b) to the consolidated financial statements for detailed information on the retirement and employee benefits scheme of the Company.

UTILIZATION OF THE PROCEEDS FROM H SHARE OFFERING OF THE COMPANY

Upon approval by the CSRC in accordance with the Reply on the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) issued on 2 June 2022, the Company issued its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022. A total of 164,122,200 H Shares (before any exercise of the over-allotment option) were issued at the price of HK$82 per share through both public offering and international placement. After deducting underwriting fees and other issuance expenses, the net proceeds from the global offering were approximately HK$13.062 billion, which will be used for the purpose and proportion as set out in the H Share Prospectus of the Company. The table below sets out the proposed purposes of the net proceeds and summary of usage as at 31 December 2022:

Unit: HK$ million

Proposed use of proceeds	Planned use of the net proceeds	Utilized net proceeds as at 31 December 2022	Balance as at 31 December 2022	Expected timeline of use of proceeds
Repay the outstanding balance of the SQM Indebtedness	8,865	8,865	0	
Fund the construction of Phase I of the Anju Plant	1,170	363.71	806.29	From April 2023 to June 2024
Repay certain PRC domestic bank loans	1,721	1,721	0	
Working capital and general corporate purposes	1,306	1,306	0	
Total	13,062	12,255.71	806.29	

EMPLOYEE STOCK OWNERSHIP PLAN

In order to further improve the corporate governance, enhance the overall value of the Company, as well as further improve the core competitiveness of the Company, improve the remuneration and incentive system with equal emphasis on incentives and restraints, as proposed by the Board, the Shareholders approved to implement the Employee Stock Ownership Plan of the Year 2022 (the "**Employee Stock Ownership Plan**" or the "**Plan**") (Draft) for the directors (excluding independent non-executive directors), supervisors, middle and senior management personnel, and core business/technical personnel of the Company or its subsidiaries at the first extraordinary general meeting of 2022 of the Company held on 17 October 2022.

Summary of the Employee Stock Ownership Plan

The subscription under the Employee Stock Ownership Plan is based on "units", with each unit equal to RMB1.00, and the upper limit of units under the Plan is RMB200 million. The corresponding number of Shares is calculated by dividing RMB200 million by the average price for repurchased Shares. On 23 September 2022, the Company conducted its first share repurchase through centralized price bidding. A total of 1,780,366 Shares were repurchased, representing 0.11% of the total share capital of the Company. The maximum, minimum and average repurchase price were RMB112.90/share, RMB109.70/share, and RMB112.33/share, respectively, and the total amount paid for the repurchase was RMB199,985 thousand.

Upon the implementation of the Plan, the total number of shares held under all effective employee stock ownership plans shall not exceed 10% of the total share capital of the Company. The total number of shares corresponding to the units held by each employee under the Employee Stock Ownership Plan shall not exceed 1% of the total share capital of the Company.

The total number of employees participating in the Employee Stock Ownership Plan would not be more than 240 (excluding the employees to be granted with reserved Shares), including 9 Directors, Supervisors and senior management personnel of the Company, and no more than 231 other employees. The corresponding upper limits for the units and proportion granted to the participants are as follows:

	Name of participants	Position	Maximum number of units (10 thousand)	Maximum proportion to the Plan
1	Ha, Frank Chun Shing (夏浚誠)	Executive Director/President	190	0.95%
2	Zou Jun (鄒軍)	Executive Director/ Executive Vice President/ Chief Financial Officer	161	0.81%
3	Guo Wei (郭維)	Executive Vice President/ Chief Operating Officer	161	0.81%
4	Liu Ying (劉瑩)	Executive Vice President/ Chief Strategic Integration Officer	161	0.81%
5	Yan Dong (閻冬)	Senior Vice President	137	0.69%
6	Xiong Wanyu (熊萬渝)	Vice President	99	0.50%
7	Zhang Wenyu (張文宇)	Secretary to the Board/ Vice President/ Joint Company Secretary	24	0.12%
8	Li Guo (李果)	Vice President	84	0.42%
9	Hu Yi (胡軼)	Employee Representative Supervisor/Audit Director	57	0.29%
Other employees of the Company (not more than 231 people)			11,432	57.16%
Subtotal			12,506	62.53%
Reserved			7,494	37.47%
Total			20,000	100.00%

Shares Granted during the Reporting Period

As at the end of the Reporting Period, the actual number of participants and shares granted under the Employee Stock Ownership Plan were as follows:

	Number of participants	Total number of units	Total number of underlying Shares	Approximate percentage of total issued share capital of the Company
Proposed to grant	240	20,000	Approximately 1,780,366 shares	0.11%
Granted	240	11,970	1,062,400 shares	0.0647%

Specifically, number of shares granted to Directors and five highest paid individuals were as follows, which did not exceed the upper limit of the units to be granted as considered and approved at the Shareholders' General Meeting:

	As of 1 January 2022	Number of shares granted during the Reporting Period	Closing price of the Shares immediately before the grant date (1) (RMB)	Value of Shares granted (2) (RMB)	Unlocked during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	As of 31 December 2022
Five highest paid individuals (including Directors) (in aggregate)	0	45,500	83.98	3,753,750	0	0	0	45,500
Directors								
Ha, Frank Chun Shing (夏浚誠)	0	16,900	83.98	1,394,250	0	0	0	16,900
Zou Jun (鄒軍)	0	14,300	83.98	1,179,750	0	0	0	14,300
Other employees	0	1,016,900	83.98	83,894,250	0	0	0	1,016,900

Notes: (1) The grant date is 21 December 2022.

(2) The fair value of the Shares granted was based on the closing price per A share at the date of grant, details of basis for fair value information are disclosed in note 31 to the consolidated financial statements.

The Plan and participants of the Plan will waive the voting rights entitled by the direct or indirect holding of the Company's stock through the Plan. During the lock-up period, the participants shall not request the distribution of rights and interests of the Employee Stock Ownership Plan.

Source of Shares

The source of shares in the Plan is ordinary A Shares of Tianqi Lithium repurchased through the Company's designated repurchase account. On 21 December 2022, the Company received the Confirmation of Transfer Registration issued by China Securities Depository and Clearing Corporation Limited. 1,312,400 Shares of the Company held in the designated account for share repurchase (securities account: 0899990607) have been transferred to the "Tianqi Lithium Corporation – Employee Stock Ownership Plan of the Year 2022" (securities account: 0899357438) by means of non-transaction transfer on 21 December 2022 and the transfer price was RMB0 per share. As at the end of the Reporting Period, there were 1,312,400 Shares of the Company in the account for the Employee Stock Ownership Plan of the Year 2022 of the Company, accounting for 0.08% of the total share capital of the Company. Among which 1,062,400 Shares had been granted, accounting for approximately 0.068% of the weighted average number of ordinary shares of the Company as at 31 December 2022, and the remaining 250,000 Shares are in reserve.

Transfer Price of Shares

The price at which the Plan transfers the shares repurchased by the Company is RMB0/share, which is determined in accordance with applicable laws and regulations as well as the current conditions of the Company. The price is mainly determined on the basis of comprehensively considering the realistic and long-term factors such as the necessity for employee incentives, the financial condition of employees, the periodical fluctuations of the industry during the lock-up period of the Shares, and the risk of the capital market. Most of the participants are the key employees who develop with the Company and are the main strength for the Company's business development and industrial layout. The Plan is an affirmation and returns for the past work and contributions of those employees. It will help to prevent the brain drain, enhance the stability of the staff team, encourage the employees to develop with the Company in the long run, improve the core competitiveness of the Company and improve the Company's ability to resist the risk of cyclical fluctuation. It may also increase the enthusiasm for employees to participate in the Plan, and enhance the participation and coverage scope of the Employee Stock Ownership Plan, in order to realize in-depth binding between employees' and the Company's interests and enable full play of the incentive effects. In addition, the Plan has set up a 36-month lock-up period to assess the overall performance of the Company and the employees so as to achieve a balance between incentives and restraints in compliance with applicable laws and regulations.

Term and Lock-up Period of the Plan

The term of the Plan is 48 months, starting from the date when the Company announced the registration of the last tranche of the target Shares under the Plan, i.e., 21 December 2022. The Plan will be automatically terminated if it is not extended upon expiry. The lock-up period for the shares subscribed/granted under the Plan is 36 months, starting from the date when the Company announced that the last tranche of target Shares has been transferred to the Plan, i.e., 21 December 2022; the Shares will be unlocked at one time after the lock-up period expires.

The assessment for the Plan comprises corporate performance and individual performance assessment, and the assessment period will be three financial years from 2022 to 2024.

1. *Corporate Performance Assessment*

By the end of 2024, the Group's total production capacity of lithium chemical products shall reach 90,000 tons of lithium carbonate (equivalent).

2. *Individual Performance Assessment*

According to the Company's current performance assessment system, the Company will set the assessment indicators and objectives for the participants under the Employee Stock Ownership Plan, so to assess the average performance of the participants annually during the 3 years from 2022 to 2024. The individual performance assessment is organized and implemented by the Company's human resources department and the department the participants belong to, and the individual unlocking ratio is determined based on the performance assessment results:

Assessment standard	S	A	B	C	D
Unlocking ratio	100%	100%	90%	80%	0%

The number of target Shares unlocked for each participant = total number of target Shares to be locked for each participant × corresponding unlocking ratio.

Upon the fulfillment of the Company's performance targets under this tranche of the Employee Stock Ownership Plan, the participants will enjoy the underlying equity rights that are vested to him/her according to the unlocking ratio corresponding to the above individual performance results under this tranche of the Employee Stock Ownership Plan. If the Company's performance targets are not fulfilled under the Plan, all the underlying equity rights under this tranche of the Employee Stock Ownership Plan shall be owned by the Company, and all participants will no longer enjoy the underlying equity rights under this tranche of the Employee Stock Ownership Plan. After passing the assessment, the corresponding proportion of equity shares will be unlocked, and all target Shares attributable to the participants will be available for sale. The units and proportion of the target Shares finally attributable to each participant will be determined according to the fulfillment of the Company's performance targets during the assessment period, and the Company will then make a separate announcement.

Please refer to note 31 to the consolidated financial statements for the accounting treatment of the Employee Stock Ownership Plan. For further details of the Employee Stock Ownership Plan, please refer to the announcements of the Company published on the Shenzhen Stock Exchange on 24 August 2022, 31 August 2022 and 22 December 2022, respectively and the announcements of the Company published on the HKSE on 23 August 2022, 30 August 2022 and 21 December 2022, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 23 September 2022, the Company conducted its first share repurchase through centralized price bidding. A total of 1,780,366 Shares were repurchased, representing 0.11% of the total share capital of the Company. The maximum, minimum and average repurchase price were RMB112.90/share, RMB109.70/share, and RMB112.33/share, respectively, and the total amount paid for the repurchase was RMB199,985 thousand.

Save for the repurchase as disclosed under the section headed "Employee Stock Ownership Plan" above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

The Company completed the global offering of its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022, issuing 164,122,200 H Shares. For details of the utilization of the proceeds from H Share Offering of the Company, please refer to "Utilization of the Proceeds from H Share Offering of the Company" above.

CONNECTED TRANSACTIONS

During the year ended 31 December 2022, the Group did not enter into any connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Albemarle Agreements

During the year ended 31 December 2022, the Group had entered into continuing connected transactions with Albemarle Germany. Albemarle Germany is the controlling shareholder of RT Lithium and an associate of RT Lithium. As RT Lithium is a substantial shareholder of Windfield and a connected person of our Company at subsidiary level, Albemarle Germany is a connected person of our Company at the subsidiary level. As such, the transactions between the Group and Albemarle Germany constitute continuing connected transaction of the Company.

On 28 May 2014, Talison Lithium Australia, a subsidiary of the Company, entered into an off-take agreement and a distribution agreement with Albemarle Germany to set out the terms and conditions under which concentrates to be produced from the Greenbushes Mine would be distributed to the shareholders of Windfield. The off-take agreement and the distribution agreement between Talison Lithium Australia and Albemarle Germany (the "**Albemarle Off-take Agreement**" and "**Albemarle Distribution Agreement**" respectively, and collectively, the "**Albemarle Agreements**").

On 30 July 2021, the terms of the Albemarle Off-take Agreement were amended. The key purpose of the amendments was to facilitate the domestic deliveries of concentrates provided by Albemarle Germany's lithium hydroxide plant in Kemerton, Western Australia (for the purposes of the Albemarle Off-take Agreement).

The Albemarle Off-take Agreement governs the distribution of concentrates used to convert to lithium carbonate, lithium hydroxide, other lithium chemicals (chemical grade products), while the Albemarle Distribution Agreement governs the distribution of other products (technical grade products) produced from the mining operations at Greenbushes Mine. So long as Albemarle Germany or its related body corporate holds shares in Windfield, Albemarle Germany is entitled to take up to an initial 50% of the annual production from the mining operations at Greenbushes Mine.

As the Albemarle Agreements were entered into prior to the Listing and are disclosed in the Prospectus, the Company considers that compliance with the announcement requirement in respect thereof immediately after the Listing would be impractical and unduly burdensome, and would add unnecessary administrative cost to it. Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement in respect of the Albemarle Agreements.

In addition, under Rule 14A.53(1) of the Listing Rules, an annual cap expressed in monetary terms must be set for continuing connected transactions. The Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 14A.53(1) in respect of the annual caps of the transactions under the Albemarle Agreements to be expressed as the volume of concentrates to be sold under the Albemarle Agreements on the condition that the Company undertakes to separately disclose the actual transaction volume under the Albemarle Agreements in its future interim and annual financial statements.

	For the year ended 31 December 2022		
	Actual transaction volume (tons)	Actual transaction amounts (RMB)	Annual cap (tons)
Albemarle Agreements	659,442.08	12,959,079,307.55	700,000

For details of the continuing connected transactions above, please refer to the section headed "Connected Transactions" in the Prospectus.

During the Reporting Period, the independent non-executive Directors reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group for the year ended 31 December 2022, and concluded that such transactions:

(1) have been approved by the Board;

(2) were conducted in accordance with the pricing policies of the Group in all material aspects;

(3) were conducted in accordance with the relevant agreements for such transactions in all material aspects; and

(4) have an aggregate amount not exceeding the relevant cap set by the Company.

Related party transactions as described in note 35 to the consolidated financial statements do not constitute disclosable connected transactions or continuing connected transactions as defined in the Listing Rules.

Save as disclosed in this annual report, during the Reporting Period, the Company had no discloseable connected transactions or continuing connected transactions that are required to be disclosed in accordance with the provisions under Chapter 14A of the Listing Rules in relation to the disclosure of connected transactions.

MAJOR LITIGATION AND ARBITRATION

During the year ended 31 December 2022, the major litigation and arbitration involved in by the Group were as follows:

Case	Amount involved (RMB'000)	Whether constitutes an expected liability	Progress	Trial results and impact	Enforcement of judgment
Dispute over service contracts between Tianqi Xinlong, Tianqi Lithium and CLSA	30,292.3	No	The first instance of the case was adjudicated on 22 December 2022, ruling that: I. Tianqi Xinlong shall pay service fees of RMB262,028.00 to CLSA; II. Tianqi Xinlong shall compensate the loss of RMB256,496.91 and pay the capital occupancy fee to CLSA; III. Rejecting other claims of CLSA. On 5 January 2023, Tianqi Xinlong filed an appeal to the High People's Court of Sichuan Province.	As of 28 April 2021, the Company has provided monetary capitals of RMB328,000 as well as 100% equity interests of Chengdu Tianqi and Shehong Tianqi held by the Company (the specific shareholding proportions subject to the actual preservation by the court) as litigation preservation within the scope of RMB31,123,784.10. Subsequently, the Company requested the court to lift the freezing of equity interests exceeding the amount involved in the case. With the approval of CLSA, the applicant, the Chengdu Intermediate People's Court issued the Civil Verdict on 29 April 2021, ruling that 5% equity interests of Chengdu Tianqi (with a registered capital of RMB2.5 billion) held by Tianqi Lithium shall be frozen for a period of three years and the freezing of equity interests in Shehong Tianqi was lifted. Furthermore, the Company was not involved in other circumstance where its equity interests were frozen due to the above appeal.	N/A

SIGNIFICANT EVENTS AFTER THE REPORT PERIOD

In order to further expand the lithium mineral resource bases of the Group and after preliminary inspections, analysis and judgment, the Company held the 33rd meeting of the fifth session of the Board of Directors of the Company on 5 January 2023, which considered and approved the "Resolution on Proposed Purchase of Equity Interest of Essential Metals Limited in Australia by a Holding Subsidiary of the Company and Signing Scheme Implementation Agreement. TLEA, a holding subsidiary of the Company, proposed to enter into the Scheme Implementation Agreement with ESS, an Australian listed Company, to purchase all shares of ESS at a price of AUD$0.50 per share and a total price of AUD$136 million (equivalent to approximately RMB632 million, calculated at the RMB central parity published by the China Foreign Exchange Trade System on 4 January 2023) (the "**Transaction**"). In addition to shares in issue, the current capital structure of ESS also includes unlisted options and non-listed performance options. The price of the Transaction was determined by both parties through negotiations and consultations with reference to the market price. The Transaction considered the dilution as a result of the exercise of options by the owners of the options of ESS. The value per share after dilution included the impacts of the options exercised on the assumption that all performance-based rights are part of the vesting upon acquisition. After the completion of the Transaction, TLEA will hold 100% equity interest of ESS in issue. On 8 January 2023, TLEA and ESS signed the Scheme Implementation Agreement. On 20 April 2023, ESS held a shareholders' general meeting to consider this Transaction. More than half of the shareholders participated in the voting. Among the voting shareholders, the number of shares that voted for the transaction did not reach 75% of the total number of voting shares. Therefore, this Transaction failed to get the approval at the shareholders' general meeting of ESS. According to the Scheme Implementation Agreement, one of the prerequisites for the implementation of this Transaction is to get approval at the shareholders' general meeting. In the event that the ESS shareholders' general meeting fails to pass this Transaction, TLEA has the right to terminate the Scheme Implementation Agreement unilaterally. Accordingly, on 20 April 2023, TLEA terminated the Transaction pursuant to the Scheme Implementation Agreement.

For details, please refer to the announcements of the Company published on the Shenzhen Stock Exchange and the Hong Kong Stock Exchange on 9 January 2023 and 20 April 2023, respectively.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has reviewed the accounting principles and practices adopted by the Group, and its audited consolidated financial statements for the year ended 31 December 2022 with the management and external auditor of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 109 to 131 of this annual report.

PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued H Shares, being the minimum percentage of public float as prescribed by the Hong Kong Stock Exchange and under the Listing Rules, was held by the public at all times during the Reporting Period and as at the date of this annual report, and the number of H Shares held by the public was not less than 10% of the total issued share capital of the Company.

AUDITOR

During the Reporting Period, ShineWing Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥)) ceased to serve as the domestic auditor of the Company, and KPMG Huazhen LLP and KPMG were appointed as the domestic and overseas auditors of the Company respectively for the year ended 31 December 2022. Both KPMG Huazhen LLP and KPMG are Public Interest Entity Auditors registered/recognized in accordance with the Accounting and Financial Reporting Council Ordinance. The Company will convene an extraordinary general meeting in due course to discuss the appointment of the Company's domestic and overseas auditors for the year ending 31 December 2023. Save as disclosed above, the Company did not change its auditor in the past three years.

By order of the Board
Jiang Weiping
Chairman of the Board and Executive Director

Chengdu, the PRC
30 March 2023

Dear Shareholders,

In 2022, the Board of Supervisors of the Company has actively implemented the authorities and duties as prescribed by the Articles of Association and the Rules of Procedure for the Board of Supervisors. By present at the Shareholders' General Meetings, the Board meetings, the meetings of Board Committees, reviewing the financial statements and participating in discussions, the Board of Supervisors understood and effectively supervised corporate governance, progress of the issuance and listing of H Shares, production and operation, progress of construction in progress, financial conditions, connected transactions, significant investments progress, internal control as well as the performance of authorities and duties by Directors and senior management, playing an active role in the normative operation of the Company and protecting the legitimate rights and interests of the Company and the shareholders.

I. COMPOSITION OF THE BOARD OF SUPERVISORS

In accordance with the Articles of Association, the Board of Supervisors of the Company comprises 3 supervisors. During the Reporting Period, the members of the fifth session of the Board of Supervisors of the Company included: Ms. YAN Jin as an external supervisor, Ms. CHEN Zemin as a shareholder representative supervisor and Mr. HU Yi as an employee representative supervisor.

II. CONVENING OF MEETINGS

The Board of Supervisors of the Company convened a total of 5 meetings and considered a total of 22 resolutions, mainly involving major events such as the disposal of a portion of equity interests in SQM which is an investee of the Company, periodical reports, the application for credit line from financial institutions in 2022, the provision of guarantees to the credit line application from financial institutions by the Company and its wholly-owned subsidiaries, capital increase in wholly-owned subsidiaries, profits distribution, change of the auditor for the annual financial statement and internal control of the Company. All supervisors attended all meetings and the meetings were chaired by the Chairlady of the Board of Supervisors, which were in accordance with the Company Law and the Articles of Association. All supervisors present at 11 Board meetings and attended 3 Shareholders' General Meetings. Members of the Board of Supervisors present at meetings of the Board Committees for multiple times to understand the significant decision-making progress of the Company, actively participated in discussions on topics at the meetings and performed the functions of the Board of Supervisors on being informed, supervision and inspection.

Meanwhile, the Board of Supervisors supervised the routine performance of duties by the Directors and senior management of the Company and believed that: during the Reporting Period, the Directors and senior management of the Company truthfully provide relevant information to the Board of Supervisors to guarantee the performance of duties by the Board of Supervisors in accordance with laws and regulations. The Directors and senior management of the Company abided by relevant laws, regulations and the provisions of the Articles of Association, carried out normative and legitimate operation and strictly implemented the resolutions of the Shareholders' General Meetings and the Board meetings. No circumstances that are detrimental to the interests of the shareholders were identified. Meanwhile, all senior management performed duties diligently and no violation of regulations was identified in operation.

In addition, the Supervisors of the Company learned about information on lawsuits and arbitrations, the commissioning progress of projects under construction, safety and environmental protection, production capacity and output, research and development and innovation of the Company and its subsidiaries through various forms and channels and proposed relevant opinions and suggestions to the compliance operation, the prevention of risks and the sustainable and healthy development of the Company.

III. PERFORMANCE OF DUTIES BY THE BOARD OF SUPERVISORS

During the Reporting Period, the Board of Supervisors carried out comprehensive supervision on the strategic planning, operation management, financial conditions and the performance of duties by senior management of the Company in accordance with the requirements of relevant laws and regulations and expressed the following opinions on relevant aspects of the Company during the Reporting Period:

(I) Operation of the Company in accordance with laws

During the Reporting Period, the Board carried out normative operation in strict compliance with the requirements of the Company Law, the Securities Law and other relevant laws and regulations. The Board strictly implemented the resolutions of the Shareholders' General Meetings and faithfully performed due diligence obligations. It carried out work with the focus on equity financing, production capacity expansion, progress in production of overseas projects and other key aspects in operation, followed the principle of effectively preventing and defusing risks and guaranteed steady and normal operation of all production bases. It safeguarded standard and legitimate procedures as well as timely and accurate information disclosure and implemented internal control systems of the Company, protecting the interests of all Shareholders. During the supervision on the performance of duties by the Directors and senior management of the Company, the Board of Supervisors identified no violation of laws and regulations and no circumstances that are detrimental to the interests of the Company and its Shareholders.

(II) Inspection on the financial conditions of the Company

During the Reporting Period, the Board of Supervisors attached great importance to the financial conditions of the Company, fully exerted the functions of the audit department of the Company and continuously carried out supervision and inspection. It believed that the recognition and measurements of revenue, fees and profit of the Company were truthful and accurate, the periodical reports reflected the financial conditions, operating results and cash flows of the Company in a truthful, accurate and complete manner and no false records, misleading statements or significant omissions were identified. Meanwhile, on the premise of guaranteeing normal production and operation, the Company actively improved the capital use efficiency, controlled fees and expenses, expanded multi-channel financing methods and successfully completed the IPO and listing on the H-share market. The Company applied the proceeds in the timely repayment of the M&A loans for the purchase of SQM and the construction of projects under progress, which reduced the debt to asset ratio of the Company to a normal level. The Company maintained and conducted risk control based on the resolutions of the Board, the Board of Supervisors as well as the internal control systems of the Company, regularly reported to the Board and accepted inspection by the audit department.

During the Reporting Period, based on the 2021 Audit Report issued by ShineWing Certified Public Accountants, the Board of Supervisors believed that the financial reports of the Company fairly and truthfully reflected the financial conditions and operating results of the Company in 2021 in all material aspects.

(III) Use of proceeds

During the Reporting Period, the Board of Supervisors continuously supervised the use of proceeds by the Company. The management and use of the proceeds of the Company complied with the Company Law, the Securities Law, Shenzhen Listing Rules, the Rules on the Management and Use of Proceeds and other relevant provisions. During the Reporting Period, there were no circumstances that would change the use of proceeds and harm the interests of Shareholders, and the use of proceeds was in compliance with relevant rules of CSRC and SZSE.

(IV) Connected transactions of the Company

Upon verification, the connected transactions between the Company and its related parties during the Reporting Period were commercial in nature, met the needs of the business and asset management of the Company and were carried out on the basis of fair and mutual benefits without damaging the interests of the Company and its Shareholders, the legitimate interests of minority Shareholders in particular. The connected transactions of the Company were carried out in compliance with market rules at fair transaction prices. The implementation of connected transactions was in strict compliance with the resolutions of the Board and the Shareholders' General Meetings and relevant systems. No violation of laws and regulations was identified.

During the Reporting Period, there was no appropriation of the Company's funds by the Company's controlling shareholder and its related parties. ShineWing Certified Public Accountants issued the Special Explanation on the Occupation of Non-operating Funds and the Transfer of Other Related Funds in 2021.

(V) Self-assessment report on internal control

During the Reporting Period, the Board of Supervisors reviewed the 2021 Self-Assessment Report of the Board on Internal Control and believed that the Company has established complete internal control systems which were effectively implemented. The 2021 Self-Assessment Report on Internal Control truthfully and objectively reflected the establishment, improvement and operation of the internal control systems of the Company that met the needs of the Company on internal control. The construction of the internal control systems is an important and continuous work of the Company. The Board of Supervisors advised the Company to continuously improve and enhance the construction of the internal control systems based on its development needs, monitor the effectiveness of internal control and constantly reinforce the supervision and inspection on the effects and efficiency of implementation. In 2021, no material or key defects in the violation of the Basic Systems on Internal Control of the Company were identified and the Board of Supervisors has no objections to the 2021 Self-Assessment Report on Internal Control of the Company.

(VI) Guarantees of the Company

The Company has conscientiously implemented the Management System on Guarantees of the Company and strictly controlled guarantee risks and the risk of funds occupied by related parties. During the Reporting Period, the decision-making procedures on the provision of guarantees by the Company complied with relevant laws and regulations as well as the provisions of the Management System on Guarantees. The Company was not involved in the provision of guarantees to companies out the scope of the consolidated statements.

(VII) Establishment and implementation of insider management systems

Upon verification, the Company, in strict compliance with the Management Systems for the Registration of Insiders, established archives of insiders, strictly controlled the scope of insiders, recording the list and personal information of insiders in a timely manner and filed relevant information on insiders, which effectively safeguarding the principle of openness and fairness in information disclosure of the Company, preventing the abuse of the information known by insiders and protecting the legitimate rights and interests of investors. During the Reporting Period, no punishment was made by regulatory authorities on the Company in respect of registration and management of insiders.

(VIII) Supervision on the implementation of Shareholders' returns plan by the Company

The Board of Supervisors carried out supervision and verification on the implementation of Shareholders' returns plan by the Company and believed that: during the Reporting Period, the Company formulated the profit distribution plan in strict compliance with the Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies, the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies, the Articles of Association, the Plans on Shareholders' returns of the Company for the Following Three Years (2021-2023) and other relevant regulations and requirements after fully considering the opinions of independent Directors and Shareholders, minority Shareholders in particular, and the decision-making procedures were in compliance with laws and regulations. The cash dividend ratio of the Company in recent three years complied with relevant regulations and the profit distribution policy under the Articles of Association, which was conducive to the sustainable development of the Company, enhancing the overall competitiveness of the Company and was in line with the interests of all shareholders of the Company.

(IX) Information disclosure

During the Reporting Period, the Board of Supervisors continuously and actively supervised the truthfulness, accuracy and completeness of the information disclosure of the Company and promoted the Company to disclose periodical reports and other matters with significant influence on the Company in a timely and fair manner. In 2022, the Company released a total of 4 periodical reports in Chinese and 1 periodical reports in English, a total of 154 disclosure documents on CNINFO (www.cninfo.com.cn) and approximately 160 disclosure documents (including all announcements in Traditional Chinese and English) on the website of the Hong Kong Stock Exchange during the Reporting Period. The information disclosure was in compliance with Shenzhen Listing Rules, Hong Kong Listing Rules, the Self-regulatory Guideline of the SZSE, the Management Systems on Information Disclosure of the Company.

In 2023, the Board of Supervisors will take the sustainable and healthy development of the Company as the top priority, undertake the mission of protecting the legitimate rights and interests of all shareholders, adhere to the independence, loyalty, diligence, responsible performance of duties conscientiously in strict compliance with the authorities granted under the Company Law, the Securities Law and other relevant laws and regulations as well as the Articles of Association. Based on the self-construction and focus on the overall development of the Company, the Board of Supervisors will focus on compliance requirements on H-share information disclosure and corporate governance, to strive to achieve sustainable and normative operation and continuously create long-term value for shareholders.

(I) The Board of Supervisors will actively support the Company in carrying out legitimate and reasonable operation and financing. With the sustainable and healthy development as the focus, the Board of Supervisors will enhance the communications with the Board and senior management, conduct supervision on the operation, development and financing plans, the progress of projects under construction, the management and control of domestic and overseas subsidiaries/investees and other key activities of the Company and promote the continuous improvement and implementation of the internal control systems of the Company. In addition to attending the Shareholders' General Meetings and present at the Board meetings of the Company to ensure the decision-making procedures in compliance with laws and regulations, the Board of Supervisors will carry out effective supervision and verification on the implementation of resolutions of the Shareholders' General Meetings, the Board meetings and meetings of Board Committees. On the basis of protecting the overall interests of the Company, the Board of Supervisors will step up regulation efforts on significant operating activities and decisions of enterprises and earnestly perform the supervision duties granted under the Company Law and the Articles of Association to ensure the effective implementation of all systems of the Company.

(II) While performing the duties in accordance with laws and regulations, the Board of Supervisors will complete the re-election of the Board of Supervisors according to laws and regulations. The Board of Supervisors will conduct regular communications with senior management, secretary of the Board and the Board office, the audit department, external auditors, other agencies and the management of domestic and overseas subsidiaries through group or individual on-site inspections. The Board of Supervisors will give full play to the role of the audit department as a consultant and assistant to the Board of Supervisors and acquire an in-depth knowledge of the operation and development of the Company and the operation of internal control. In case of abnormalities, the Board of Supervisors will present the problems to the Company in a timely manner and provide appropriate guidance and suggestions to reduce risks and practically safeguard the interest of the Company and the legitimate interests of all Shareholders.

(III) The Board of Supervisors will continue to enhance the self-construction, actively participate in online and offline training and communication activities organized by regulatory authorities and the Company, diligently study knowledge on laws and regulations, financial management, internal control mechanism and corporate governance. The Board of Supervisors will constantly improve the professional capabilities on the capital market as well as supervision and inspections, prevent and avoid risks in compliance, promote the standard operation of the Company and further safeguard the interests of the Company and its Shareholders.

By order of the Board of Supervisors
Yan Jin
Chairlady of the Board of Supervisors

Chengdu, the PRC
30 March 2023

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the annual report of the Company for the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

Focusing on building a world-class model in corporate governance and realizing high-quality development of the Company as a listed company, the Group is committed to maintaining high standards of corporate governance through good corporate governance, accurate and timely information disclosure and the establishment of a sound investor communication platform to fully protect the interests of Shareholders and to enhance corporate value. The Company has adopted the Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions as set out in the CG Code during the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure the compliance with the CG Code.

BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established five Board committees, namely the Audit and Risk Committee, the Remuneration and Appraisal Committee, the Nomination and Governance Committee, the Strategy and Investment Committee and the ESG and Sustainable Development Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors have the obligations to carry out duties in good faith and in compliance with applicable laws and regulations and to act in the interests of the Company and the Shareholders at all times.

The Company has maintained appropriate liability insurance in respect of legal action against the Directors and reviews its coverage on an annual basis.

COMPOSITION OF THE BOARD

As the date of this annual report, the Board consists of four executive Directors, namely Mr. Jiang Weiping, Ms. Jiang Anqi, Mr. Ha, Frank Chun Shing and Mr. Zou Jun, and four independent non-executive Directors, namely Mr. Pan Ying, Mr. Xiang Chuan, Ms. Tang Guoqiong and Ms. Huang Wei.

During the year ended 31 December 2022, the Board has complied with the requirements of appointing at least 3 independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. The Company also complied with the requirements of appointing independent non-executive Directors accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules.

The biographies of the Directors are set out in the section headed “Directors, Supervisors and Senior Management” of this annual report. Save as disclosed in the biographies of the Directors as set out in the section headed “Directors, Supervisors and Senior Management” of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

BOARD DIVERSITY POLICY

The Company believes that the diversity of Board members will be immensely beneficial for the enhancement of the Company’s performance. Therefore, the Company has adopted a board diversity policy to ensure that the Company will, when determining the composition of the Board, consider board diversity in terms of, among other things, age, cultural and educational background, professional experience, skills and knowledge. All board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. The board diversity policy is summarised below:

The Nomination and Governance Committee reviews and assesses the Board composition on behalf of the Board and recommends the appointment of new Directors, taking into account a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, industry and regional experience, and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination and Governance Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy. The Nomination and Governance Committee will review the Board Diversity Policy and assess its effectiveness, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

The Board has a balanced mix of experiences and industry background. The Directors have a diverse education background including engineering, economics, law, accounting, business administration and management, as well as different industry backgrounds and professional qualifications. We have four independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, the Board has one female executive Director and two female independent non-executive Directors, and has a wide age range comprising members from their 30s to 60s. The Board has reviewed the implementation of the mechanism during the Reporting Period and considered it effective. Taking into account the Company's business model and the backgrounds and abilities of the Directors, the composition of the Board satisfies the Board Diversity Policy. The Board recognizes the significance and benefits of gender diversity and will continue to identify appropriate candidates to maintain gender diversity of the Board.

The Nomination and Governance Committee is responsible for ensuring the diversity of the Board and will make its best efforts to identify and recommend suitable candidates for the Board's consideration, subject to the Directors being satisfied with the ability and experience of the relevant candidates after a reasonable review process based on the relevant criteria, and fulfilling their fiduciary duties to act in the best interests of the Company and the Shareholders as a whole when making the relevant appointments.

The Company is committed to promoting gender diversity of the Board and the whole staff. As at the end of the Reporting Period, the total number of employees of the Group was 2,191, of which 579 were female, accounting for approximately 26.43% of the total number of employees, and the number of female senior management accounted for 25% of all senior management. The Board considers that the Group has achieved gender diversity.

The Group's recruitment strategy is to recruit the right employee for the right position, and to achieve the diversity of the whole staff (including senior management) in terms of gender, age, culture, educational background, professional experience, skills and knowledge.

INDEPENDENT OPINIONS

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. Therefore, the Company considers all of them to be independent.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of invaluable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit and Risk Committee, the Remuneration and Appraisal Committee, and the Nomination and Governance Committee.

The Company has put in place a mechanism for each Director to seek independent professional advice in performing of their duties at the Company's expense to ensure independent views and inputs are available to the Board. For example, pursuant to code provisions C.5.6 and C.5.9 of the CG Code, the Board and its committees shall be offered with adequate information and have separate and independent access to the Company's senior management to enable it to make informed decisions. In particular, all members of the Board have the right to obtain timely information of the Group (including but not limited to management accounts, operation results and statistics, audit results and other industry and market related information and forecasts) and to seek assistance and professional advice from the joint company secretaries. In addition, the Audit and Risk Committee is able to coordinate and discuss with the external auditor of the Company on an annual basis to discharge its duties and Board members are encouraged to seek views from other members, employees, other stakeholders and investors (through investor relations channels) as appropriate to ensure that different views are fully taken into account in the decision-making process. The Board has reviewed such mechanism and believes that it has been properly in place and is effective.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

In compliance with the code provision C.1.4 of the CG Code, all Directors have been encouraged to participate in continuous professional development to develop and refresh their knowledge and skills.

Each newly appointed Director is provided with necessary orientation to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have updated and provided written training materials relating to the roles, functions and duties of a Director from time to time.

According to materials provided by the Directors, during the year ended 31 December 2022, the Directors received the following trainings:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Jiang Weiping	A, C, D
Jiang Anqi	A, C, D
Ha, Frank Chun Shing	B, C, D
Zou Jun	B, C, D
Independent Non-executive Directors	
Pan Ying	A, C, D
Xiang Chuan	A, C, D
Tang Guoqiong	A, C, D
Huang Wei	A, B, C, D

Notes:

A: attending seminars and/or conferences and/or forums and/or briefings

B: giving talks at seminars and/or conferences and/or forums

C: participating in training that was provided by law firms and relating to the business of the Company

D: reading materials on various topics, including corporate governance matters, directors' duties and responsibilities, Listing Rules and other relevant laws

CHAIRMAN AND PRESIDENT

Pursuant to C.2.1 of the CG Code, the roles of chairman and president should be separate and should not be performed by the same individual.

The Chairman of the Board and the President are currently two separate positions held by Mr. Jiang Weiping and Mr. Ha, Frank Chun Shing, respectively, with clear distinction in responsibilities. The Chairman of the Board is primarily responsible for providing strategic advice and guidance on the business development of the Group and ensuring that sound corporate governance practices and procedures are in place, appropriate steps are taken to provide effective communication with Shareholders and that their views are communicated to the Board as a whole; while the President is responsible for the day-to-day management of the Group.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each executive Director and independent non-executive Director has entered into a service contract with the Company for a term commencing from the date of appointment to the date when this session of Board expires (i.e. 14 April 2026, except for the resigned Directors as disclosed above).

None of the Directors has a service contract with the Group which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association.

According to the Articles of Association, Directors shall be elected or replaced by Shareholders at a Shareholders' General Meeting and may be removed from office prior to the expiry of their tenure by Shareholders at a Shareholders' General Meeting, and the tenure shall be 3 years. Upon expiry of the tenure of a Director, the tenure may be renewed if he/she is re-elected. However, the continuous appointment of independent non-executive Directors may not exceed 6 years.

The term of office of a Director shall commence from the date upon which the resolution is passed at the Shareholders' General Meeting at which the Director is elected (unless otherwise provided in the resolution of such Shareholders' General Meeting) until the expiry of the term of office of the current session of the Board. Where the re-election of Directors is not held in time after the term of office of the existing Directors has expired, the existing Director shall, before the newly-elected Director assumes his post, carry out duties as a Director in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

The Nomination and Governance Committee is responsible for making recommendations to the Board of Directors on the size and composition of the Board of Directors, senior management and other key personnel of the Company based on the Company's operating activities, asset scale and shareholding structure; studying, and making recommendations to the Board of Directors on the selection criteria and procedures for Directors, senior management and other key personnel of the Company; extensively searching for qualified candidates for Directors and senior management when necessary and making recommendations to the Board of Directors; reviewing the candidates for Directors and senior management of the Company who should be proposed to the Board of Directors for appointment and making recommendations on nomination; and making recommendations to the current session of the Board of Directors on the candidates for the next session of Board of Directors at the general election of the Board of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying meeting papers are dispatched to the Directors or committee members at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. Minutes of meetings shall be kept by the joint company secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and Board Committee meetings are recorded in sufficient detail on the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and Board Committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by all Directors.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than a written resolution. Independent non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting.

During the Reporting Period, 11 Board meetings and 5 Shareholders' General Meetings were held. Attendance of individual Director at the Board meeting and Shareholders' General Meeting is listed below:

Name of Director	Position	Attendance/ Number of Board Meetings during Term of Office	Attendance/ Number of Shareholders' General Meetings during Term of Office
Jiang Weiping	Chairman of the Board	11/11	5/5
Jiang Anqi	Vice Chairlady of the Board	11/11	4/5
Ha, Frank Chun Shing	Executive Director/President	11/11	4/5
Zou Jun	Executive Director/Executive vice president, chief financial officer	11/11	5/5
Pan Ying	Independent non-executive Director	11/11	4/5
Xiang Chuan	Independent non-executive Director	11/11	5/5
Tang Guoqiong	Independent non-executive Director	11/11	5/5
Huang Wei	Independent non-executive Director	7/7	4/4

DELEGATION BY THE BOARD

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The Board conducts reviews each year, and believes that during the Reporting Period, the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting were adequate and sufficient.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of the Directors. The corporate governance functions of the Directors include:

(a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and Directors;

(d) to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on relevant matters;

(e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

BOARD COMMITTEES

Audit and Risk Committee

During the Reporting Period, the Audit and Risk Committee consists of three members, being Ms. Tang Guoqiong (chairlady), Mr. Pan Ying and Mr. Xiang Chuan, all of which are independent non-executive Directors.

The Audit and Risk Committee of the Board is mainly responsible for internal and external audit, supervision and verification, as well as risk identification, prevention and management of the company. The Audit and Risk Committee shall report to and be accountable to the Board of Directors.

The terms of reference of the Audit and Risk Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, five meetings of the Audit and Risk Committee were held to discuss and consider the following matters:

It reviewed the Company's periodical reports (including the Group's annual results for the current financial year, the interim results for the six months ended 30 June 2022 and the quarterly results), the internal control self-evaluation report, the change of the Company's auditor for annual financial statements and internal control system, 2021 annual work summary and 2022 work plan of the audit department, prior communication in respect of the audit of 2022 annual report and other matters, and formed relevant advice and opinions. In the meantime, the Audit and Risk Committee actively carried out audit work for the annual report in strict compliance with the Terms of Reference of the Audit and Risk Committee and other regulations, communicated with and supervised the external auditor on the working schedule, progress and key concerns for the auditing work of 2022 annual report, and required the Company's management to ensure the truthfulness, accuracy and completeness of the financial information. The Audit and Risk Committee drew the attention of the external auditor to the commission of the Lithium Hydroxide Project in Australia and the transfer of specific property and equipment into fixed assets and relevant impact, identification and prevention of risks in important areas in advance, and the specific implementation of rectification measures, and ensured that the audit working papers are sufficient, true and complete. In the auditing of the internal control system, it assisted in sorting out the areas where internal control still needs to be improved. As the external auditor of the Company was changed, it reminded the incumbent external auditor that whether any adjustment should be made to the audit results of the former auditor and communicated in a timely manner.

The table below sets forth the attendance of each member of the Audit and Risk Committee at the meetings:

Name of Directors	**Actual attendance/ Required attendance**
Tang Guoqiong	5/5
Pan Ying	5/5
Xiang Chuan	5/5

REMUNERATION AND APPRAISAL COMMITTEE

During the Reporting Period, the Remuneration and Appraisal Committee consists of three members, including two independent non-executive Directors, Mr. Xiang Chuan (chairman) and Mr. Pan Ying, and one executive Director, Ms. Jiang Anqi.

The Remuneration and Appraisal Committee is mainly responsible for formulating the appraisal standards for the Directors and senior management of the Company and conducting appraisal; formulating and reviewing the remuneration policies and plans for the Directors and senior management of the Company. The Remuneration and Appraisal Committee shall be accountable to the Board of Directors.

The terms of reference of the Remuneration and Appraisal Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, five meetings of the Remuneration and Appraisal Committee were held to discuss, consider and make decisions on the following matters: remuneration plan for Directors and Supervisors, remuneration plan for senior management team in 2022, performance appraisal indicators setting and performance assessment for the President, performance appraisal indicators setting for senior management team in 2022, and matters relating to 2022 Employee Stock Ownership Plan and its grant. The Remuneration and Appraisal Committee provided professional and reasonable advice on the matters above. Under the effective supervision and decision-making control of the Remuneration and Appraisal Committee, the pertinence, scientificity and timeliness of the Company's performance appraisal and employee team building have been further improved, and the grant of the 2022 Employee Stock Ownership Plan has been successfully completed.

The table below sets forth the attendance of each member of the Remuneration and Appraisal Committee at the meetings:

Name of Directors	Actual attendance/ Required attendance
Xiang Chuan	5/5
Pan Ying	5/5
Jiang Anqi	5/5

NOMINATION AND GOVERNANCE COMMITTEE

During the Reporting Period, the Nomination and Governance Committee consists of three members, including two independent non-executive Directors, Mr. Pan Ying (chairman) and Mr. Xiang Chuan, and one executive Director, Mr. Jiang Weiping.

The Nomination and Governance Committee is responsible for recommending the candidates of Directors and senior management and making suggestions on selection criteria and procedures, research on corporate governance and management for parent company and subsidiaries, etc.

When the Nomination and Governance Committee determines the composition of the Board, diversity of Board members shall be considered in a number of ways, all appointments shall be based on meritocracy and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Accordingly, the selection of Directors will be based on a range of diverse criteria, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The final decision will be based on the candidate's expertise and the contribution he or she can make to the Board. Recommendation of the Nomination and Governance Committee shall be submitted to the Board for decision.

The terms of reference of the Nomination and Governance Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, one meeting of the Nomination and Governance Committee was held. For the purpose of improving the corporate governance structure and the efficiency of governance, the Nomination and Governance Committee agreed to nominate Ms. Jiang Anqi as the vice chairlady of the Board, Mr. Guo Wei and Ms. Liu Ying as the executive vice presidents (deputy general managers) of the Company, and Mr. Li Guo as the vice president (deputy general manager) of the Company. Besides, the Nomination and Governance Committee monitors the performance of key management personnel of the Company's domestic and overseas subsidiaries, and recommends that from the perspective of talent retention, the Company should give due consideration to talents in production management and technologies when recruiting senior management, and the remuneration of these people should also be duly considered. In addition, it suggests that the Company should further strengthen the construction and integration of domestic and overseas talent pool. During the Reporting Period, the Nomination and Governance Committee reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

The table below sets forth the attendance of each member of the Nomination and Governance Committee at the meetings:

Name of Directors	**Actual attendance/ Required attendance**
Pan Ying	1/1
Xiang Chuan	1/1
Jiang Weiping	1/1

STRATEGY AND INVESTMENT COMMITTEE

During the Reporting Period, the Strategy and Investment Committee consists of five members, including two independent non-executive Directors, Mr. Pan Ying (chairman) and Ms. Tang Guoqiong, and three executive Directors, Mr. Jiang Weiping, Ms. Jiang Anqi and Mr. Ha, Frank Chun Shing.

The Strategy and Investment Committee is mainly responsible for researching the mid-to-long-term strategic goals, industrial development plans, development layout and major investment decisions of the Company and making recommendations, supervising the implementation of strategy and investment plans of the Company, reporting its work to the Board and being accountable to the Board.

The terms of reference of the Strategy and Investment Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, two meetings of the Strategy and Investment Committee were held to consider the report and discussion about potential strategic investment projects and the proposal of holding subsidiary's investment in Essential Metals Limited. The Strategy and Investment Committee maintains communication with the Company's management from time to time on the advance of the development strategies and the key information of the post-investment management of the projects, keeps informed of the actual situation and updates relevant information, verifies the implementation of Board resolutions, and puts forward targeted suggestions. The Strategy and Investment Committee suggested the Company to summarize past experience and draw lessons from previous strategic investment planning and construction as a reference for future investment plans, and that the Company should consider the direction and strategies of future expansion plans and mergers and acquisitions, and accelerate the progress of domestic projects under construction. At the same time, it suggests that the Company should continue to pay attention to potential equity investment opportunities along the upstream and downstream industry chain, and improve its industrial layout in an orderly manner in light of the industry development situation.

The table below sets forth the attendance of each member of the Strategy and Investment Committee at the meetings:

Name of Directors	Actual attendance/ Required attendance
Pan Ying	2/2
Jiang Weiping	2/2
Jiang Anqi	2/2
Ha, Frank Chun Shing	2/2
Tang Guoqiong	2/2

ESG AND SUSTAINABLE DEVELOPMENT COMMITTEE

During the Reporting Period, the ESG and Sustainable Development Committee consists of three members, including two executive Directors, Ms. Jiang Anqi (chairlady) and Mr. Ha, Frank Chun Shing, and one independent non-executive Director, Mr. Xiang Chuan.

The ESG and Sustainable Development Committee is mainly responsible for formulating the Company's ESG and sustainable development strategic planning and objectives, identifying ESG-related risks, coordinating ESG management, and improving the Company's sustainable development level.

The terms of reference of the ESG and Sustainable Development Committee are available on the websites of the Hong Kong Stock Exchange and the Company.

During the year ended 31 December 2022, two meetings of the ESG and Sustainable Development Committee were held, at which 2021 Social Responsibility Report and 2021 Sustainability Report of the Company were considered and approved, and practical and market-friendly opinions and suggestions on the content and ways of presentation of relevant reports were put forward. During the Reporting Period, the Company released a sustainability report in Chinese, English and Spanish for the first time, and issued the Company's International Code of Business Conduct. It also integrated the sustainability concept into its overall development strategy, with risk prevention and control as basic guarantee, value creation as the organic driving force, responsible brand as external influence and integrity and compliance as the basic operating principles. The Company formulated internal rules and policies on material ESG issues such as business ethics code, employee rights protection, career development, health and safety, environmental protection, resource utilization and integration into community, and set qualitative and quantitative assessment goals regularly with focus on the RHSEC (Risk, Health, Safety, Environment and Community) strategic management system, so as to create value for customers, employees and business partners while ensuring the Company's own sustainable development.

The Company's 2022 Sustainability Report will be published on the websites of Cninfo (巨潮資訊網) (www.cninfo.com.cn), the HKEXnews (www.hkexnews.hk) and the Company (www.tianqilithium.com).

The table below sets forth the attendance of each member of the ESG and Sustainable Development Committee at the meetings:

Name of Directors	Actual attendance/ Required attendance
Jiang Anqi	2/2
Ha, Frank Chun Shing	2/2
Xiang Chuan	2/2

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of directors, supervisors and senior management of the Company, whose biographies are set out on page 60 to 70 of this annual report, for the year ended 31 December 2022 are set out below:

Remuneration of Directors and Supervisors

Name	Position	Total remuneration before tax received from the Company (RMB0' 000)
Jiang Weiping	Chairman of the Board	385.16
Jiang Anqi	Vice Chairlady	324.04
Ha, Frank Chun Shing	Executive Director, President	463.57
Zou Jun	Executive Director, executive vice president, chief financial officer	277.64
Pan Ying	Independent non-executive Director	37.11
Xiang Chuan	Independent non-executive Director	37.11
Tang Guoqiong	Independent non-executive Director	37.11
Huang Wei	Independent non-executive Director	21.89
Yan Jin	Chairlady of the Board of Supervisors	26.43
Chen Zemin	Supervisor	13.22
Hu Yi	Employee representative Supervisor	91.04

Remuneration of senior management by band (including executive Directors) (RMB0' 000)

50 -200	4
200-400	2
400-600	2

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2022 which give a true and fair view of the conditions of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are submitted to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 132 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board attaches great importance to the internal control and risk management of the Company. The Board of the Company is responsible for the establishment, comprehensiveness and implementation of the risk management and internal control system in an effect way. As a professional committee established under the Board, the Audit and Risk Committee of the Company has supervised and inspected the establishment, comprehensiveness and implementation of the risk management and internal control system of the Company, and regularly discussed with the management on the implementation of the risk management and internal control in order to ensure that the Company has established an effective risk management and internal control system. The management is responsible for arrangement and leadership of the daily operation of the risk management and internal control of the Company. The legal and risk control department and the audit department of the Company, a functional department of the Company, is responsible for the risk management and internal control of the Company and carries out the specific implementation work.

The Board maintained annual review over the risk management and internal control systems of the Company, and has reviewed the effectiveness of such systems during the Reporting Period. The Audit and Risk Committee assist the Board in performing its role in monitoring and corporate governance duties, covering financial management, operational management, compliance management, risk management and internal control and audit. The Board evaluates the effectiveness of internal control system once a year. During the Reporting Period, the Company completed self-assessment report for internal control of 2022. The Board has evaluated and validated the risk management and internal control system of the Group and has not found any violation of laws, regulations and rules or any significant deficiency or any major inadequacy in compliance monitoring and risk management. The Board considers the risk management and internal control systems of the Group are effective.

The Company has established a set of internal control and risk management procedures to address various potential strategy, financial, operations, legal and market risks identified in relation to our operations, including but not limited to procurement management, sales management, inventory management, research and development management, investment management, credit risk, connected party transaction controls, information disclosure controls, human resources, IT management and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures regarding risk identification, risk valuation, risk response and risk management in our operations. The Board is responsible for the internal control and risk management system and has the responsibility to review the effectiveness of such systems. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance that there will be no material misrepresentation or loss.

The Company has established an internal audit system. The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal control system established by the Group for the purposes of risk management and control, together with internal audit and findings in the operation and management, and with reference to audit findings by external auditors, can be used to comprehensively recognize, evaluate and supervise material risks that the Group faces, including operation and decision-making risk, financial management and control risk and the risks resulted from the changes of operating environment. The internal auditors and senior management shall evaluate operational controls and risk management on a regular basis and report to the Audit and Risk Committee on any findings concerning internal control and risk management. The Audit and Risk Committee supervised the implementation of various rectification measures, and the rectification work was in line with expectations after subsequent tracking and checking.

KPMG Huazhen LLP has been appointed to review the effectiveness of internal control in relation to the financial report of the Company for the year ended 31 December 2022 in accordance with relevant requirements under the Corporate Internal Control Audit Guidelines and the China Code of Ethics for Certified Public Accountants. Its responsibilities are to express an audit opinion on the effectiveness of internal control over the financial report after conducting an audit, and to disclose the material defects that have come to its attention in the internal control over non-financial reports. KPMG Huazhen LLP is of the view that the Company has maintained effective internal control over the financial report in all material aspects in the year ended 31 December 2022 in accordance with the Basic Rules for Corporate Internal Control and relevant requirements. Details of the Audit Report on Internal Control issued by KPMG Huazhen LLP and the Internal Control Self-Assessment Report for 2022 of the Company had been published on the websites of the SZSE, the Stock Exchange and the Company on 30 March 2023.

The Company has formulated policies and incorporated as guidelines for realizing an effective whistleblowing and anti-corruption system. For the Company's whistleblowing policy and laws and regulations relating to anti-corruptions, please refer to the "Anti-corruption and Anti-fraud" section in the Company's Sustainability Report (ESG report).

The Company has put in place a set of policy for the disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the SFO. Unless the inside information falls within any of the safe harbors as permitted under the SFO, the Company is required to disseminate such information through the electronic publication system operated by the Hong Kong Stock Exchange to the public in a timely manner. All Directors, senior management and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Company believes that the necessary degree of confidentiality cannot be maintained, the Company will immediately disclose the information to the public as soon as reasonably practicable. The policy and its effectiveness are subject to review on a regular basis.

MODEL CODE FOR CONDUCTING SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for its Directors and Supervisors in conducting securities transactions. Upon specific enquiries made by the Company to all of the Directors and Supervisors, each of the Directors and Supervisors has confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

During the year ended 31 December 2022, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting the standards as set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

REMUNERATION OF AUDITOR

The approximate emoluments of the audit and non-audit services provided by the auditor to the Company during the year ended 31 December 2022 are set out below:

Service category	Amount (RMB0'000)
Domestic audit services[1]	210
International audit services	190
Total	**400**

Note 1: Domestic audit service fees include internal control audit fees of RMB200 thousand.

JOINT COMPANY SECRETARIES

Mr. Zhang Wenyu (FCG HKFCG) is a joint company secretary of the Company and is responsible for advising the Board on corporate governance and ensuring compliance with policies and procedures of the Board, applicable laws, rules and regulations.

In order to maintain satisfactory corporate governance and ensure compliance with the Listing Rules and applicable laws of Hong Kong, the Company has also engaged Ms. Wong Hoi Ting, an assistant manager of the Listing Services Department of TMF Hong Kong Limited, a corporate secretary service provider, as the joint company secretary of the Company to assist Mr. Zhang in fulfilling his role as the joint company secretary of the Company. The main contact person of Ms. Wong Hoi Ting in the Company is Mr. Zhang.

During the year ended 31 December 2022, Mr. Zhang and Ms. Wong Hoi Ting participated in relevant professional training of not less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To protect Shareholders' interests and rights, a separate resolution is proposed for each issue at Shareholders' General Meetings of the Company, including the election of individual Directors.

All resolutions put forward at Shareholders' General Meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange immediately after each Shareholders' General Meetings.

According to the provisions of the Articles of Association, the Shareholders who hold 10% or more of the shares with voting rights issued by the Company, individually or in aggregate, may request in writing to convene an extraordinary general meeting; the number of shares shall be calculated as at the date of the written request.

When the Company convenes a Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, as well as Shareholders who hold 3% or more of the Company's shares individually or in aggregate, shall have the right to propose motions. Holders of ordinary shares who hold 3% or more of the Company's shares individually or in aggregate may propose provisional proposals 10 days before convening of a Shareholders' General Meeting and submit them in writing to the convener. The convener shall issue a supplementary notice of the Shareholders' General Meeting within two days upon receipt of the proposal, and announce the contents of the provisional proposals. Except for circumstances stipulated in the above paragraph, upon announcement of the notice of Shareholders' General Meeting, the convener shall not amend the proposals set out in the notice of Shareholders' General Meeting or insert new proposals.

The convener shall inform each Shareholder of the annual general meeting by way of announcement 20 days before the meeting, and shall inform each Shareholder of the extraordinary general meeting by way of announcement 15 days before the meeting. In determining the commencement date and the period, the Company shall not include the date on which the meeting is held. An extraordinary general meeting shall not decide on matters which are not specified in the notice.

Details of Shareholders' request to convene an extraordinary general meeting and proposals, please refer to the Articles of Association.

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the Board's Office of the Company at its headquarters through email at ir@tianqilithium.com.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communications with Shareholders is essential for enhancing investor relations and allowing investors to understand the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

To promote effective communications, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communications between the Company and the Shareholders and maintains a website (http://www.tianqilithium.com/), where up-to-date information on the Company's business operation and development, financial information, corporate governance practices and other information are available for public access. The Board has reviewed and examined the Shareholders' communication policy for 2022. After considering the existing various communication and participation channels, the Board believed that the Shareholders' communication policy has been appropriately implemented and is effective.

The Shareholders' General Meeting of the Company provides an opportunity for the Shareholders to communicate directly with the directors. The Chairman of the Board of the Company and the chairmen of the Board committees will attend the annual general meetings to answer Shareholders' questions. The auditor will also attend the annual general meetings to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and the independence of the auditor.

The Company attaches importance to the interests of all Shareholders and carries out work on Shareholders communications, maintenance of Shareholder relations, Shareholder services, protection of Shareholders' interests and other aspects. For example, it provides convenience and high-quality services to Shareholders in attending Shareholders' General Meetings; Directors and management earnestly answer investors' questions at the Shareholders' General Meetings and investors' inspections and conduct sufficient communications with investors present at the meetings. It protects relevant interests of minority Shareholders. For resolutions affecting the interests of small and medium investors at the Shareholders' General Meetings, the votes of small and medium investors shall be counted separately in accordance with relevant regulations of the CSRC and the SZSE and the results shall be disclosed publicly in a timely manner. It enhances the participation of small and medium investors in the decision-making of the Company to the maximum extent and safeguards the interests of small and medium investors. The Company carefully listens to the voices and suggestions of small and medium investors and earnestly adopts and implements reasonable suggestions after active arguments.

Directors and senior management attend the online annual results briefing

Chairman of the Board answers investors' questions

During the Reporting Period, the Company always attached great importance to the management of investor relations. It specified the Chairman of the Board of the Company as the first responsible person on the management of investor relations, the Board secretary as the main responsible person on the management of investor relations and the Board office as the special department for the management of investor relations. The Chairman of the Board, the Board and the management of the Company attached great importance to communications with investors. It conducted sufficient communications with investors on the operating results, the progress of significant matters and long-term strategic plans of the Company in a timely manner through holding annual results briefing, communications on regular reports and results, teleconference with investors on significant matters and communications with investors at the Shareholders' General Meetings.

Directors and senior management communicate with investors

Welcome investors' visits

Due to the impacts of objective factors and the inconvenience of investors' traveling in 2022, the Company actively conducted online and offline communications with investors and provided more convenience. In 2022, the Company met with over 2,600 institutional and individual investors, as well as media in total, more than double the amount of times in 2021. For the first time, the Company held its 2021 annual and 2022 first quarterly results briefing, as well as the 2022 interim results briefing through live video streaming. In addition, the Company held a number of on-site and telephone meetings in Chinese, English and other languages in 2022, increasing communications with investors/analysts several times over those in 2021.

As a company listed both in A+H, the Company also provides investors with a bilingual IR App in Chinese and English, opens the WeChat subscription account, optimizes the IR column on the official website in accordance with international practices, and opens the official accounts on various platforms to enrich the investor communication platform matrix, allowing the Company to display its image and convey important information to the domestic and overseas capital markets in a more extensive and timely manner.

Global offering of H Shares – Communications with Investors and Media

The Company also values daily communications with investors, particularly small and medium-sized investors. To answer investors' questions and respond quickly to their requests, the Company established a dedicated investor hotline and emails for A+H stock investors to contact and inquire at any time.

AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The Articles of Association was amended during the Reporting Period with details setting out in the announcement published by the Company on 30 August 2022, and the amendments came into effect on 17 October 2022.

To the Shareholders of Tianqi Lithium Corporation
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Tianqi Lithium Corporation(the "Company") and its subsidiaries (the "Group") set out on pages 137 to 244 which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accounts ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Revenue recognition</td></tr>
<tr><td colspan="2">Refer to note 3 to the consolidated financial statements and the accounting policies in note 1(z).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Tianqi Lithium Corporation and its subsidiaries (together, the "Group") are principally engaged in lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including lithium concentrates, lithium compounds and derivatives (together, the "lithium products").

For the year ended 31 December 2022, the Group generated revenue from the sales of lithium products of RMB40,168,923,000.

Revenue from sales of lithium products is recognized when the lithium products are delivered to the location designated by and accepted by domestic customers or to the port of loading designated by the overseas customers, which is the point at which the control of the lithium products is considered to have been transferred.

We identified revenue recognition as a key audit matter because revenue is significant to the Group's consolidated financial statements and is one of the key performance indicators of the Group and therefore there is a risk of manipulation of the timing and amount of the revenue recognition to meet specific targets or expectations.</td><td>Our audit procedures to assess the recognition of revenue included the following:

• Obtaining an understanding of and evaluating the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;

• Obtaining selected customers' contracts, inspecting the key terms and conditions in the contracts and evaluating the Group's revenue recognition policy with reference to the requirements of prevailing accounting standards;

• Comparing revenue transactions recorded during the current year, on a sample basis, with the goods delivery notes confirmed by the customers and invoices for domestic sales or bill of lading and customs declaration form for overseas sales ("the underlying documents") to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies;

• Obtaining confirmations from customers, on a sample basis, of outstanding trade receivables at the end of the financial year and transaction amounts recognised during the financial year and, for unreturned confirmations, performing alternative procedures by comparing the sales amount of the transactions with the relevant underlying documents;

• Comparing revenue transactions, on a sample basis, recorded before and after the balance sheet date, with the underlying documents to evaluate whether the relevant revenue was recorded in the appropriate accounting period; and

• Inspecting revenue accounting entries that meet specific risk criteria during the year, inquiring management to understand the nature of the entries and inspecting the underlying documents.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Frankie C.Y. Lai.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

(Expressed in Renminbi ("RMB"))

	Notes	2022 RMB'000	2021 RMB'000
Revenue	3(a)	**40,168,923**	7,597,863
Cost of sales		**(6,014,628)**	(2,909,979)
Gross profit		**34,154,295**	4,687,884
Other net income	4	**1,286,972**	478,593
Selling and distribution expenses		**(29,034)**	(20,488)
Administrative expenses		**(409,372)**	(478,060)
Research and development costs		**(26,703)**	(18,826)
(Provision for)/reversal of impairment losses	5	**(61,895)**	1,652,402
Profit from operations		**34,914,263**	6,301,505
Finance costs	6(a)	**(1,082,721)**	(1,474,799)
Share of profits less losses of associates		**5,895,071**	752,770
Profit before taxation	6	**39,726,613**	5,579,476
Income tax	7(a)	**(8,813,674)**	(1,373,635)
Profit for the year		**30,912,939**	4,205,841
Attributable to:			
Equity shareholders of the Company		**23,944,590**	3,649,185
Non-controlling interests		**6,968,349**	556,656
Profit for the year		**30,912,939**	4,205,841
Earnings per share	10		
Basic (RMB)		**15.41**	2.47
Diluted (RMB)		**15.41**	2.47

The notes on pages 145 to 244 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 30(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

(Expressed in RMB)

	Note	2022 RMB'000	2021 RMB'000
Profit for the year		**30,912,939**	4,205,841
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		**(880,657)**	400,928
Share of other comprehensive income of associates		**(7,244)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		**1,747,089**	(773,847)
Share of other comprehensive income of associates		**29,948**	(58,296)
Other comprehensive income for the year		**889,136**	(431,215)
Total comprehensive income for the year		**31,802,075**	3,774,626
Attributable to:			
Equity shareholders of the Company		**24,726,926**	3,624,269
Non-controlling interests		**7,075,149**	150,357
Total comprehensive income for the year		**31,802,075**	3,774,626

The notes on pages 145 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Notes	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	12	**15,619,771**	13,734,405
Intangible assets	13	**116,295**	118,811
Goodwill	14	**416,101**	416,101
Interests in associates	16	**27,170,214**	24,120,755
Interests in a joint venture	17	**123,435**	112,810
Financial assets measured at fair value	18	**1,953,152**	695,617
Deferred tax assets	28(b)	**1,162,423**	115,568
Restricted deposits	23(a)	**29,522**	11,157
Other non-current assets		**6,846**	22,572
		46,597,759	39,347,796
Current assets			
Inventories	20	**2,143,943**	871,756
Trade and other receivables	22	**10,914,838**	3,369,533
Prepaid tax	28(a)	**469,991**	235,299
Restricted deposits	23(a)	**141,538**	209,828
Cash and cash equivalents	23(a)	**12,289,948**	1,766,096
		25,960,258	6,452,512
Current liabilities			
Trade and other payables	24	**3,558,019**	1,536,113
Derivative financial instruments	19	**–**	388,401
Contract liabilities	21	**351,227**	164,475
Bank loans and other borrowings	25	**127,335**	9,762,521
Lease liabilities	26	**46,041**	48,940
Deferred income		**–**	6,093
Current taxation	28(a)	**3,472,485**	686,872
		7,555,107	12,593,415
Net current assets/(liabilities)		**18,405,151**	(6,140,903)
Total assets less current liabilities		**65,002,910**	33,206,893

The notes on pages 145 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Notes	2022 RMB'000	2021 RMB'000
Non-current liabilities			
Bank loans and other borrowings	25	**8,263,408**	11,800,154
Deferred income	27	**59,447**	66,477
Deferred tax liabilities	28(b)	**1,350,557**	978,520
Lease liabilities	26	**268,243**	200,442
Provision	29	**259,912**	335,270
Other non-current liabilities		**43,101**	33,078
		10,244,668	13,413,941
NET ASSETS		**54,758,242**	19,792,952
CAPITAL AND RESERVES			
Share capital	30(c)	**1,641,221**	1,477,099
Reserves		**48,514,552**	12,879,967
Total equity attributable to equity shareholders of the Company		**50,155,773**	14,357,066
Non-controlling interests		**4,602,469**	5,435,886
TOTAL EQUITY		**54,758,242**	19,792,952

Approved and authorised for issue by the board of directors on 30 March 2023.

Jiang Weiping
Executive Director

Zou Jun
Executive Director

The notes on pages 145 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

(Expressed in RMB)

		Attributable to equity shareholders of the Company										
	Notes	Share capital RMB'000	Capital reserves RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Fair value reserves (non-recycling) RMB'000	Exchange reserves RMB'000	(Accumulated losses)/ retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021		1,477,099	7,178,777	32,290	387,697	(484,140)	–	(667,109)	(2,723,186)	5,201,428	2,226,398	7,427,826
Changes in equity for 2021:												
Profit for the year		–	–	–	–	–	–	–	3,649,185	3,649,185	556,656	4,205,841
Other comprehensive income		–	–	–	–	(58,296)	400,928	(367,548)	–	(24,916)	(406,299)	(431,215)
Total comprehensive income		–	–	–	–	(58,296)	400,928	(367,548)	3,649,185	3,624,269	150,357	3,774,626
Share of other reserves of an associate		–	–	–	–	(1,771)	–	–	–	(1,771)	–	(1,771)
Safety production fund	30(e)(ii)	–	–	4,382	–	–	–	–	(4,382)	–	–	–
Appropriation to statutory reserves	30(e)(iii)	–	–	–	78,695	–	–	–	(78,695)	–	–	–
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	(436,779)	(436,779)
Issuance of shares of a subsidiary to a non-controlling shareholder	15	–	–	–	–	5,533,140	–	–	–	5,533,140	3,495,910	9,029,050
Balance at 31 December 2021		1,477,099	7,178,777	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952

The notes on pages 145 to 244 form part of these financial statements.

	Notes	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
		Share capital RMB'000	Capital reserves RMB'000	Treasury shares RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Fair value reserves (non-recycling) RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		1,477,099	7,178,777	-	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952
Changes in equity for 2022:													
Profit for the year		-	-	-	-	-	-	-	-	23,944,590	23,944,590	6,968,349	30,912,939
Other comprehensive income		-	-	-	-	-	22,704	(880,657)	1,640,289	-	782,336	106,800	889,136
Total comprehensive income		-	-	-	-	-	22,704	(880,657)	1,640,289	23,944,590	24,726,926	7,075,149	31,802,075
Issuance of H shares	30(c)	164,122	11,040,522	-	-	-	-	-	-	-	11,204,644	-	11,204,644
Repurchase of ordinary A shares	30(d)	-	-	(199,985)	-	-	-	-	-	-	(199,985)	-	(199,985)
Equity-settled share-based payments	31	-	-	-	-	-	800	-	-	-	800	-	800
Share of other reserves of an associate		-	-	-	-	-	(98)	-	-	-	(98)	-	(98)
Safety production fund	30(e)(ii)	-	-	-	2,598	-	-	-	-	(2,598)	-	9	9
Appropriation to statutory reserves	30(e)(iii)	-	-	-	-	365,562	-	-	-	(365,562)	-	-	-
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(7,864,506)	(7,864,506)
Capital reduction of non-wholly owned subsidiaries		-	-	-	-	-	66,420	-	-	-	66,420	(44,069)	22,351
Amounts transferred from other comprehensive income to retained profits		-	-	-	-	-	(441)	-	-	441	-	-	-
Balance at 31 December 2022		1,641,221	18,219,299	(199,985)	39,270	831,954	5,078,318	(479,729)	605,632	24,419,793	50,155,773	4,602,469	54,758,242

The notes on pages 145 to 244 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022
(Expressed in RMB)

	Note	2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations	23(b)	26,984,678	2,576,461
Corporate Income Tax paid		(6,687,095)	(343,544)
Net cash generated from operating activities		20,297,583	2,232,917
Payment for the purchase of property, plant and equipment and intangible assets		(1,716,033)	(1,000,912)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		5	8
Payment for investments in equity securities designated at FVOCI (non-recycling)		(823,200)	–
Dividend received from associates		3,279,153	861,722
Proceeds from disposal of partial interest in an associate		–	73,215
Others		4,084	772
Net cash generated from/(used in) investing activities		744,009	(65,195)

The notes on pages 145 to 244 form part of these financial statements.

	Notes	2022 RMB'000	2021 RMB'000
Financing activities			
Payment for repurchase of ordinary A shares	30(d)	**(199,985)**	–
Proceeds from issuance of ordinary H shares		**11,283,712**	–
Issuance of shares of a subsidiary to a non-controlling shareholder		**–**	8,994,475
Proceeds from bank loans and other borrowings	23(c)	**13,058,862**	3,751,194
Repayments of bank loans and other borrowings	23(c)	**(25,600,443)**	(11,936,570)
Dividends paid to non-controlling interests		**(7,864,506)**	(436,779)
Interest paid	23(c)	**(1,220,931)**	(1,245,888)
Capital element of lease rentals paid	23(c)	**(51,877)**	(36,457)
Interest element of lease rentals paid	23(c)	**(11,060)**	(9,428)
Net cash outflow from derivative financial instruments	23(c)	**–**	(49,698)
Restricted deposits for bank loans and other borrowings		**158,340**	(175,703)
Listing expense		**(82,128)**	–
Syndicated facility upfront costs		**(56,363)**	–
Others		**15,754**	(2,994)
Net cash used in financing activities		**(10,570,625)**	(1,147,848)
Net increase in cash and cash equivalents		**10,470,967**	1,019,874
Cash and cash equivalents at 1 January	23(a)	**1,766,096**	788,206
Effect of foreign exchange rate changes		**52,885**	(41,984)
Cash and cash equivalents at 31 December	23(a)	**12,289,948**	1,766,096

The notes on pages 145 to 244 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Group and the Group's interest in associates and a joint venture. The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– investments in debt and equity securities (see note 1(g)); and

– derivative financial instruments (see note 1(h)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements *(Continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

None of these amendments had a material effect on how the Group's consolidated results and financial position for the current or prior year have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(t) or (u) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gains or losses are recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(o)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment losses relating to the investment (see notes 1(f) and (o)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the period are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(o)(i)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Associates and joint ventures *(Continued)*

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see notes 1(g) and 1(h)).

In the Company's statement of financial position, investments in associates and joint venture are accounted for under equity method, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(o)(ii)).

On disposal of a cash generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Other investments in debt and equity securities *(Continued)*

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(z)(iv)).

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(z)(iii).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) Property, plant and equipment

The Group's freehold land located in Australia is measured at historical cost, and is not depreciated subsequently.

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(o)(ii)):

– right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest;

– mine properties and development (including capitalised stripping costs); and

– items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(n)).

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use, the cost of borrowed funds used during the period of construction (see note 1(bb)) and, when relevant, the costs of dismantling and removing the items and restoring the site on which they are located, and changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

The Group recognises in the carrying amounts of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other cost is recognised as an expense in profit or loss in the period in which it is incurred.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Property, plant and equipment *(Continued)*

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amounts of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, over the estimated useful lives using the straight-line method, reducing balance method or units of production method of the economically recoverable reserves after taking into account the estimated residual values if necessary as indicated below:

- Leasehold land is depreciated over the unexpired term of lease.

– Plants and buildings	Straight line over 5 – 32 years
– Mine properties and development	Units of production
– Machinery and equipment	
• Machinery and equipment exposed to acid and alkali	Reducing balance over 10 years
• Mine specific machinery and equipment	Higher of units of production method or Straight line over 20 years
• Other machinery and equipment	Straight line over 5 to 32 years
– Motor vehicles	Straight line over 5 years
– Office equipment and others	Straight line over 3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Mine properties and development

The following assets are classified directly as mine properties and development assets from the commencement of development:

– Mineral reserves and resources acquired as part of a business combination and recognised at fair value at the date of acquisition; and

– Mine rehabilitation, restoration and dismantling assets.

All subsequent expenditure to develop the mine to the production phase is capitalised and classified as construction in progress. On completion of development, construction in progress balances are reclassified to machinery and equipment or mine properties and development categories of property, plant and equipment as appropriate.

(k) Capitalised stripping costs

The process of removing overburden and other mine waste materials to access mineral deposits is referred to as stripping. In open-pit mining, stripping costs are accounted for separately for each component of an ore body unless the stripping activity provides improved access to the whole of the ore body. A component is a specific section within an ore body that is made more accessible by the stripping activity. The identification of components is dependent on the mine plan.

There are two types of stripping activity:

– Development stripping is the initial overburden removal during the development phase to obtain access to a mineral deposit that will be commercially produced; and

– Production stripping is the inter-burden removal during the normal course of production activity.

Development stripping costs are capitalised as a stripping activity asset (in construction in progress) and forming part of the cost of constructing the mine, when:

– It is probable that future economic benefits associated with the asset will flow to the Group; and

– The costs can be measured reliably.

Capitalisation of development stripping costs ceases and these costs are transferred to mine properties and development (in property, plant and equipment) when the ore body or the component of an ore body is ready for its intended use.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Capitalised stripping costs *(Continued)*

Production stripping can give rise to two benefits being the extraction of ore in the current period and improved access to the ore body or the component of an ore body in future periods. To the extent that the benefit is the extraction of ore, the stripping costs are recognised as cost of inventories. To the extent the benefit is improved access to the ore body or the component of an ore body in future periods, the stripping costs are capitalised as mine properties and development, if the following criteria are met:

– It is probable that the future economic benefits (improved access to the ore body or the component of an ore body) will flow to the Group; and

– The ore body or the component of an ore body for which access has been improved can be identified; and

– The costs relating to the stripping activity can be measured reliably.

Production stripping costs are allocated between the inventories produced and the mine properties and development capitalised using a life-of-component waste-to-ore strip ratio. When the current stripping ratio is greater than the life-of-component waste-to-ore strip ratio, a portion of the stripping costs is capitalised to the existing mine properties and development.

(l) Rehabilitation and mine closure costs

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment.

The cost of an asset must include any estimated costs of dismantling and removing the asset and restoring the site on which it is located. The capitalised rehabilitation and mine closure costs are depreciated (along with the other costs included in the asset) over the asset's useful life. The depreciation expense is included in the cost of sales of goods.

A provision is to be raised for the present value of the estimated cost of settling the rehabilitation and restoration obligations existing at reporting period end. Those costs that relate to rehabilitation and restoration obligations arising from the production process are recognised in production costs. The estimated costs are discounted using a pre-tax discount rate that reflects the time value of money. The discount rate must not reflect risks for which future cash flow estimates have been adjusted.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised within borrowing costs. This borrowing cost is excluded from the cost of sales of goods.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(bb)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(o)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

Mining rights are stated at cost less accumulated amortisation and any impairment losses (see note 1(o)(ii)). Mining rights include the cost of acquiring mining licenses. The mining rights are amortised over the estimated useful lives of the mines, in accordance with the proven and probable reserves of the mines using the units of production method. The mining rights held by the Group are located in Yajiang County of the PRC ("Yajiang Cuola Mine"). As at the end of reporting period, the Group did not commence operation in Yajiang Cuola Mine, therefore, the mining rights of Yajiang Cuola Mine did not amortise during the Relevant Periods.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see note 1(o)(ii)). Amortisation of other intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– software	5 years
– patents	10 years

Patents of the Group mainly consists of invention patents, design patents and utility model patents. The useful lives of the patents are estimated with reference to the valid legal protection period of respective patents.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(o)(ii)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Leased assets *(Continued)*

(i) As a lessee (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(o) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables and restricted deposits).

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments (Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 1(z)(iv) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill;
- investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment losses been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(p) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Inventories and other contract costs *(Continued)*

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfill a contract with a customer which are not capitalised as inventory (see note 1(p)(i)), property, plant and equipment (see note 1(i)) or intangible assets (see note 1(m)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(z).

(q) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(z)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(r)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Contract liabilities *(Continued)*

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(z)(iv)).

(r) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(q)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(o)(i)).

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 1(o)(i).

(t) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(u) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(bb)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Treasury shares

Own equity instruments which are reacquired and held by the Company (treasury shares) are recognised directly in equity at cost. No gains or losses are recognised on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(w) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Long-term employee benefits

The liability for long-term incentive scheme is recognised in the provision for employee benefits of Windfield Holdings Pty Ltd ("Windfield") and its subsidiaries ("Windfield Group") and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at each end of the reporting period on government bonds of Australia with terms to maturity that match, as closely as possible, the estimated future cash outflows. A liability is recognised for the amount expected to be paid under a long-term incentive scheme if the Group has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Company. The fair value of the employee services received in exchange for the grant of the restricted A shares ("RASs") is recognised as an expense. The total amount to be expensed is determined by making reference to the fair value of RASs granted:

- including any market performance condition (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Employee benefits *(Continued)*

(iii) Share-based payments (Continued)

Non-market performance and service conditions are included in assumptions about the number of RASs that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

At the end of each reporting period, the Group revises its estimates of the number of RASs that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The dilutive effect of outstanding unvested RASs is reflected as additional share dilution in the computation of earnings per share.

(iv) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(x) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Income tax *(Continued)*

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(y) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Revenue and other income *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of lithium compounds and derivatives

Customers obtain control of lithium compounds and derivatives when the goods are delivered to and have been accepted at their premises for domestic sales or designated port of loading for export sales. Revenue is recognised at that point in time and invoices are issued accordingly. The Group usually requires advance payments or payments within 30 days after the goods are accepted. No discounts are provided for lithium compounds and derivatives.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of lithium compounds and derivatives. Returned goods are exchanged only for new goods-i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(ii) Sale of lithium concentrate

Customers obtain control of lithium concentrate when the goods are dispatched from the Group's warehouse for domestic sales or are delivered to and have been accepted at designated port of loading for export sales. Revenue is recognised at that point in time and invoices are issued accordingly. The Group usually requires advance payments. No discounts are provided for lithium concentrate.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for lithium concentrate. Returned goods are exchanged only for new goods-i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(iii) Dividends

– Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

– Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(z) Revenue and other income *(Continued)*

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(o)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other revenues.

(aa) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statements of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(bb) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(cc) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(cc) Related parties *(Continued)*

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(dd) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 32 contain information about the assumptions and their risk factors relating to financial instruments. Other key sources of significant estimation uncertainty are as follows:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 12, 14 and 16 to the financial statements.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(ii) Reserves and resources

Reserves are estimates of the amount of mineral product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long-term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore reserves under the Australian Code for Reporting of Mineral Resource and Ore Reserves December 2012, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

– Asset carrying amounts may be impacted due to changes in estimated future cash flows.

– Depreciation and amortisation charged in the consolidated statement of profit or loss may change where such charges are calculated using the units of production basis.

– Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves alter expectations about the timing or cost of these activities.

Depreciation and amortisation of mining assets is prospectively adjusted, based on these changes.

(iii) Capitalised stripping costs

Production stripping costs can be incurred both in relation to the production of inventories in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventories, while the latter are capitalised as mine properties and development, where certain criteria are met (see note 1(k)). Significant judgement is required to distinguish between the production stripping that related to the extraction of inventories and what relates to the creation of mine properties and development.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(iii) Capitalised stripping costs *(Continued)*

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventories and any stripping activity asset for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, the most suitable production measure.

(iv) Rehabilitation and mine closure provisions

As set out in note 1(l), these provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate mine properties and development. The discounted value reflects a combination of the Group's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact to the carrying amounts of the provision.

In the case of provisions for assets which remain in use, adjustments to the carrying amounts of the provision are offset by a change in the carrying amounts of the related asset. Where the provisions are for assets no longer in use or for obligations arising from the production process, the adjustment is reflected directly in profit or loss.

(v) Useful life of property, plant and equipment

Management determines the estimated useful lives of and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the actual useful lives of assets of similar nature and functions. It could change significantly as a result of significant technical innovations and competitor actions in response to industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(Expressed in thousands of Renminbi unless otherwise stated)

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(vi) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and tax credit carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amounts of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in the future periods.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of lithium compounds and derivatives	**24,754,462**	4,960,184
– Sales of lithium concentrate	**15,414,461**	2,637,679
	40,168,923	7,597,863

All of the Group's revenue are recognised at a point in time. Disaggregation of revenue from contracts with customers by major products and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii) respectively.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Disaggregation of revenue (Continued)

The Group's customer base is diversified and transactions with one (2021: two) of its customers has exceeded 10% of the Group's revenues. Revenues from sales to these customers amounted to approximately RMB12,959,079,000 (2021: RMB2,574,811,000). Details of concentrations of credit risk arising from customers are set out in note 32(a).

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Lithium compounds and derivatives segment: this segment primarily derive its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are mainly manufactured in the manufacturing plants of the Group located in mainland China.

- Lithium concentrate segment: this segment primarily undertakes mining, production and sales of lithium concentrate. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in subsidiaries, associates, joint ventures and deferred tax assets. Segment liabilities include trade and other payables attributable to the exploration, manufacturing and sales activities of the individual segments with the exception of deferred tax liabilities, bank loans and other borrowings managed directly by the Group's most senior executive management.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of lithium concentrate, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is adjusted profit before taxation. To arrive at adjusted profit before taxation, the Group's profit before taxation are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted profit before taxation, management is provided with segment information concerning revenue (including inter segment sales), interest income from cash balances and finance costs from bank loans and other borrowings, depreciation, amortisation and (reversal of) impairment losses and additions to non-current segment assets used by the segments in their operations.

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

	2022		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Revenue from external customers	24,754,462	15,414,461	40,168,923
Inter-segment revenue	99,534	12,029,338	12,128,872
Reportable segment revenue	24,853,996	27,443,799	52,297,795
Reportable segment profit (adjusted profit before taxation)	18,449,097	22,845,595	41,294,692
Interest income from bank deposits	33,317	11,327	44,644
Finance costs	(170,645)	(191,258)	(361,903)
Depreciation and amortisation for the year	(202,767)	(451,601)	(654,368)
Reversal of impairment losses on non-current assets	37,795	–	37,795
Reportable segment assets	36,785,171	26,861,624	63,646,795
Capital expenditure*	637,944	1,579,625	2,217,569
Reportable segment liabilities	12,210,001	17,583,569	29,793,570

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities (Continued)

	2021		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Revenue from external customers	4,960,184	2,637,679	7,597,863
Inter-segment revenue	–	1,608,613	1,608,613
Reportable segment revenue	4,960,184	4,246,292	9,206,476
Reportable segment profit (adjusted profit before taxation)	2,430,894	2,011,462	4,442,356
Interest income from bank deposits	1,339	1,952	3,291
Finance cost	(152,255)	(128,150)	(280,405)
Depreciation and amortisation for the year	(187,715)	(261,428)	(449,143)
Reportable segment assets	10,152,949	9,483,198	19,636,147
Capital expenditure*	91,563	708,699	800,262
Reportable segment liabilities	1,022,313	2,975,656	3,997,969

* Capital expenditure consists of purchase of property, plant and equipment (including right-of-use assets) and intangible assets.

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment revenue, segment profit, segment assets and liabilities for the years ended 31 December 2022 and 2021 are set out below:

	Reportable segment amount		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment revenue	**52,297,795**	9,206,476	**–**	1,232,364	**(12,128,872)**	(2,840,977)	**40,168,923**	7,597,863
Reportable segment profit (adjusted profit before taxation)	**41,294,692**	4,442,356	**5,880,120**	1,480,039	**(7,448,199)**	(342,919)	**39,726,613**	5,579,476
Share of profits less losses of associates	**254,184**	(2,168)	**5,640,887**	754,938	**–**	–	**5,895,071**	752,770
Interest income	**44,644**	3,291	**6,468**	95	**–**	–	**51,112**	3,386
Finance cost	**(361,903)**	(280,405)	**(793,918)**	(1,248,466)	**73,100**	54,072	**(1,082,721)**	(1,474,799)
Depreciation and amortisation for the year	**(654,368)**	(449,143)	**(721)**	(9,087)	**–**	–	**(655,089)**	(458,230)
Reversal of impairment losses on non-current assets	**37,795**	1,662,784	**–**	–	**–**	–	**37,795**	1,662,784
Reportable segment assets	**63,646,795**	19,636,147	**29,657,574**	26,591,520	**(20,746,352)**	(427,359)	**72,558,017**	45,800,308
Capital expenditure	**2,217,569**	800,262	**5,100**	43,813	**–**	–	**2,222,669**	844,075
Reportable segment liabilities	**29,793,570**	3,997,969	**3,822,118**	22,436,746	**(15,815,913)**	(427,359)	**17,799,775**	26,007,356

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of external customers is based on the location at which the goods delivered.

	2022 RMB'000	2021 RMB'000
Mainland China	**33,612,173**	6,578,886
Overseas	**6,556,750**	1,018,977
	40,168,923	7,597,863

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interests in associates and a joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets, goodwill, interests in associates and interests in a joint venture.

	2022 RMB'000	2021 RMB'000
Mainland China	**2,883,474**	2,190,137
Overseas		
– Australia	**13,874,747**	12,392,949
– Chile	**26,687,595**	23,765,173
– Other countries and jurisdictions	**–**	154,623
	43,445,816	38,502,882

(Expressed in thousands of Renminbi unless otherwise stated)

4 OTHER NET INCOME

	2022 RMB'000	2021 RMB'000
Net realised and unrealised (losses)/gains on derivative financial instruments	(890,422)	50,977
Net losses on disposal of property, plant and equipment	(1,221)	(19,901)
Net gains from modification of syndicated bank loans	–	671,207
Gains on deemed disposal of an associate (note 16)	1,097,383	64,741
Gains/(losses) on partial disposal of an associate (note 16)	625,577	(3,053)
Net losses on dilution of interest in associates	–	(51,302)
Net foreign exchange gains/(losses)	377,336	(242,357)
Interest income from bank deposits	51,112	3,386
Government grants	34,428	21,553
Dividend income from equity investments at FVOCI (non-recycling)	2,830	–
Others	(10,051)	(16,658)
	1,286,972	478,593

5 PROVISION FOR/(REVERSAL OF) IMPAIRMENT LOSSES

	2022 RMB'000	2021 RMB'000
Provision for/(reversal of) impairment losses on		
– interest in associates	(37,795)	(1,601,313)
– interest in a joint venture	–	(61,471)
– trade and other receivables	97,809	10,382
– inventories	1,881	–
	61,895	(1,652,402)

(Expressed in thousands of Renminbi unless otherwise stated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2022 RMB'000	2021 RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	**1,076,175**	1,495,375
Interest on lease liabilities	**10,594**	9,786
Interest on discounted bills receivable	**75,921**	17,210
Unwind of discount on rehabilitation and closure provision (note 29)	**7,671**	5,637
Less: interest expense capitalised into construction in progress	**(87,640)**	(53,209)
	1,082,721	1,474,799

The borrowing costs have been capitalised at a rate of 2.0% per annum (2021: 2.4% per annum).

	2022 RMB'000	2021 RMB'000
(b) Staff costs		
Salaries, wages, bonuses and other benefits	**710,679**	544,952
Equity-settled share-based payment expenses	**800**	–
Contributions to defined contribution retirement plans	**39,044**	35,196
	750,523	580,148

Staff costs includes remuneration of directors, supervisors and senior management (note 8 and note 9).

Pursuant to the relevant labor rules and regulations in mainland China, the Company and its subsidiaries in mainland China participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Company and its subsidiaries in mainland China are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

(Expressed in thousands of Renminbi unless otherwise stated)

6 PROFIT BEFORE TAXATION *(Continued)*

(b) *Staff costs (Continued)*

Pursuant to the relevant labor rules and regulations in Australia, the Company's subsidiaries in Australia participate in retirement benefit plans whereby the Company's subsidiaries in Australia are required to make contributions to the retirement benefit based on certain percentages of the eligible employee's salaries.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") pursuant to the MPF Schemes Ordinance for its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of its employees' basic salaries and are charged to consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as at 31 December 2022.

	2022 RMB'000	2021 RMB'000
(c) Other items		
Amortisation cost of intangible assets# (note 13)	**13,233**	13,106
Depreciation charge		
– owned property, plant and equipment	**572,821**	389,822
– right-of-use assets	**69,035**	55,302
Auditors' remuneration		
– audit services	**4,000**	4,668
Research and development expenses*	**26,703**	18,826
Cost of inventories# (note 20(a))	**6,014,628**	2,909,979

* Research and development expenses include RMB18,878,000 (2021: RMB14,442,000) relating to staff costs and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in the note 6(b) for each of these types of expenses.

Cost of inventories includes RMB1,044,401,000 (2021: RMB671,612,000) relating to staff costs and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

(Expressed in thousands of Renminbi unless otherwise stated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2022 RMB'000	2021 RMB'000
Current tax – Mainland China Corporate Income Tax		
Provision for the year	3,427,206	590,388
Current tax – Hong Kong and overseas		
Provision for the year	6,040,992	193,503
Deferred tax		
Origination and reversal of temporary differences	(654,524)	589,744
	8,813,674	1,373,635

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022 RMB'000	2021 RMB'000
Profit before taxation	39,726,613	5,579,476
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned (i)	11,128,919	1,471,757
Effect of preferential tax rate (ii)	(486,277)	(69,758)
Tax effect of utilisation of tax losses not recognised in prior years	(53,565)	(1,585)
Tax effect of unused tax losses not recognised	222,777	444,408
Tax effect of non-deductible expenses	345,364	15,410
Tax effect of non-taxable income	(2,407,604)	(716,414)
(Over)/under provision in prior periods	(11,665)	13,029
Withholding tax on the profits of the Group's overseas subsidiaries and investments	77,424	218,509
Others	(1,699)	(1,721)
Actual tax expense	8,813,674	1,373,635

(Expressed in thousands of Renminbi unless otherwise stated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: *(Continued)*

(i) Under the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 16.5%.

Pursuant to the rules and regulations of the British Virgin Islands, the Group's subsidiary in British Virgin Islands is not subject to any assessable income tax in the British Virgin Islands.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below:

	2022	2021
The United Kingdom#	**19%**	19%
Australia*	**30%**	30%
Canada#	**15%**	15%
Chile#	**27%**	27%

* Windfield and its wholly-owned Australian resident entities are taxed as a tax-consolidated group. TLH, TLAI2 and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. TLEA, TLA and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield, TLH and TLEA respectively.

\# No provision was made for the United Kingdom, Canada and Chile Profits Tax as the Group's overseas subsidiaries in the United Kingdom, Canada and Chile did not earn any assessable income subject to local tax law during the year.

(ii) Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from 1 January 2011 to 31 December 2030. The Company and certain subsidiaries of the Group in mainland China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

(Expressed in thousands of Renminbi unless otherwise stated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2022	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Mr. Jiang Weiping	3,850	1	–	–	3,851	–	3,851
Mr. Ha, Frank Chun Shing	762	3,601	220	40	4,623	13	4,636
Mr. Zou Jun	172	2,456	97	40	2,765	11	2,776
Ms. Jiang Anqi	3,240	–	–	–	3,240	–	3,240
Independent non-executive directors							
Mr. Pan Ying	371	–	–	–	371	–	371
Ms. Tang Guoqiong	371	–	–	–	371	–	371
Mr. Xiang Chuan	371	–	–	–	371	–	371
Ms. Huang Wei (appointed on 23 June 2022)	219	–	–	–	219	–	219
Supervisors							
Ms. Yan Jin	264	–	–	–	264	–	264
Mr. Hu Yi	53	776	37	40	906	4	910
Ms. Chen Zemin	132	–	–	–	132	–	132
	9,805	6,834	354	120	17,113	28	17,141

(Expressed in thousands of Renminbi unless otherwise stated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION *(Continued)*

Year ended 31 December 2021	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Mr. Jiang Weiping	1,800	6	–	–	1,806	–	1,806
Mr. Ha, Frank Chun Shing (appointed on 1 February 2021)	72	1,875	–	37	1,984	–	1,984
Mr. Zou Jun	72	1,737	–	37	1,846	–	1,846
Ms. Jiang Anqi	300	–	–	–	300	–	300
Independent non-executive directors							
Mr. Pan Ying	300	–	–	–	300	–	300
Ms. Tang Guoqiong	300	–	–	–	300	–	300
Mr. Xiang Chuan	300	–	–	–	300	–	300
Supervisors							
Ms. Yan Jin	240	–	–	–	240	–	240
Ms. Yang Qing (resigned on 13 September 2021)	90	–	–	–	90	–	90
Mr. She Shifu (resigned on 13 September 2021)	34	260	–	–	294	–	294
Mr. Hu Yi (appointed on 13 September 2021)	14	131	–	10	155	–	155
Ms. Chen Zemin (appointed on 29 September 2021)	30	–	–	–	30	–	30
	3,552	4,009	–	84	7,645	–	7,645

During the year ended 31 December 2021, no emoluments was paid by the Group to the directors, supervisors or any of the two highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office in 2022 (2021: nil). No director or supervisor has waived or agreed to waive any emoluments during the year ended 31 December 2021 (2021: nil).

(Expressed in thousands of Renminbi unless otherwise stated)

9 INDIVIDUALS WITH HIGHEST REMUNERATION

For the year ended 31 December 2022, of the five individuals with the highest emoluments, three (2021: nil) are executive directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (2021: five) individuals are as follows:

	2022 RMB'000	2021 RMB'000
Salaries and other emoluments	**7,041**	9,041
Discretionary bonuses	**1,226**	2,473
Retirement scheme contributions	**169**	375
	8,436	11,889

The emoluments of these two (2021: five) individuals with the highest emoluments are within the following bands:

	2022 Number of individuals	2021 Number of individuals
HKD2,000,001 – 2,500,000	**–**	1
HKD2,500,001 – 3,000,000	**–**	2
HKD3,000,001 – 3,500,000	**–**	2
HKD3,500,001 – 4,000,000	**1**	–
HKD5,500,001 – 6,000,000	**1**	–

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB23,944,590,000 (2021: RMB3,649,185,000) and the weighted average number of 1,553,951,388 ordinary shares (2021: 1,477,099,383 ordinary shares) in issue during the year, calculated as follows:

	Year ended 31 December	
	2022 '000	2021 '000
Issued ordinary shares at 1 January	**1,477,099**	1,477,099
Effect of issuance of ordinary H shares	**77,340**	–
Effect of repurchase of shares	**(488)**	–
Weighted average number of ordinary shares at 31 December	**1,553,951**	1,477,099

(Expressed in thousands of Renminbi unless otherwise stated)

10 EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB23,944,590,000 (2021: RMB3,649,185,000) and the weighted average number of 1,553,983,405 ordinary shares (2021: 1,477,099,383 ordinary shares) in issue assuming conversion of all dilutive potential ordinary shares during the year, calculated as follows:

	Year ended 31 December	
	2022	2021
	'000	'000
Weighted average number of ordinary shares at 31 December	**1,553,951**	1,477,099
Effect of Employee Stock Ownership Plan (note 31)	**32**	–
Weighted average number of ordinary shares (diluted) at 31 December	**1,553,983**	1,477,099

11 OTHER COMPREHENSIVE INCOME

	2022			2021		
	Before-tax amount RMB'000	**Tax expense RMB'000**	**Net-of-tax amount RMB'000**	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China	**1,747,089**	**–**	**1,747,089**	(773,847)	–	(773,847)
Share of other comprehensive income of associates and joint ventures	**22,704**	**–**	**22,704**	(58,296)	–	(58,296)
Equity investments at FVOCI: net movement in fair value reserve (non-recycling)	**(826,354)**	**(54,303)**	**(880,657)**	534,570	(133,642)	400,928
Other comprehensive income	**943,439**	**(54,303)**	**889,136**	(297,573)	(133,642)	(431,215)

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land RMB'000	Interest in leasehold land held for own use RMB'000	Other properties, machinery and equipment leased for own use RMB'000	Plants and buildings RMB'000	Mine properties and development RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Constructions in progress RMB'000	Total RMB'000
Cost:										
At 1 January 2021	68,363	395,090	160,580	2,003,993	3,370,092	3,509,217	8,318	83,836	6,902,790	16,502,279
Additions	–	8,300	17,817	5,022	89,705	1,903	1,316	1,795	664,559	790,417
Transfer from construction in progress	–	–	–	20,065	–	391,693	38	2,191	(413,987)	–
Decrease in rehabilitation and mine closure costs (note 29)	–	–	–	–	(18,837)	–	–	–	(24,769)	(43,606)
Deferred stripping cost	–	–	–	–	95,192	–	–	–	–	95,192
Disposals	–	–	(879)	(5,281)	–	(21,676)	(410)	(1,950)	(16,797)	(46,993)
Foreign exchange differences	(5,376)	(15,113)	(13,315)	(116,912)	(271,695)	(178,593)	–	(390)	(615,570)	(1,216,964)
At 31 December 2021 and 1 January 2022	62,987	388,277	164,203	1,906,887	3,264,457	3,702,544	9,262	85,482	6,496,226	16,080,325
Additions	–	44,826	56,612	763	464,424	2,312	2,197	1,999	1,639,129	2,212,262
Transfer from construction in progress	1,816	–	–	1,388,060	–	3,014,971	–	16,390	(4,421,237)	–
Transfer from ROU	–	–	(19,971)	–	–	19,971	–	–	–	–
Decrease in rehabilitation and mine closure costs (note 29)	–	–	–	–	(51,218)	–	–	–	(42,847)	(94,065)
Deferred stripping cost	–	–	–	–	148,840	–	–	–	–	148,840
Disposals	–	–	–	(518)	–	(13,956)	(1,400)	(468)	(975)	(17,317)
Foreign exchange differences	1,271	4,039	3,097	40,872	70,365	76,078	–	248	90,734	286,704
At 31 December 2022	66,074	437,142	203,941	3,336,064	3,896,868	6,801,920	10,059	103,651	3,761,030	18,616,749

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Reconciliation of carrying amount *(Continued)*

	Freehold land RMB'000	Interest in leasehold land held for own use RMB'000	Other properties, machinery and equipment leased for own use RMB'000	Plants and buildings RMB'000	Mine properties and development RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Constructions in progress RMB'000	Total RMB'000
Accumulated depreciation:										
At 31 December 2020 and 1 January 2021	–	(40,317)	(31,704)	(256,015)	(411,103)	(1,176,061)	(6,089)	(54,194)	–	(1,975,483)
Charge for the year	–	(10,435)	(44,867)	(74,392)	(91,032)	(215,756)	(788)	(7,854)	–	(445,124)
Disposals	–	–	624	79	–	18,532	410	1,845	–	21,490
Foreign exchange differences	–	1,515	4,302	6,321	36,038	27,984	–	240	–	76,400
At 31 December 2021 and 1 January 2022	–	(49,237)	(71,645)	(324,007)	(466,097)	(1,345,301)	(6,467)	(59,963)	–	(2,322,717)
Charge for the year	–	(12,907)	(56,128)	(145,640)	(131,511)	(286,472)	(855)	(8,343)	–	(641,856)
Transfer from ROU	–	–	11,524	–	–	(11,524)	–	–	–	–
Disposals	–	–	–	518	–	13,553	1,347	458	–	15,876
Foreign exchange differences	–	(490)	(6,201)	(5,742)	(10,553)	1,069	(1,328)	(1,833)	–	(25,078)
At 31 December 2022	–	(62,634)	(122,450)	(474,871)	(608,161)	(1,628,675)	(7,303)	(69,681)	–	(2,973,775)
Accumulated impairment losses:										
At 31 December 2021 and 2022	–	–	–	–	–	(646)	–	–	(22,557)	(23,203)
Net book value:										
At 31 December 2022	66,074	374,508	81,491	2,861,193	3,288,707	5,172,599	2,756	33,970	3,738,473	15,619,771
At 31 December 2021	62,987	339,040	92,558	1,582,880	2,798,360	2,356,597	2,795	25,519	6,473,669	13,734,405

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Reconciliation of carrying amount *(Continued)*

The freehold land represents the freehold land located in Australia and owned by Windfield Group, which is measured at historical cost and is not depreciated.

As at 31 December 2022, certain property, plant and equipment were pledged as collateral for bank loans and other borrowings (note 25).

As at 31 December 2022, the Group was applying for certificates of ownership for certain properties located in mainland China with carrying amounts of RMB22,371,000. The directors of the Group are of the opinion that the use of and the conduct of operating activities at these properties are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	2022 RMB'000	2021 RMB'000
Interests in leasehold land held for own use, carried at depreciated cost, with remaining lease term between 10 and 50 years	(i)	**374,508**	339,040
Other properties, machinery and equipment leased for own use	(ii)	**81,491**	92,558
		455,999	431,598

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(b) Right-of-use assets *(Continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Interests in leasehold land held for own use	**12,907**	10,435
Other properties, machinery and equipment leased for own use	**56,128**	44,867
	69,035	55,302
Interest on lease liabilities (note 6(a))	**10,594**	9,786
Expense relating to short-term leases	**11,526**	6,212
Variable lease payments not included in the measurement of lease liabilities	**628,291**	361,096

During the year, additions to right-of-use assets were RMB101,438,000 (2021: RMB26,117,000).

Details of total cash outflow for leases, and the maturity analysis of lease liabilities are set out in notes 23(d) and 26 respectively.

(i) Interests in leasehold land held for own use

Interests in leasehold land held for own use represent payments for land use rights of land located in mainland China and Australia where the Group's plants situate. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in mainland China. Lease payments are usually adjusted to reflect market rentals for the land lease in Australia. The period for these land use rights is no more than 50 years.

(ii) Other properties, machinery and equipment leased for own use

The Group has obtained the right to use other properties, machinery and equipment through lease agreements. The leases typically run for an initial period of 2 to 30 years. Lease payments are usually increased every year to reflect market rentals. Some leases include an option to renew the lease for an additional period after the end of the contract term. Certain leases for equipment in Australia include lease payments that were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities.

(Expressed in thousands of Renminbi unless otherwise stated)

13 INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Mining rights RMB'000	Development Cost RMB'000	Total RMB'000
Cost:					
At 1 January 2021	71,198	176,732	88,045	–	335,975
Additions	–	–	–	2,071	2,071
Transfer	2,071	–	–	(2,071)	–
Disposals	(14)	–	–	–	(14)
Foreign exchange differences	(2,558)	–	–	–	(2,558)
At 31 December 2021 and 1 January 2022	70,697	176,732	88,045	–	335,474
Additions	**–**	**–**	**–**	**10,407**	**10,407**
Transfer	**9,913**	**494**	**–**	**(10,407)**	**–**
Foreign exchange differences	**715**	**5**	**–**	**–**	**720**
At 31 December 2022	**81,325**	**177,231**	**88,045**	**–**	**346,601**
Accumulated amortisation:					
At 1 January 2021	(32,923)	(29,323)	–	–	(62,246)
Charge for the year	(12,206)	(900)	–	–	(13,106)
Foreign exchange differences	1,128	–	–	–	1,128
At 31 December 2021 and 1 January 2022	(44,001)	(30,223)	–	–	(74,224)
Charge for the year	**(12,279)**	**(954)**	**–**	**–**	**(13,233)**
Foreign exchange differences	**(366)**	**(44)**	**–**	**–**	**(410)**
At 31 December 2022	**(56,646)**	**(31,221)**	**–**	**–**	**(87,867)**
Accumulated impairment losses					
At 1 January 2021, 31 December 2021 and 2022	**–**	**(142,439)**	**–**	**–**	**(142,439)**
Net book Value					
At 31 December 2022	**24,679**	**3,571**	**88,045**	**–**	**116,295**
At 31 December 2021	26,696	4,070	88,045	–	118,811

As at 31 December 2022, certain intangible assets were pledged as collateral for bank loans and other borrowings (note 25).

(Expressed in thousands of Renminbi unless otherwise stated)

14 GOODWILL

	RMB'000
Cost and carrying amount:	
At 1 January 2021, 31 December 2021 and 2022	416,101

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified below:

	2022 RMB'000	2021 RMB'000
Tianqi Lithium (Jiangsu) Co., Limited ("Tianqi Lithium (Jiangsu)")	**416,101**	416,101

The recoverable amount of Tianqi Lithium (Jiangsu) CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period stay the same with fifth year. The growth rates used do not exceed the long-term average growth rates for the business in which Tianqi Lithium (Jiangsu) CGU operates. The cash flows are discounted using a pre-tax discount rate. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

No impairment losses have been recognised for the years ended 31 December 2022 and 2021 in respect of the goodwill, any adverse change in the assumptions used in the value-in-use calculation of recoverable amount would result in impairment losses.

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests Held by the Company	Proportion of ownership interests Held by a subsidiary	Principal activities
Sichuan Tianqi Shenghe Lithium Co., Ltd. ("Shenghe Lithium") (四川天齊盛合鋰業有限公司) (i)	4 November 2008 The PRC	RMB260,000,000	49%	51%	Mining
Chengdu Tianqi Lithium Co., Limited ("Chengdu Tianqi") (成都天齊鋰業有限公司) (i)	22 August 2014 The PRC	RMB8,700,000,000	100%	–	Import and export trading
Tianqi Lithium (Jiangsu) Co., Limited ("Tianqi Lithium (Jiangsu)") (天齊鋰業(江蘇)有限公司) (i)	10 February 2010 The PRC	RMB820,512,821	–	100%	Manufacture of lithium compounds and derivatives
Chongqing Tianqi Lithium Co., Limited ("Chongqing Tianqi") (重慶天齊鋰業有限責任公司) (i)	13 February 2017 The PRC	RMB156,894,067	–	86.38%	Manufacture of lithium compounds and derivatives
Tianqi Lithium (Shehong) Co., Limited ("Shehong Tianqi") (天齊鋰業(射洪)有限公司) (i)	23 March 2016 The PRC	RMB926,000,000	100%	–	Manufacture of lithium compounds and derivatives
Tianqi Xinlong Science & Technology (Chengdu) Co., Limited ("Tianqi Xinlong") (天齊鑫隆科技(成都)有限公司) (i)	3 May 2017 The PRC	RMB11,534,700,000	100%	–	Import and export trading
Tianqi Lithium Resource Recycling Technologies Research & Development (Jiangsu) Co., Limited (天齊鋰業資源循環技術研發(江蘇)有限公司) (i)	28 September 2017 The PRC	RMB22,200,000	–	100%	Research and development
Suining Tianqi Lithium Co., Ltd. ("Tianqi Suining") (遂寧天齊鋰業有限公司) (i)	3 January 2018 The PRC	RMB591,009,300	–	100%	Manufacture of lithium compounds and derivatives

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests Held by the Company	Proportion of ownership interests Held by a subsidiary	Principal activities
Tianqi Chuangli technology Shenzhen Co., Ltd. ("Tianqi Chuangli") (天齊創鋰科技(深圳)有限公司) (i)	14 September 2021 The PRC	RMB10,000,000	–	100%	Investment holding and trade
Chongqing Tianqi Lithium Battery New Materials Co., Ltd. ("Chongqing Lidian") (重慶鋰電新材料有限公司) (i)	15 September 2022 The PRC	RMB50,000,000	–	100%	Manufacture of lithium compounds and derivatives
Tianqi WeiLion Guli New Materials Shenzhen Co., Ltd. ("Tianqi WeiLion Guli (SZ)") (天齊衛藍固鋰新材料(深圳)有限公司) (i)	17 August 2022 The PRC	RMB10,200,000	–	58.5%	Research and development
Tianqi WeiLion Guli New Materials Huzhou Co., Ltd. ("Tianqi WeiLion Guli (HZ)") (天齊衛藍固鋰新材料(湖州)有限公司) (i)(iii)	27 September 2022 The PRC	–	–	58.5%	Research and development
Tianqi Xinli New Materials Yanting Co., Ltd. ("Tianqi Xinli (YT)") (天齊新鋰新材料(鹽亭)有限公司) (i)(iv)	20 October 2022 The PRC	–	–	100%	Manufacture of lithium compounds and derivatives
Tianqi Lithium HK Co., Limited ("Tianqi HK")	11 March 2015 Hong Kong	HKD10,000 and USD227,704,458	–	100%	Investment holding and trade
Tianqi Grand Vision Energy Ltd.	29 September 2021 Hong Kong	HKD10,000	100%	–	Investment holding and trade
Tianqi Lithium Energy Australia Pty Ltd (Formerly Tianqi UK Limited) ("TLEA")	26 March 2014 The United Kingdom	USD565,152,720	51%	–	Import and export trading
Tianqi Finco Co., Limited ("Tianqi Finco")	6 June 2017 The British Virgin Islands ("BVI")	USD1	–	100%	Investment holding

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests		Principal activities
			Held by the Company	Held by a subsidiary	
Tianqi Bond Co., Limited ("Tianqi Bond")	6 June 2017 BVI	USD1	–	100%	Investment holding
Tianqi Lithium Holdings Pty Ltd ("TLH")	9 November 2017 Australia	AUD558,222,274	–	100%	Investment holding and trade
Tianqi Lithium Kwinana Pty Ltd ("TLK")	27 April 2016 Australia	AUD221,270,532	–	51%	Manufacture of lithium compounds and derivatives
Tianqi Lithium Australia Pty Ltd ("TLA")	9 November 2017 Australia	AUD216,770,485	–	51%	Investment holding and trade
Windfield (ii)	21 September 2012 Australia	AUD433,167,477	–	26%	Investment holding
Windfield Finco Pty Ltd (ii)	18 February 2013 Australia	AUD1	–	26%	Investment holding
Talison Minerals Pty Ltd (ii)	24 May 2007 Australia	AUD36,942,233	–	26%	Mining and sale of lithium concentrates
Talison Service Pty Ltd (ii)	25 May 2007 Australia	AUD1	–	26%	Mining and sale of lithium concentrates
Talison Lithium Australia Pty Ltd (ii)	11 September 2009 Australia	AUD1	–	26%	Mining and sale of lithium concentrates
Talison Lithium (MCP) Pty Ltd (ii)	28 June 2011 Australia	AUD1	–	26%	Mining and sale of lithium concentrates
Talison Lithium Pty Ltd (ii)	22 October 2009 Australia	AUD800,224,448	–	26%	Mining, production and sale of lithium concentrates

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(Continued)*

Company Name	Date and place of incorporation/ establishment	Particulars of issued and paid-up capital	Proportion of ownership interests Held by the Company	Proportion of ownership interests Held by a subsidiary	Principal activities
Talison Lithium (Canada) Inc. (ii)	28 June 2012 Canada	CAD52,566,705	–	26%	Investment holding
Tianqi Lithium Australia Investments 2 Pty Ltd ("TLAI 2")	4 May 2018 Australia	AUD3,401,276,048	–	100%	Investment holding
Tianqi Lithium Australia Investments 1 Pty Ltd ("TLAI 1")	4 May 2018 Australia	AUD4,636,265,093	–	100%	Investment holding
Inversiones TLC SpA	10 July 2018 Republic of Chile ("Chile")	USD3,280,883,162.51	–	100%	Investment holding
Inversiones SLI Chile Limitada (ii)	24 October 2009 Chile	CLP694,395,903	–	26%	Exploration of mineral properties

Notes:

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. These companies were all limited liability companies under the law of the PRC.

(ii) The 26% interests represent the effective economic interest the Group holds in such entities. On 8 December 2020, the Company and TLEA entered into an investment agreement with IGO, pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310 new shares, representing 49% equity interest in TLEA after the share subscription (the "IGO Transaction"). Subsequent to the IGO transaction in July 2021, the Group indirectly holds approximately 26% effective equity interest in these companies through TLEA and these companies are consolidated subsidiaries of the Group as the Group has control over the exercise of over 50% voting power over these entities through its non-wholly owned subsidiaries.

(iii) Out of RMB20,000,000 registered capital, RMB nil is paid up.

(iv) Out of RMB40,000,000 registered capital, RMB nil is paid up.

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following table lists out the information relating to Windfield and its subsidiaries (together, the "Windfield Group"), in which the Group has material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Windfield Group	2022 RMB'000	2021 RMB'000
NCI percentage	73.99%	73.99%
Current assets	11,582,392	1,543,049
Non-current assets	9,058,780	7,729,846
Current liabilities	(4,326,197)	(649,997)
Non-current liabilities	(7,709,432)	(4,130,584)
Net assets	8,605,543	4,492,314
Carrying amount of NCI	1,877,160	3,062,865
Revenue	26,038,783	3,317,381
Profit for the year	15,215,456	1,083,958
Total comprehensive income	15,287,594	678,589
Profit allocated to NCI	7,028,833	552,139
Dividend paid to NCI	7,864,506	436,779
Cash flows from operating activities	9,725,018	1,385,118
Cash flows used in investing activities	(1,507,135)	(644,503)
Cash flows used in financing activities	(8,171,888)	(1,146,269)

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES

The following list contains the particulars of the Group's associates, all of which, except for SQM, are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activity
Sociedad Química y Minera de Chile S.A. (i) (ii) ("SQM")	Incorporated	Chile	USD1,577,643,000	2021: 23.75% 2022: 22.16%	–	2021: 23.75% 2022: 22.16%	Exploitation and manufacture of potassium and lithium products
Shanghai Aerospace Power Technology Co., Ltd* (上海航天電源技術有限責任公司) (iii) ("Shanghai Aerospace")	Incorporated	The PRC	RMB519,834,437	9.91%	9.91%	–	Development and manufacture of advanced lithium-based batteries
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited* (西藏日喀則扎布耶鋰業高科技有限公司) (iv) ("Shigatse Zabuye")	Incorporated	The PRC	RMB930,000,000	20%	20%	–	Mining and sale of lithium compounds

* The English translation of the associates' names is for reference only. The official names of these companies are in Chinese.

16 INTERESTS IN ASSOCIATES *(Continued)*

(i) The Group's investments in SQM, Shanghai Aerospace and Shigatse Zabuye are recorded as "interests in associates" because the Group has significant influence over these entities by way of representation on the board of directors and participation in the financial and operating policy decisions.

(ii) The investment in SQM enables the Group to gain exposure to world-class brine resources and also create synergies between the Group's upstream and downstream operations and among the various products the Group manufactures. During 2022, the Group disposed 4,526,828 Series B shares of SQM to settle the collar option as mentioned in note 19, therefore the Group's effective interest in SQM dilute from 23.75% to 22.16%. This partial disposal resulted in a gain of RMB625,577,000.

(iii) The investment in Shanghai Aerospace enables the Group to strengthen the control of the downstream industry.

(iv) The investment in Shigatse Zabuye enables the Group to participate in the development of lithium brine-based resources at Zabuye Salt Lake Project in Tibet.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

SQM	2022 RMB'000	2021 RMB'000
Gross amounts of the associate's		
Current assets	48,693,064	29,239,566
Non-current assets	95,096,800	79,120,183
Current liabilities	(21,252,804)	(6,322,839)
Non-current liabilities	(19,748,492)	(18,085,419)
Total equity attributable to the shareholders of the associate	102,542,236	83,731,842
Non-controlling interests	246,332	219,649
Revenue	71,441,697	18,462,790
Profit after taxation	25,254,512	3,180,621
Other comprehensive income	96,518	(245,066)
Total comprehensive income	25,351,030	2,935,555
Dividend received from the associate	3,279,153	861,722
Reconciled to the Group's interests in the associate		
Total equity attributable to the shareholders of the associate	102,542,236	83,731,842
Group's effective interest	22.16%	23.75%
Group's share of net assets of the associate	22,726,079	19,884,188
Goodwill	6,740,797	6,615,465
Impairment provision	(2,902,716)	(2,847,290)
Carrying amount in the consolidated financial statements	26,564,160	23,652,363

The recoverable amounts of the Group's investment in SQM were determined by value-in-use calculations. These calculations use cash flow projections based on SQM's historical financial information, operation plan, latest market information and independent technical review report, etc. Cash flows beyond the forecast periods stay the same with the last year in the projection period.

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES *(Continued)*

Key assumptions:

The followings are key assumptions that management used in the abovementioned value-in-use calculations of the Group's investment in SQM for 31 December 2021 and 2022:

	Key assumptions	Range
As at 31 December 2021	Projected gross margin	47%-49%
	Pre-tax discount rate	13.5%
As at 31 December 2022	Projected gross margin	43%-52%
	Pre-tax discount rate	21.4%

The value-in-use calculations of the Group's investment in SQM is positively correlated to the projected gross margin and negatively correlated to the discount rates.

Aggregate information of associates that are not individually material:

	2022 **RMB'000**	2021 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**606,053**	468,392
Aggregate amounts of the Group's share of those associates		
Profit/(Loss) after taxation and total comprehensive income	**254,184**	(7,563)

The carrying amounts of investments in associates is listed below

	2022 **RMB'000**	2021 RMB'000
SQM	**26,564,160**	23,652,363
Shanghai Aerospace	**29,821**	28,275
Shigatse Zabuye	**576,232**	285,494
SES AI Corporation (formerly known as SES Holdings Pte. Ltd., "SES") (i)	**–**	154,623
	27,170,213	24,120,755

(i) Upon SES's listing on the New York Stock Exchange on 4 February 2022, the Group was no longer entitled to appoint any director in SES. As a result, the Group lost its power to participate in the financial and operating policy decisions of SES and therefore lost the significant influence over SES. The Group designated its retained interest in SES as financial assets at FVOCI (non-recycling) (see note 18) as the investment is held for strategic purposes. This deemed disposal resulted in a gain of RMB1,097,383,000 for the Group.

17 INTERESTS IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Salares de Atacama Sociedad Contractual Minera. ("Chile SALA")	Incorporated	Chile	CLP1,281,275,000	50.00%	–	50.00%	Discovery, exploration, development and operational mining concessions and properties

Chile SALA is an unlisted corporate entity whose quoted market price is not available. Chile SALA is a private Chilean company who is the owner of Salares 7 Project, which is a lithium and potassium exploration project which consists of seven brine lakes in the Atacama province in northern Chile. Chile SALA has not commenced any production since the date of incorporation. The investment of Chile SALA was to provide the Group with the potential to complement its existing hard rock lithium operations at Greenbushes, Australia with the recovery of lithium from brine deposits.

(Expressed in thousands of Renminbi unless otherwise stated)

17 INTERESTS IN A JOINT VENTURE *(Continued)*

Management considers that Chile SALA does not have a significant impact on the financial position and performance of the Group. Summarised information of Chile SALA, adjusted for any differences in accounting policies, is as below:

	2022 RMB'000	2021 RMB'000
Group's share of net assets of the joint venture	10,765	9,291
Goodwill	123,355	113,988
Impairment provision	(10,685)	(10,469)
Carrying amount of Chile SALA	123,435	112,810

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	2022 RMB'000	2021 RMB'000
Equity securities designated at FVOCI (non-recycling) – non-current (i)		
Xiamen Xiawu New Energy Materials Co., Ltd. (廈門廈鎢新能源材料股份有限公司)	439,698	585,000
Beijing WeLion New Energy Technology Co., Ltd. (北京衛藍新能源科技有限公司)	473,130	110,617
SES	608,579	–
CALB Group Co., Ltd. (中創新航科技集團股份有限公司)	326,514	–
Sichuan Energy Investment Development Co., Ltd. (四川能投發展股份有限公司)	105,231	–
	1,953,152	695,617

(i) The equity securities mainly represented equity investments in various companies, which the Group does not have significant influence. The Group designated its investment in these entities at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB2,830,000 were received on these investments during the year.

(Expressed in thousands of Renminbi unless otherwise stated)

19 DERIVATIVE FINANCIAL INSTRUMENTS

	2022 RMB'000	2021 RMB'000
Derivative financial liabilities		
– Collar option (i)	–	(381,461)
– Electricity derivatives(ii)	–	(6,940)
Less: amount included under "current liabilities"	–	388,401
	–	–

(i) In February and July 2019, the Group entered into variable prepaid forward contracts ("VPF" contracts) with Morgan Stanley & Co. International plc, pursuant to which the Group borrowed an aggregate principal amount of USD158.9 million. The borrowings were secured by the Group's Series B shares in SQM. The collar option features to manage the equity price risk of SQM shares were embedded in the VPF contacts and was measured at fair value through profit or loss.

The Group disposed some Series B shares in SQM in order to settle the collar option which was due in 2022. Net losses arising from changes in fair value of RMB897,431,000 were directly recorded in other net income.

(ii) The Group settled the electricity derivatives which was due in 2022. Net gains arising from changes in fair value of RMB7,009,000 were directly recorded in other net income.

20 INVENTORIES

	2022 RMB'000	2021 RMB'000
Inventories		
Raw materials	**673,211**	196,248
Work in progress	**617,330**	339,347
Finished goods	**556,024**	138,224
Low-value consumption goods	**300,858**	199,714
	2,147,423	873,533
Less: write down of inventories	**(3,480)**	(1,777)
	2,143,943	871,756

(Expressed in thousands of Renminbi unless otherwise stated)

20 INVENTORIES *(Continued)*

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2022 RMB'000	2021 RMB'000
Carrying amount of inventories sold	**6,014,628**	2,909,979

All of the inventories are expected to be recovered within one year.

21 CONTRACT LIABILITIES

	2022 RMB'000	2021 RMB'000
Contract liabilities		
– Receipts in advance from sales of lithium products	**351,227**	164,475

Movements in contract liabilities

	2022 RMB'000	2021 RMB'000
Balance at 1 January	**164,475**	158,067
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(164,363)**	(158,058)
Increase in contract liabilities as a result of receipts in advance	**351,115**	164,466
Balance at 31 December	**351,227**	164,475

The Group requires certain customers to pay in advance of delivery. The receipts in advance are recognised as a contract liability until the products are delivered to the customer.

All of the contract liabilities are expected to be recognised as revenue within one year.

(Expressed in thousands of Renminbi unless otherwise stated)

22 TRADE AND OTHER RECEIVABLES

	2022 RMB'000	2021 RMB'000
Trade receivables	7,487,291	657,468
Less: allowance for doubtful debts	(110,017)	(14,525)
	7,377,274	642,943
Bills receivable	515,944	448,224
Other receivables	101,827	193,189
Less: allowance for doubtful debts	(12,490)	(10,141)
	89,337	183,048
Deposits and prepayments	77,588	19,877
Value added tax recoverable	213,376	45,059
Goods and services tax recoverable	46,031	15,979
Bank acceptance notes, carried at FVOCI (note (c))	2,595,288	2,014,403
	2,932,283	2,095,318
	10,914,838	3,369,533

All of the trade receivables, bills receivable and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	7,893,218	1,091,167

Trade receivables and bills receivable are due within 15 to 90 days from the date of billing. No interests are charged on the trade receivables and bills receivable. Further details on the Group's credit policy and credit risk arising from trade receivables and bills receivable are set out in note 32(a).

22 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Transfers of financial assets

(i) Transferred financial assets that were derecognised in their entirety

The bills accepted by banks with high credit quality were derecognised when they were endorsed or discounted. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement or discount. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement or discount and thus they were derecognised. As at 31 December 2022, bills endorsed and derecognised, but not yet reached maturity amounted to RMB8,455,830,000 (2021: RMB741,473,000). This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on maturity date. However, non-settlement by those acceptance banks was considered unlikely.

(ii) Transferred financial assets that are not derecognised in their entirety

The other bank acceptance bills with a total carrying amount of RMB198,514,000 endorsed or discounted by the Group to its suppliers as at 31 December 2022 (2021: RMB242,933,000) to settle trade payables of the same amounts, were not derecognised. In the opinion of the directors, the Group retained substantially all risks and rewards of these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated liabilities.

(c) Bank acceptance notes, carried at FVOCI

For the purpose of the cash management, the Group endorsed certain bank acceptance notes receivable to its suppliers. The business model of bank acceptance notes is achieved by both the collection of contractual cash flows and sale. Therefore, as at 31 December 2022, the Group classified bank acceptance notes of RMB2,595,288,000 (2021: RMB2,014,403,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income, in accordance with the accounting policy set out in note 1(g).

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2022 RMB'000	2021 RMB'000
Cash and bank balance	**12,461,008**	1,987,081
Less:		
Non-current restricted deposits	**(29,522)**	(11,157)
Current restricted deposits	**(141,538)**	(209,828)
	12,289,948	1,766,096

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2022 RMB'000	2021 RMB'000
Profit before taxation		**39,726,613**	5,579,476
Adjustments for:			
Depreciation	12	**641,856**	445,124
Amortisation of intangible assets	13	**13,233**	13,106
Reversal of Impairment losses of non-current assets		**(37,795)**	(1,662,784)
Net foreign exchange (gains)/losses	4	**(377,336)**	242,357
Dividend income from equity investments at FVOCI (non-recycling)	4	**(2,830)**	–
Share of profits less losses of associates		**(5,895,071)**	(752,770)
Equity-settled share-based payment expenses	6(b)	**800**	–
Net realised and unrealised losses/(gains) on derivative financial instruments	4	**890,422**	(50,977)
Net losses on disposal of property, plant and equipment	4	**1,221**	19,901
Net loss on dilution of interest in an associate		**–**	51,302
Gains on disposal of an associate	4	**(625,577)**	–
Gains on deemed disposal of an associate	4	**(1,097,383)**	(64,741)
Net gain from modification of syndicated bank loans	4	**–**	(671,207)
Finance costs	6(a)	**1,082,721**	1,474,799
Changes in working capital:			
Increase in inventories		**(1,272,187)**	(20,713)
Increase in trade and other receivables		**(7,955,336)**	(2,455,799)
Increase in trade and other payables		**1,833,747**	262,320
Increase in contract liabilities		**186,752**	6,408
(Increase)/decrease in restricted deposits		**(129,172)**	160,659
Cash generated from operations		**26,984,678**	2,576,461

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Note 25)	Interest payables RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 26)	Derivative financial liabilities RMB'000 (Note 19)	Dividend payable RMB'000	Total RMB'000
At 1 January 2022	21,562,675	1,535	249,382	388,401	–	22,201,993
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	13,058,862	–	–	–	–	13,058,862
Repayments of bank loans and other borrowings	(25,600,443)	–	–	–	–	(25,600,443)
Capital element of lease rentals paid	–	–	(51,877)	–	–	(51,877)
Interest element of lease rentals paid	–	–	(11,060)	–	–	(11,060)
Interest paid	–	(1,220,931)	–	–	–	(1,220,931)
Net cash inflow from derivative financial instruments	–	–	–	10	–	10
Dividends paid to NCI	–	–	–	–	(7,864,506)	(7,864,506)
Total changes from financing cash flows	(12,541,581)	(1,220,931)	(62,937)	10	(7,864,506)	(21,689,945)
Exchange adjustments	604,448	250,663	15,935	69	–	871,115
Changes in fair value	–	–	–	890,422	–	890,422

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loans and other borrowings RMB'000 (Note 25)	Interest payables RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 26)	Derivative financial liabilities RMB'000 (Note 19)	Dividend payable RMB'000	Total RMB'000
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	101,310	–	–	101,310
Settlement of VPF contracts with shares in SQM	(1,033,406)	–	–	(1,278,902)	–	(2,312,308)
Settlement of bank loans and other borrowings with bill receivables	(308,835)	–	–	–	–	(308,835)
Interest expenses	107,442	968,733	10,594	–	–	1,086,769
Dividends declared	–	–	–	–	7,864,506	7,864,506
Total other changes	(1,234,799)	968,733	111,904	(1,278,902)	7,864,506	6,431,442
At 31 December 2022	8,390,743	–	314,284	–	–	8,705,027

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(c) Reconciliation of liabilities arising from financing activities *(Continued)*

	Bank loans and other borrowings RMB'000 (Note 25)	Interest payables RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 26)	Derivative financial liabilities RMB'000 (Note 19)	Dividend payable RMB'000	Total RMB'000
At 1 January 2021	30,152,604	539,311	289,726	490,420	–	31,472,061
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	3,751,194	–	–	–	–	3,751,194
Repayments of bank loans and other borrowings	(11,936,570)	–	–	–	–	(11,936,570)
Capital element of lease rentals paid	–	–	(36,457)	–	–	(36,457)
Interest element of lease rentals paid	–	–	(9,428)	–	–	(9,428)
Interest paid	–	(1,245,888)	–	–	–	(1,245,888)
Net cash inflow from derivative financial instruments	–	–	–	(49,698)	–	(49,698)
Dividends paid to NCI	–	–	–	–	(436,779)	(436,779)
Total changes from financing cash flows	(8,185,376)	(1,245,888)	(45,885)	(49,698)	(436,779)	(9,963,626)
Exchange adjustments	(371,894)	(148,715)	(22,025)	(1,344)	–	(543,978)
Changes in fair value	–	–	–	(50,977)	–	(50,977)
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	17,780	–	–	17,780
Interest expenses	638,548	856,827	9,786	–	–	1,505,161
Modification of syndicated bank loans	(671,207)	–	–	–	–	(671,207)
Dividends declared	–	–	–	–	436,779	436,779
Total other changes	(32,659)	856,827	27,566	–	436,779	1,288,513
At 31 December 2021	21,562,675	1,535	249,382	388,401	–	22,201,993

(Expressed in thousands of Renminbi unless otherwise stated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(Continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2022 RMB'000	2021 RMB'000
Within operating cash flows	**(11,526)**	(6,212)
Within financing cash flows	**(62,937)**	(45,885)
	(74,463)	(52,097)

24 TRADE AND OTHER PAYABLES

	2022 RMB'000	2021 RMB'000
Bills payable	**185,881**	123,530
Trade creditors	**2,154,852**	765,116
Accrued payroll and benefits	**147,578**	91,929
Other taxes payable	**540,540**	204,647
Interest payable	**–**	1,535
Other payables	**529,168**	349,356
	3,558,019	1,536,113

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	**2,339,523**	885,899
1 to 2 years	**386**	1,609
2 to 3 years	**69**	421
More than 3 years	**755**	717
	2,340,733	888,646

(Expressed in thousands of Renminbi unless otherwise stated)

25 BANK LOANS AND OTHER BORROWINGS

The analysis of the carrying amounts of bank loans and other borrowings is as follows:

	2022 RMB'000	2021 RMB'000
Current		
Secured bank loans (i)	**58,923**	236,177
Unsecured bank loans (i)	**40,000**	1,938,574
Corporate bonds	**–**	1,911,679
Current portion of non-current		
Secured bank loans (i)	**27,037**	4,469,151
Unsecured bank loans (i)	**–**	208,587
Secured other borrowings from third-parties (ii)	**1,375**	998,353
	127,335	9,762,521
Non-current		
Secured bank loans (i)	**7,690,445**	15,097,503
Unsecured bank loans (i)	**–**	208,587
Other borrowings from a related party (note 35(d))	**–**	1,171,802
Secured other borrowings from third-parties (ii)	**601,375**	998,353
	8,291,820	17,476,245
Less:		
– Current portion of non-current secured bank loans (i)	**(27,037)**	(4,469,151)
– Current portion of non-current unsecured bank loans (i)	**–**	(208,587)
– Current portion of secured other borrowings from third-parties (ii)	**(1,375)**	(998,353)
	(28,412)	(5,676,091)
	8,263,408	11,800,154

(Expressed in thousands of Renminbi unless otherwise stated)

25 BANK LOANS AND OTHER BORROWINGS *(Continued)*

(i) Bank loans

The effective interest rates of the Group's bank loans ranged from 0.8% to 7.8% per annum for the year ended 31 December 2022 (2021: 2.1% to 9.3% per annum).

The secured bank loans are secured by certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	2022 RMB'000	2021 RMB'000
Mainland China subsidiaries		
Property, plant and equipment	–	253,666
Restricted bank deposits	–	175,728
Investments in Shigatse Zabuye	–	285,494
Bills receivables	58,923	–
Overseas subsidiaries		
All assets of Windfield	20,517,736	9,160,084
All assets of TLAI 2 and TLAI 1	–	21,034,783
All assets of TLEA	–	7,918,329
All assets of TLK	–	5,048,765
Restricted bank deposits	18,156	–
100% equity interests of TLAI 1	23,412,747	–
Investments in SQM	3,776,593	23,652,363
	47,784,155	67,529,212

(ii) Secured other borrowings from third parties

The effective interest rate of the remaining secured other borrowings from third parties was 7.5% per annum for the year ended 31 December 2022 (2021: 5% to 6.5% per annum). The borrowings from third parties were secured by the 100% equity interests of Shenghe Lithium with carry amount of RMB261,580,000 and Shenghe Lithium's mining right of the Cuola mine in Yajiang County with carry amount of RMB88,045,000.

(iii) Bank facilities

At 31 December 2022, the unused banking facilities of the Group were RMB4,952,513,000 (2021: RMB914,901,000).

(Expressed in thousands of Renminbi unless otherwise stated)

25 BANK LOANS AND OTHER BORROWINGS *(Continued)*

At 31 December 2022, the bank loans and other borrowings were repayable as follows:

	2022 RMB'000	2021 RMB'000
Bank loans		
Within 1 year	**125,960**	6,852,489
After 1 year but within 2 years	**145,768**	10,555,545
After 2 years but within 5 years	**7,517,640**	72,807
	7,789,368	17,480,841
Corporate bonds		
Within 1 year	**–**	1,911,679
After 1 year but within 2 years	**–**	–
After 2 years but within 5 years	**–**	–
	–	1,911,679
Other borrowings from a related party		
Within 1 year or on demand	**–**	–
After 1 year but within 2 years	**–**	702,208
After 2 years but within 5 years	**–**	469,594
	–	1,171,802
Other borrowings from a third-party		
Within 1 year or on demand	**1,375**	998,353
After 1 year but within 2 years	**–**	–
After 2 years but within 5 years	**600,000**	–
	601,375	998,353
	8,390,743	21,562,675

(Expressed in thousands of Renminbi unless otherwise stated)

26 LEASE LIABILITIES

At 31 December 2022, the lease liabilities were repayable as follows:

	2022 RMB'000	2021 RMB'000
Within 1 year	46,041	48,940
After 1 year but within 2 years	14,083	22,133
After 2 years but within 5 years	26,943	19,261
After 5 years	227,217	159,048
	268,243	200,442
	314,284	249,382

27 DEFERRED INCOME

	2022 RMB'000	2021 RMB'000
At 1 January	72,570	73,980
Additions	300	5,330
Credited to profit or loss	(13,423)	(6,740)
At 31 December	59,447	72,570

As at 31 December 2022, deferred income of the Group mainly represented various grants received from governments for research and development of lithium related technology, construction of property, plant and equipment and interest in leasehold land for own use. Government grants relating to compensation of assets are recognised as other income on a straight-line basis over the expected useful life of the relevant assets.

(Expressed in thousands of Renminbi unless otherwise stated)

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2022 RMB'000	2021 RMB'000
Mainland China Corporate Income Tax		
At January 1	423,173	154
Charged to profit or loss	3,427,206	590,388
Payments during the year	(2,734,187)	(167,369)
At 31 December	1,116,192	423,173
Hong Kong and overseas Corporate Income Tax		
At January 1	28,400	113,115
Charged to profit or loss	6,040,992	193,503
Payments during the year	(3,952,908)	(270,105)
Exchange adjustment	(230,182)	(8,113)
At 31 December	1,886,302	28,400
Representing:		
Prepaid tax	(469,991)	(235,299)
Current taxation	3,472,485	686,872
	3,002,494	451,573

(Expressed in thousands of Renminbi unless otherwise stated)

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unrealised intra-group profit RMB'000	Unused tax losses RMB'000	Unrealised exchange gains/(loss) RMB'000	Provisions RMB'000	Unrealised fair value gains/(loss) RMB'000	Depreciation allowances difference RMB'000	Mine development and stripping costs RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	(35,580)	(686,379)	138,423	(95,130)	(23,228)	424,988	488,462	(84,890)	126,666
Other changes*	–	93,930	–	–	–	–	–	–	93,930
Charged/(credited) to profit or loss	(39,458)	522,478	(146,928)	582	95,576	83,172	49,399	24,923	589,744
Charged/(credited) to other reserve	–	–	–	–	133,642	–	–	–	133,642
Foreign exchange differences	(1,664)	(10,017)	15,312	7,454	(3,167)	(33,711)	(40,416)	(14,821)	(81,030)
At 31 December 2021 and 1 January 2022	(76,702)	(79,988)	6,807	(87,094)	202,823	474,449	497,445	(74,788)	862,952
Charged/(credited) to profit or loss	(1,038,901)	45,341	20,216	15,328	–	104,069	154,103	45,320	(654,524)
Charged/(credited) to other reserve	–	–	–	–	(14,879)	–	–	(23,038)	(37,917)
Foreign exchange differences	–	(965)	1,180	(37,761)	–	(46,288)	11,395	90,062	17,623
At 31 December 2022	(1,115,603)	(35,612)	28,203	(109,527)	187,944	532,230	662,943	37,556	188,134

* Other changes represented tax refund received from Chilean tax authorities by the Group's Chilean subsidiary.

(Expressed in thousands of Renminbi unless otherwise stated)

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(i) Movement of each component of deferred tax assets and liabilities (Continued)

Reconciliation to the consolidated statements of financial position

	2022 RMB'000	2021 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(1,162,423)**	(115,568)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,350,557**	978,520
	188,134	862,952

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(x), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,927,196,000.00 for the year ended 31 December 2022, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. For subsidiaries in Australia, Hong Kong, Chile and the United Kingdom, the tax losses do not expire under current tax legislation.

Pursuant to the relevant laws and regulations in mainland China, the unrecognised tax losses at the end of 2022 will expire in the following years:

	2022 RMB'000	2021 RMB'000
2022	**–**	43,913
2023	**11,749**	61,939
2024	**2,820**	7,993
2025	**40,645**	44,512
2026	**9,632**	145,391
2027	**1,432**	–
	66,278	303,748

(Expressed in thousands of Renminbi unless otherwise stated)

29 PROVISIONS

	2022 RMB'000	2021 RMB'000
At 1 January	**335,270**	403,394
Rehabilitation and mine closure adjustment	**(94,065)**	(43,606)
Unwind of discount on rehabilitation and mine closure provision (i)	**7,671**	5,637
Other additions	**5,227**	–
Foreign exchange differences	**5,809**	(30,155)
At 31 December	**259,912**	335,270

(i) The Group's Australian entities have an obligation to rehabilitate its mining areas at the end of the life of their mining operations according to Australian laws and regulations. The Group recognises a provision for the cost to rehabilitate the mining areas as the obligation arises and when it can be reliably measured. Estimates are required to determine the level of undiscounted rehabilitation and closure costs for such entities. In addition, an estimate of the life of mine is required to determine the period over which the undiscounted costs are required to be discounted. The estimated cost to rehabilitate its mining areas is determined according to past experience and the best estimate of future expenditures given the current area of disturbance and after considering the current related regulations. The directors also consider factors such as the time value of money and therefore the discount rate which is applied to discount the estimated future cash outflows to the net present value. The discount rate applied by the Group to discount the estimated amount of 'rehabilitation and mine closure' was the 15-year risk-free Australian government bond rate of 4.02% as at 31 December 2022 (2021: 2.01%). The life of mine has been estimated to be approximately 18 years as at 31 December 2022 (2021: 19 years) respectively based on the most updated estimation of mineable reserves and the anticipated rate of production. This is the period over which the rehabilitation and closure provision is discounted. The life of mine is subject to change should the mineable reserves and the anticipated rate of production change in the future.

(Expressed in thousands of Renminbi unless otherwise stated)

30 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

Company

	Notes	Share capital RMB'000	Capital reserves RMB'000	Treasury shares	Restricted shares held for incentive scheme RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2021		1,477,099	7,178,777	–	–	376,348	37,047	2,502,670	11,571,941
Changes in equity for 2021:									
Total comprehensive income for the year		–	–	–	–	–	400,928	766,782	1,167,710
Appropriation to statutory reserve	30(e)	–	–	–	–	78,695	–	(78,695)	–
Balance at 31 December 2021 and 1 January 2022		1,477,099	7,178,777	–	–	455,043	437,975	3,190,757	12,739,651
Changes in equity for 2022:									
Total comprehensive income for the year		–	–	–	–	–	(108,976)	13,584,172	13,475,196
Issuance of H shares	30(c)	164,122	11,040,522	–	–	–	–	–	11,204,644
Repurchase of ordinary A shares	30(d)	–	–	(199,985)	–	–	–	–	(199,985)
Share of other reserves of an associate		–	–	–	–	–	306	–	306
Equity-settled share-based payments	31	–	–	–	–	–	800	–	800
Appropriation to statutory reserves	30(e)	–	–	–	–	365,562	–	(365,562)	–
Balance at 31 December 2022		1,641,221	18,219,299	(199,985)	–	820,605	330,105	16,409,367	37,220,612

(Expressed in thousands of Renminbi unless otherwise stated)

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022 RMB'000	2021 RMB'000
Final dividend proposed after the end of the reporting period of RMB3.00 per ordinary share (2021: nil)	4,922,261	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) No dividend was approved or paid to equity shareholders of the Company attributable to the previous financial year for the year ended 31 December 2022 (2021: nil).

(c) Share capital

	2022		2021	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	1,477,099	1,477,099	1,477,099	1,477,099
Issuance of ordinary H shares (i)	164,122	164,122	–	–
At 31 December	1,641,221	1,641,221	1,477,099	1,477,099

(i) On 13 July 2022, the Company's ordinary H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 164,122,000 H shares were issued and subscribed at an offer price of HKD82 per H Share by way of initial public offering to Hong Kong and overseas investors (the Offering).

The gross proceeds raised from the Offering was HKD13,164,987,000 (equivalent to approximately RMB11,283,712,000). Net proceeds from the Offering were RMB11,204,644,000 (after offsetting costs directly attributable to the issue of shares of RMB79,068,000), of which RMB164,122,000 was recorded in share capital and the remaining RMB11,040,522,000 was recorded in capital reserves.

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Treasury shares

(i) Repurchase of ordinary A shares

In 2022, the Board of the Company approved the ordinary A share repurchase plan for the employee stock ownership plan. On 23 September 2022, the Company repurchased 1,780,366 shares at a total consideration of RMB199,985,000.

(e) Nature and purpose of reserves

(i) Capital reserves

The capital reserve comprises the difference between the consideration and the par value of the issued and paid up shares of the Company.

(ii) Special reserves

Pursuant to the relevant PRC regulations for production of hazardous chemicals, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety, and are not available for distribution to shareholders.

(iii) PRC statutory reserves

According to the PRC Company Law, the Company is required to transfer 10% of their profit after taxation (after offsetting the losses in the previous years), as determined under the PRC Accounting Regulations, to the statutory reserves until the reserve balance reaches 50% of the registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserves fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Other reserves

Other reserves of the Group mainly represented (1) merger reserves resulted from business combination in prior years respectively involving entities under common control (2) the reserve resulted from IGO's share subscription in TLEA while the Group retained the control.

(v) Exchange reserves

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland China which are dealt with in accordance with the accounting policies set out in note 1(aa).

30 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

31 EQUITY SETTLED SHARE-BASED TRANSACTION

As approved by the shareholder's general meeting of the Company held on 18 October 2022, the Company intended to grant the Employee Stock Ownership Plan ("ESOP") to incentive recipients ("Holders") for the purpose of motivating the management and key personnel of the Group. The grant date was 21 December 2022, and the source of the shares came from the ordinary A shares of the Company repurchased by the Company's dedicated repurchase account. The total number of shares granted to the incentive recipients is 1,062,400 shares, and the grant price is zero per share. Total of 1,312,400 repurchased ordinary A shares were transferred from dedicated repurchase account into dedicated ESOP account on 21 December 2022, including 250,000 shares reserved and to be granted to employees.

According to the ESOP, the terms of the plan shall not exceed 48 months and the lock-up period of the underlying shares acquired shall be 36 months, which is calculated from 21 December 2022 when the Company announces the last transfer of the underlying shares into the dedicated ESOP account. After the expiration of the lock-up period of the underlying shares, the interests of the ESOP shall be allocated to the holders in one installment based on the results of the performance assessment. If the performance assessment criteria are not met, the interests corresponding to the allocation period shall not be allocated, and the relevant interests shall be mandatorily transferred to the Company.

The above mentioned ESOP is subsequently measured as equity-settled share-based payments by the Group.

31 EQUITY SETTLED SHARE-BASED TRANSACTION *(Continued)*

(a) Summary of share-based payments

	2022
Total number of the Company's equity instruments granted during the year	1,062,400
Total number of the Company's equity instruments vested during the year	–
Total number of the Company's equity instruments lapsed during the year	–
Date of grant	21 December 2022
Grant price per share	RMB0
Lock-up period	36 months

(b) Equity settled share-based payment

	ESOP
The method of determining the fair value of equity instrument at the grant date	Based on the closing price of the Company's A shares on the grant date
The basis of determining the number of equity instruments expected to be vested	The Company shall revise the number of the restricted shares expected to be unlocked with reference to the changes in the latest available number of persons eligible to unlock the restricted shares and the completion status of performance indicators
Total expenses recognized arising from equity-settled share-based payments	RMB800,000

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Credit risk arising from trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2022		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**1.4%**	**7,483,248**	**(105,974)**
Individually impaired	**100.0%**	**4,043**	**(4,043)**
		7,487,291	**(110,017)**

	2021		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.6%	653,425	(10,482)
Individually impaired	100.0%	4,043	(4,043)
		657,468	(14,525)

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Credit risk arising from trade receivables (Continued)

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	14,525	6,618
Impairment losses recognised	95,492	7,907
At 31 December	110,017	14,525

The directors of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at 31 December 2022 remained immaterial and no significant actual losses were experienced historically by the Group.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans and other borrowings	514,613	697,367	9,066,194	–	10,278,174	8,390,743
Lease liabilities	47,098	32,338	65,421	397,972	542,829	314,284
Trade and other payables	3,558,019	–	–	–	3,558,019	3,558,019
	4,119,730	729,705	9,131,615	397,972	14,379,022	12,263,046

	At 31 December 2021					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans and other borrowings	10,351,351	12,195,924	556,149	–	23,103,424	21,562,675
Lease liabilities	57,416	29,040	39,821	256,366	382,643	249,382
Trade and other payables	1,536,113	–	–	–	1,536,113	1,536,113
Derivative financial instruments liabilities	388,401	–	–	–	388,401	388,401
	12,333,281	12,224,964	595,970	256,366	25,410,581	23,736,571

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount	
	2022	2021
	RMB'000	RMB'000
Fixed rate borrowings:		
Bank loans and other borrowings	**700,298**	5,258,232
Lease liabilities	**314,284**	249,382
	1,014,582	5,507,614
Variable rate borrowings:		
Bank loans and other borrowings	**7,690,445**	16,304,443
Net exposure	**7,690,445**	16,304,443

(ii) Sensitivity analysis

The following table details the effect on the Group's profit after tax and retained profits as at the end of each reporting period that an increase/decrease of 100 basis points in interest rates would have.

	2022 An increase of 100 basis points in interest rates RMB'000	**2022 A decrease of 100 basis points in interest rates RMB'000**	2021 An increase of 100 basis points in interest rates RMB'000	2021 A decrease of 100 basis points in interest rates RMB'000
Effect on:				
Profit after tax	**(53,039)**	**53,039**	(105,559)	105,559
Retained profits	**(53,039)**	**53,039**	(105,559)	105,559

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, cash balances and bank loans and other borrowings that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Australian dollars ("AUD"). The Group manages this risk as follows:

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	As at 31 December 2022	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	6,197,863	22,802
Cash and cash equivalents	3,907,919	40,325
Trade and other payables	(35,838)	(23,609)
Current bank loans and other borrowings	(19,672)	–
Non-current bank loans and other borrowings	(6,483,869)	–
Net exposure arising from recognised assets and liabilities	3,566,403	39,518

	As at 31 December 2021	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	89,267	773
Cash and cash equivalents	157,491	13,304
Trade and other payables	(3,281)	(17,821)
Current bank loans and other borrowings	(1,081,237)	–
Non-current bank loans and other borrowings	(3,052,364)	–
Net exposure arising from recognised assets and liabilities	(3,890,124)	(3,744)

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2022		2021	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
USD	5%	134,312	5%	(142,560)
	(5%)	(134,312)	(5%)	142,560
AUD	5%	1,376	5%	(106)
	(5%)	(1,376)	(5%)	106

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis as 2021.

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity securities and investment in wealth management products issued by banks which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements At 31 December 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,595,288	–	2,595,288
– Equity securities	1,480,022	473,130	–	1,953,152

(Expressed in thousands of Renminbi unless otherwise stated)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy *(Continued)*

	Fair value measurements At 31 December 2021			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,014,403	–	2,014,403
– Equity securities	585,000	110,617	–	695,617
Derivative financial instruments				
– Collar options	–	–	(381,461)	(381,461)
– Electricity Derivatives	–	(6,940)	–	(6,940)

During the years ended 31 December 2021 and 2022, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of bank acceptance notes receivable measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

For Level 2 financial assets at FVPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs or by reference to recent transaction prices.

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2022.

(Expressed in thousands of Renminbi unless otherwise stated)

33 COMMITMENTS

Capital commitments outstanding at 31 December 2022 not provided for in the financial statements were as follows:

	2022 RMB'000	2021 RMB'000
Contracted for	**1,477,053**	659,332

34 CONTINGENT LIABILITIES

On 8 December 2020, the Company and TLEA entered into an investment agreement with IGO, pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310 new shares, representing 49% equity interest in TLEA after the share subscription (the "IGO Transaction") which did not crystalise an Australian taxation liability. The Australian Taxation Office (the "ATO") is currently focused on arrangements whereby a multiple entry consolidated group enables a tax-free exit from certain Australian investments. The Group is currently engaged with the ATO in respect of the IGO Transaction to obtain certainty of the tax outcomes, although this engagement process is in its early stages so the outcome and timing is uncertain at this stage.

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2022 RMB'000	2021 RMB'000
Short-term employee benefits	**32,139**	16,392
Share-based payment	**72**	–
Post-employment benefits	**413**	350
	32,624	16,742

Total remuneration is included in "staff costs" (see note 6(b)).

(Expressed in thousands of Renminbi unless otherwise stated)

35 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Identify of related parties

Name of party	Relationship with the Group
Mr. Jiang Weiping 蔣衛平	Executive director and controlling shareholder
Ms. Zhang Jing 張靜	A close family member of Mr. Jiang Weiping
Ms. Jiang Anqi 蔣安琪	A close family member of Mr. Jiang Weiping
Tianqi Group Company ("成都天齊實業(集團)有限公司")	Immediate holding company

(c) Significant related party transactions

	2022 RMB'000	2021 RMB'000
Short-term operating leases expenses:		
Tianqi Group Company	**2,174**	2,115
Purchases of goods/service from:		
Tianqi Group Company	**1,337**	1,304
Obtaining other borrowings from:		
Tianqi Group Company	**–**	451,835
Interest expenses:		
Tianqi Group Company	**30,540**	47,195
Repaying other borrowings to:		
Tianqi Group Company	**1,202,342**	–

(d) Balance with related parties

	2022 RMB'000	2021 RMB'000
Non-trade related		
Other borrowings from:		
Tianqi Group Company	**–**	1,171,802
Trade related		
Amounts due to:		
Tianqi Group Company	**920**	5,356

(Expressed in thousands of Renminbi unless otherwise stated)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2022 RMB'000	2021 RMB'000
Non-current assets		
Property, plant and equipment	2,180	1,275
Intangible assets	6,630	13,979
Interests in subsidiaries	23,394,821	10,635,966
Interests in associates	685,837	394,540
Financial assets measured at fair value	439,698	585,000
Other non-current assets	6,000	–
	24,535,166	11,630,760
Current assets		
Inventories	52,651	–
Trade and other receivables	12,316	923
Amounts due from subsidiaries	10,648,961	1,461,340
Restricted deposits	330	333
Cash and cash equivalents	3,165,419	120,254
	13,879,677	1,582,850
Current liabilities		
Trade and other payables	411,293	52,613
Contract liabilities	–	1,960
Bank loans and other borrowings	1,375	–
Current taxation	84,127	–
	496,795	54,573
Net current assets	13,382,882	1,528,277
Total assets less current liabilities	37,918,048	13,159,037

(Expressed in thousands of Renminbi unless otherwise stated)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION *(Continued)*

	2022 RMB'000	2021 RMB'000
Non-current liabilities		
Bank loans and other borrowings	**600,000**	311,337
Deferred income	**2,133**	2,737
Deferred tax liabilities	**95,303**	105,312
	697,436	419,386
NET ASSETS	**37,220,612**	12,739,651
CAPITAL AND RESERVES		
Share capital	**1,641,221**	1,477,099
Reserves	**35,579,391**	11,262,552
TOTAL EQUITY	**37,220,612**	12,739,651

Approved and authorised for issue by the board of directors on 30 March 2023.

Jiang Weiping
Executive Director

Zou Jun
Chief financial officer

37 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 30(b).

(b) In order to further expand the lithium mineral resource bases of the Company and after preliminary inspections, analysis and judgment, the Company held the 33rd meeting of the fifth session of the Board of Directors of the Company on 5 January 2023, which considered and approved the "Resolution on Proposed Purchase and Signing of Equity Interest of Essential Metals Limited in Australia by a Holding Subsidiary of the Company". TLEA, a holding subsidiary of the Company, proposed to enter into the Scheme Implementation Agreement with ESS, an Australian listed Company, to purchase all shares of ESS at a price of AUD$0.50 per share and a total price of AUD$136 million (equivalent to approximately RMB632 million, calculated at the RMB central parity published by the China Foreign Exchange Trade System on 4 January 2023) (the "Transaction"). In addition to shares in issue, the current capital structure of ESS also includes unlisted options and non-listed performance options. The price of the Transaction was determined by both parties through negotiations and consultations with reference to the market price. The Transaction considered the dilution as a result of the exercise of options by the owners of the options of ESS. The value per share after dilution included the impacts of the options exercised on the assumption that all performance-based rights are part of the vesting upon acquisition. After the completion of the Transaction, TLEA will hold 100% equity interest of ESS in issue. On 8 January 2023, TLEA and ESS signed the Scheme Implementation Agreement. On 20 April 2023, ESS held a shareholders' general meeting to consider this Transaction. More than half of the shareholders participated in the voting. Among the voting shareholders, the number of shares that voted for the Transaction did not reach 75% of the total number of voting shares. Therefore, this Transaction failed to get the approval at the shareholders' general meeting of ESS. According to the Scheme Implementation Agreement, one of the prerequisites for the implementation of this Transaction is to get approval at the shareholders' general meeting. In the event that the ESS shareholders' general meeting fails to pass this Transaction, TLEA has the right to terminate the Scheme Implementation Agreement unilaterally. Accordingly, on 20 April 2023, TLEA terminated the Transaction pursuant to the Scheme Implementation Agreement.

(Expressed in thousands of Renminbi unless otherwise stated)

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2022

Up to the date of issue of this report, the IASB has issued a number of amendments, and a new standards and interpretations which are effective for the accounting year beginning from 1 January 2023 and which have not been adopted in the consolidated financial statement as follows:

	Effective for accounting periods beginning on or after
IFRS 17, *Insurance contracts and related amendments*	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to IFRS 4, *Extension of the temporary exemption from applying IFRS 9*	1 January 2023
Amendments to IAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to IAS 1, *Classification of liabilities as current or non-current*	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*	1 January 2024
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.