赣锋锂业
GanfengLithium

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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023 AND PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION

The board of directors of the Company is pleased to announce the audited consolidated annual results of the Company and its subsidiaries for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
Revenue	3	**32,812,017**	41,370,654
Cost of sales		**(28,203,095)**	(21,006,180)
Gross profit		**4,608,922**	20,364,474
Other income and gains	3	**3,059,567**	1,272,183
Selling and distribution expenses		**(177,439)**	(117,360)
Administrative expenses		**(2,335,302)**	(1,999,705)
Other expenses	5	**(2,006,111)**	(247,400)
Finance costs	6	**(784,312)**	(407,329)
Share of profits and losses of:			
Associates		**923,757**	1,674,325
Joint ventures		**2,005,373**	2,239,893
Profit before tax	4	**5,294,455**	22,779,081
Income tax expense	7	**(683,470)**	(2,318,117)
PROFIT FOR THE YEAR		**4,610,985**	20,460,964
Attributable to:			
Owners of the parent		**4,982,547**	20,503,915
Non-controlling interests		**(371,562)**	(42,951)
		4,610,985	20,460,964
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the year		**RMB2.47**	RMB10.18
Diluted			
– For profit for the year		**RMB2.47**	RMB10.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**4,610,985**	20,460,964
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**2,826**	140
Exchange differences on translation of foreign operations	**528,321**	1,426,515
Share of other comprehensive income of associates and joint ventures	**5,618**	12,338
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**536,765**	1,438,993
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5,147,750**	21,899,957
Attributable to:		
Owners of the parent	**5,476,431**	21,707,201
Non-controlling interests	**(328,681)**	192,756
	5,147,750	21,899,957

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**23,689,508**	14,451,751
Investment properties		**6,626**	–
Right-of-use assets		**1,258,004**	685,261
Goodwill		**17,615**	17,615
Other intangible assets		**16,730,296**	13,656,148
Investments in joint ventures		**2,973,553**	2,760,095
Investments in associates		**10,620,214**	7,431,778
Financial assets at fair value through profit or loss		**5,249,668**	5,314,761
Equity investments designated at fair value through other comprehensive income		**79,000**	29,000
Amounts due from related parties		**301,120**	–
Deferred tax assets		**820,509**	653,243
Other non-current assets		**1,696,563**	2,194,222
Pledged deposits		**70,827**	–
Total non-current assets		**63,513,503**	47,193,874
CURRENT ASSETS			
Inventories	10	**8,263,955**	10,111,077
Trade receivables	11	**4,774,082**	7,850,711
Debt investments at fair value through other comprehensive income		**1,765,677**	2,008,569
Amounts due from related parties		**340,791**	52,478
Prepayments, other receivables and other assets		**3,468,163**	1,813,170
Financial assets at fair value through profit or loss		**89,365**	215,986
Pledged deposits		**188,633**	841,028
Cash and cash equivalents		**9,293,732**	9,073,017
Total current assets		**28,184,398**	31,966,036

	Notes	**2023**	2022
		RMB'000	*RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	12	**5,169,269**	7,421,860
Other payables and accruals		**4,828,457**	4,089,955
Interest-bearing bank and other borrowings		**9,560,758**	3,619,896
Amounts due to related parties		**255,554**	959,798
Income tax payable		**457,259**	2,563,416
Total current liabilities		**20,271,297**	18,654,925
NET CURRENT ASSETS		**7,913,101**	13,311,111
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,426,604**	60,504,985
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**15,628,886**	9,163,323
Deferred income		**534,073**	275,207
Deferred tax liabilities		**482,883**	133,781
Amounts due to related parties		**2,272,619**	1,553,958
Provision		**94,934**	52,631
Other non-current liabilities		**97,347**	459,777
Total non-current liabilities		**19,110,742**	11,638,677
Total liabilities		**39,382,039**	30,293,602
Net assets		**52,315,862**	48,866,308

	2023	2022
	RMB'000	*RMB'000*
EQUITY		
Equity attributable to owners of the parent		
Share capital	**2,017,168**	2,017,036
Treasury shares	**(350,141)**	(133,154)
Reserves	**45,367,079**	42,158,945
	47,034,106	44,042,827
Non-controlling interests	**5,281,756**	4,823,481
Total equity	**52,315,862**	48,866,308

Director	Director

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities* arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively.

The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback* [1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2] *(the "2020 Amendments")* [1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")* [1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements* [1]
Amendments to IAS 21	*Lack of Exchangeability* [2]

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

2 Effective for annual periods beginning on or after 1 January, 2025

3 No mandatory effective date yet determined but available for adoption

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

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

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

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Year ended 31 December 2023	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment revenue *(note 3)*:				
Sales to external customers	**25,101,211**	**7,710,806**	**–**	**32,812,017**
Intersegment sales	**427,934**	**1,368**	**242,461**	**671,763**
	25,529,145	**7,712,174**	**242,461**	**33,483,780**
Reconciliation:				
Elimination of intersegment sales				**(671,763)**
Revenue				**32,812,017**
Segment results	**2,683,781**	**53,869**	**2,972,327**	**5,709,977**
Reconciliation:				
Interest income				**366,985**
Finance costs (other than interest on lease liabilities)				**(782,507)**
Profit before tax				**5,294,455**
Segment assets	**32,146,263**	**18,786,620**	**46,389,800**	**97,322,683**
Reconciliation:				
Elimination of intersegment receivables				**(5,624,782)**
Total assets				**91,697,901**
Segment liabilities	**19,328,434**	**11,565,081**	**14,113,306**	**45,006,821**
Reconciliation:				
Elimination of intersegment payables				**(5,624,782)**
Total liabilities				**39,382,039**

Year ended 31 December 2023	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Other segment information				
Share of profits and losses of:				
Associates	**(211,555)**	**–**	**1,135,312**	**923,757**
Joint ventures	**(2,454)**	**–**	**2,007,827**	**2,005,373**
Impairment losses recognised in the statement of profit or loss, net	**1,155,576**	**554,211**	**–**	**1,709,787**
Depreciation and amortisation	**335,947**	**336,219**	**199,001**	**901,167**
Investments in Associates	**3,661,871**	**–**	**6,958,343**	**10,620,214**
Investments in joint ventures	**11,927**	**–**	**2,961,626**	**2,973,553**
Capital expenditure*	**2,580,159**	**4,365,042**	**4,245,502**	**11,190,703**

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

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

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

Geographical information

(a) Revenue from external customers

	2023 *RMB'000*	2022 *RMB'000*
Chinese Mainland	**21,831,668**	27,146,039
South Korea	**6,063,114**	5,755,508
Europe	**3,746,888**	3,838,711
Asia other than South Korea	**926,217**	4,327,250
North America	**143,810**	258,452
Other countries/regions	**100,320**	44,694
Total revenue	**32,812,017**	41,370,654

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

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Chinese Mainland	**29,171,427**	18,394,432
Argentina	**21,409,364**	16,313,121
Other countries/regions	**5,142,899**	5,483,183
Total non-current assets	**55,723,690**	40,190,736

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

Information about major customers

Revenue of approximately RMB5,943,005,000 (2022: RMB7,762,100,000) was derived from sales by the lithium metal and compound segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**32,811,805**	41,370,654
Revenue from other sources		
Gross rental income from investment property operating leases:	**212**	–
Total revenue	**32,812,017**	41,370,654

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of industrial products	**24,867,565**	**7,710,806**	**–**	**32,578,371**
Processing services	**233,434**	**–**	**–**	**233,434**
Total revenue from contracts with customers	**25,100,999**	**7,710,806**	**–**	**32,811,805**
Geographical markets				
Chinese Mainland	**14,487,806**	**7,343,650**	**–**	**21,831,456**
South Korea	**6,062,929**	**185**	**–**	**6,063,114**
Europe	**3,686,080**	**60,808**	**–**	**3,746,888**
Asia other than South Korea	**731,494**	**194,723**	**–**	**926,217**
North America	**67,645**	**76,165**	**–**	**143,810**
Other countries/regions	**65,045**	**35,275**	**–**	**100,320**
Total revenue from contracts with customers	**25,100,999**	**7,710,806**	**–**	**32,811,805**
Types of products				
Lithium compounds and lithium metals	**24,372,410**	**–**	**–**	**24,372,410**
Lithium batteries	**–**	**7,640,821**	**–**	**7,640,821**
Others	**728,589**	**69,985**	**–**	**798,574**
Total revenue from contracts with customers	**25,100,999**	**7,710,806**	**–**	**32,811,805**
Timing of revenue recognition				
Revenue recognised at a point in time	**25,100,999**	**7,710,806**	**–**	**32,811,805**

For the year ended 31 December 2022

Segments	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sale of industrial products	34,648,934	6,477,827	3,291	41,130,052
Processing services	236,912	3,690	–	240,602
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Geographical markets				
Chinese Mainland	21,071,147	6,071,601	3,291	27,146,039
South Korea	5,755,273	235	–	5,755,508
Asia other than South Korea	4,222,954	104,296	–	4,327,250
Europe	3,791,659	47,052	–	3,838,711
North America	30,956	227,496	–	258,452
Other countries/regions	13,857	30,837	–	44,694
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Types of products				
Lithium compounds and lithium metals	34,212,718	–	–	34,212,718
Lithium batteries	–	6,397,699	–	6,397,699
Others	673,128	83,818	3,291	760,237
Total revenue from contracts with customers	34,885,846	6,481,517	3,291	41,370,654
Timing of revenue recognition				
Revenue recognised at a point in time	34,885,846	6,481,517	3,291	41,370,654

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

For the year ended 31 December 2023

Segments	**Lithium metal and compound** *RMB'000*	**Lithium battery** *RMB'000*	**Lithium ore resource and others** *RMB'000*	**Total** *RMB'000*
Revenue from contracts with customers				
External customers	**25,100,999**	**7,710,806**	**–**	**32,811,805**
Intersegment sales	**427,934**	**1,368**	**242,461**	**671,763**
Subtotal	**25,528,933**	**7,712,174**	**242,461**	**33,483,568**
Intersegment adjustments and eliminations	**(427,934)**	**(1,368)**	**(242,461)**	**(671,763)**
Total revenue from contracts with customers	**25,100,999**	**7,710,806**	**–**	**32,811,805**

For the year ended 31 December 2022

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

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

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**446,070**	135,726

(b) Performance obligations

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

Sale of industrial products

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

Rendering processing services

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

(c) Other income and gains

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants	**1,536,247**	119,942
Bank interest income	**312,707**	175,160
Dividends and interest income from financial assets at fair value through profit or loss	**209,713**	7,004
Sales of raw materials	**116,487**	105,969
Interest income from other non-current assets	**46,767**	14,091
Interest income from associates and a joint venture	**7,511**	8,162
Foreign exchange differences, net	**–**	313,800
Reversal of impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	3,621
Others	**21,474**	8,875
Total other income	**2,250,906**	756,624
Gains		
Fair value gains, net:		
Financial assets at fair value through profit or loss	**576,005**	404,305
Gain on disposal of investment in an associate	**180,156**	–
Compensation for long-term prepayment	**52,500**	–
Net gain on disposal of financial assets at fair value through profit or loss	**–**	77,903
Compensation for termination of equity acquisition	**–**	33,351
Total gains	**808,661**	515,559
Total other income and gains	**3,059,567**	1,272,183

4. PROFIT BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**28,115,914**	20,932,998
Cost of providing processing services	**87,181**	73,182
Cost of raw materials sold	**86,893**	79,610
Depreciation of property, plant and equipment	**846,265**	481,559
Depreciation of right-of-use assets	**41,460**	24,342
Amortisation of intangible assets	**13,442**	13,934
Depreciation of investment properties	**379**	–
Research and development		
Current year expenditure	**1,250,990**	1,007,487
Lease payments not included in the measurement of lease liabilities	**22,109**	70
Auditor's remuneration	**5,000**	4,800
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**1,252,915**	893,310
Equity-settled share-based expense	**218,232**	315,819
Pension scheme contributions	**279,421**	218,837
Total	**1,750,568**	1,427,966

	2023 *RMB'000*	2022 *RMB'000*
Foreign exchange differences, net	**117,580**	(313,800)
Impairment of financial assets, net:		
Impairment of trade receivables, net	**70,324**	56,043
Impairment of financial assets included in prepayments, other receivables and other assets, net	**–**	(3,621)
Total	**70,324**	52,422
Impairment of property, plant and equipment	**3,072**	9,861
Write-down of inventories to net realisable value	**1,636,391**	54,683
Fair value gains, net:		
Financial assets at fair value through profit or loss	**(576,005)**	(404,305)
Bank interest income	**(312,707)**	(175,160)
Net loss on disposal of items of property, plant and equipment	**5,891**	10,262

5. OTHER EXPENSES

The detailed breakdown of other expenses is as follows:

	2023 *RMB'000*	2022 *RMB'000*
Cost of raw materials sold	**86,893**	79,610
Impairment of trade receivables, net	**70,324**	56,043
Net loss on disposal of items of property, plant and equipment	**5,891**	10,262
Impairment of property, plant and equipment	**3,072**	9,861
Write-down of inventories to net realisable value	**1,636,391**	54,683
Loss on disposal of associates	**2,841**	–
Loss on disposal of financial assets	**1,385**	–
Exploration expenditure	**68,181**	28,839
Foreign exchange differences, net	**117,580**	–
Others	**13,553**	8,102
Total	**2,006,111**	247,400

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans	**563,572**	246,043
Interest on other borrowings	**263,012**	143,059
Interest on lease liabilities	**1,805**	1,180
Interest on discounted bank notes	**18,517**	41,766
Total interest expense on financial liabilities not at fair value through profit or loss	**846,906**	432,048
Interest capitalised	**(62,594)**	(24,719)
Total	**784,312**	407,329

7. INCOME TAX

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

	2023	2022
	RMB'000	*RMB'000*
Current corporate income tax	**501,634**	2,181,462
Deferred tax	**181,836**	136,655
Total	**683,470**	2,318,117

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

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

Name	**Effective period**
Dongguan Ganfeng Electronics Co., Ltd.	2022/12/22–2025/12/21
Guangdong Huichuang Energy Co., Ltd.	2022/12/22–2025/12/21
Xinyu Ganfeng Lithium Co., Ltd.	2022/12/14–2025/12/13
Fengxin Ganfeng Lithium Co., Ltd.	2022/11/4–2025/11/3
Ganfeng Recycling Technology Co., Ltd.	2021/11/3–2024/11/2
Ganfeng LiEnergy Technology Co., Ltd.	2021/11/3–2024/11/2
Yichun Ganfeng Lithium Co., Ltd.	2021/11/3–2024/11/2
Jiangsu Ganfeng Power Battery Technology Co., Ltd.	2023/12/13–2026/12/12
Xinyu Ganfeng Electronics Co., Ltd.	2023/12/8–2026/12/7

Also, according to the tax regulations related to the Western Region Development Policy, the applicable income tax rate for Ningdu Ganfeng Lithium Co., Ltd., Western Resource Co., Ltd., Sichuan Ganfeng Lithium Industry Co., Ltd., Qinghai Ganfeng Lithium Industry Co., Ltd. and Ganzhou Ganfeng Renewable Resources Co., Ltd. is 15%, and such tax concession will expire on 31 December 2030.

A reconciliation of the tax expense applicable to profit before tax at the applicable rate for the jurisdiction in which the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**5,294,455**	22,779,081
Tax at the applicable tax rate (15%)	**794,168**	3,416,862
Effect of different tax rates for specific provinces or enacted by local authority	**40,428**	54,956
Expenses not deductible for tax	**35,822**	17,202
Income not subject to tax	**(111,907)**	(196,024)
Profits or losses attributable to joint ventures and associates	**(535,976)**	(752,472)
Tax losses and temporary differences not recognised	**31,499**	60,882
Tax losses utilised and temporary difference recognised	**(16,745)**	(124,014)
Adjustments in respect of current tax of previous periods	**(1,447)**	54,621
Effect of additional tax deduction for research and development expenditure	**(145,013)**	(148,503)
Others*	**592,641**	(65,393)
Tax charge at the effective rate	**683,470**	2,318,117

* The others impact mainly relates to the subsidiaries in Argentina which experienced hyperinflation as well as the significant devaluation of the exchange rate of the Argentina peso against the US dollar in 2023.

8. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final – RMB0.80 (2022: RMB1.00) per ordinary share	**1,613,734**	2,017,036

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,013,574,745 (2022: 2,014,453,269) in issue during the year, as adjusted to reflect the rights issue during the year.

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

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

	2023 *RMB'000*	2022 *RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**4,982,547**	20,503,915
Profit attributable to ordinary equity holders of the parent	**4,982,547**	20,503,915
Attributable to:		
Continuing operations	**4,982,547**	20,503,915

	Number of shares **2023**	2022
Shares		
Weighted average number of ordinary shares for the calculation of basic earnings per share calculation	**2,013,574,745**	2,014,453,269
Effect of dilution – weighted average number of ordinary shares:		
– Share option scheme	**–**	1,415,490
Total	**2,013,574,745**	2,015,868,759

10. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**4,922,942**	7,950,146
Impairment	**(148,860)**	(99,435)
Total	**4,774,082**	7,850,711

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

As at 31 December 2023, no trade receivables (2022: RMB116,785,000) had been pledged to secure a bank loan granted to the Company.

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

	2023	2022
	RMB'000	*RMB'000*
Within 6 months	**4,630,819**	7,784,840
More than 6 months but less than 1 year	**80,753**	35,540
1 to 2 years	**56,315**	13,511
2 to 3 years	**2,880**	1,319
Over 3 years	**3,315**	15,501
Total	**4,774,082**	7,850,711

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**99,435**	49,719
Impairment losses, net (Note 4)	**70,324**	56,043
Amount written off as uncollectible	**(20,899)**	(6,327)
At end of year	**148,860**	99,435

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

As at 31 December 2023

		Past due				
	Current	**Less than one year**	**One year to two years**	**Over two years**	**Assessed individually**	**Total**
Expected credit loss rate *(%)*	**0.18**	**4.35**	**22.90**	**100.00**	**81.13**	**–**
Gross carrying amount *(RMB'000)*	**3,366,698**	**1,439,348**	**36,342**	**35,159**	**45,395**	**4,922,942**
Expected credit losses *(RMB'000)*	**5,973**	**62,576**	**8,322**	**35,159**	**36,830**	**148,860**

As at 31 December 2022

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

11. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023	2022
	RMB'000	*RMB'000*
Debt investments at fair value through other comprehensive income:		
Bills receivable	**1,765,677**	2,008,569

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

As at 31 December 2023, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB290,262,000 (2022: RMB724,828,000) were pledged to issue banks' acceptance bills and letters of credit.

12. TRADE AND BILLS PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**2,484,351**	5,127,614
Bills payable	**2,684,918**	2,294,246
Total	**5,169,269**	7,421,860

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

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**1,699,140**	4,480,142
3 to 6 months	**584,847**	301,687
6 to 12 months	**128,928**	302,583
1 to 2 years	**66,045**	35,284
2 to 3 years	**5,391**	7,918
Total	**2,484,351**	5,127,614

The trade payables are non-interest-bearing and are normally settled on terms within 0 to 360 days.

13. CONTINGENT LIABILITIES

In 2023, General Directorate of Mines of Mexico ("**DGM**") initiated a review of nine lithium mine concessions held by three controlled subsidiaries of the Company registered in Mexico ("**Mexican Subsidiaries**"). According to DGM, if the Mexican Subsidiaries fail to submit on time sufficient evidence within the specified time limit to prove that they have fulfilled the minimum investment obligation of lithium mine concession development from 2017 to 2021, they shall face the risk of the above-mentioned lithium mine concessions being cancelled. The Mexican Subsidiaries have submitted a large amount of evidence in time to prove that they have fulfilled the minimum investment obligation of the above-mentioned lithium mine concessions. However, in August 2023, DGM issued a notice to the Mexican Subsidiaries to duly cancel the above nine lithium mine concessions. The land use rights related to above nine lithium mine concessions have not been affected and still owned by the Mexican Subsidiaries.

The Company believes that, according to the requirements of Mexican law, the Mexican Subsidiaries have fulfilled their minimum investment obligation and the investment in mine development of Mexican Subsidiaries is far greater than the minimum investment obligation stipulated by Mexican laws. The Mexican Subsidiaries had regularly submitted their annual reports for the period from 2017 to 2021 to DGM every year within the prescribed time limit, detailing the operation situation, and the Mexican government had not raise any objection until 2023 when the Mexican government informed the Company of the cancellation of the lithium mine concessions with the claim that the Mexican Subsidiaries did not meet the minimum investment obligation. The Company believes that these resolutions to cancel the concessions violate both Mexican law and international law as they are arbitrary without factual and legal basis, and violate the basic rights of the Company and its subsidiaries. Therefore, Shanghai Ganfeng International Trading Co., Ltd. a wholly-owned subsidiary of the Company, and the Mexican Subsidiaries engaged the lawyers to file administrative review recourses with the Secretary of Economy of Mexico (the "**SEC**") against the aforementioned resolutions.

In November 2023, the SEC made a decision to uphold the cancellation of the lithium mine concessions by DGM. In January 2024, the Mexican Subsidiaries filed the annulment claims with the Mexico's Federal Court of Administrative Justice ("**TFJA**") against the cancellation of nine lithium mine concessions.

As of the date of approval of the financial statements, the above-mentioned annulment claims are still in progress. Based on the opinions of the legal counsel and the progress of the litigation, the Company believes that the cancellation of nine lithium mine concessions is not final until TFJA makes its final decision. Also, the legal counsels are of the opinion that the arguments raised by the Mexican Subsidiaries (substantiated by law, analogous precedent, and factual evidence) could allow them to prevail before a neutral court, however, the counsels are unable to predict the outcome of the annulment claims. As there are still many uncertainties in the trial of the case, the Group is unable to reliably estimate the possible outcome and impact of the proceedings. Therefore, as at 31 December 2023, with reference to the relevant provisions of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, the Group did not make any provision for the pending legal cases.

14. EVENTS AFTER THE REPORTING PERIOD

(1) As stated in Note 13, the Mexican Subsidiaries filed the annulment claims with TFJA in January 2024 against the cancellation of nine lithium mine concessions.

(2) At the 72nd meeting of the fifth session of the board of directors of the Company held on 15 January 2024, the resolution in relation to the acquisition of a certain equity interest in Mali Lithium B.V. ("**MLBV**"), involving mining right investments was considered and passed to allow GFL International Co., Limited, a wholly-owned subsidiary of the Company to acquire no more than 5% equity interest in MLBV held by Leo Lithium Limited with its self-owned funds of no more than USD65 million.

(3) At the 74th meeting of the fifth session of the board of directors of the Company held on 5 March 2024, it was considered and approved that the Company or its controlled subsidiaries would subscribe for not less than 14.8% of the shares of Proyecto Pastos Grandes S.A ("**PGCO**") in Argentina with their self-owned funds at a transaction consideration of not more than USD70 million. PGCO holds 100% equity interests in Pastos Grandes lithium salt lake project in Salta, Argentina and Cauchari East lithium salt lake project in Jujuy, Argentina.

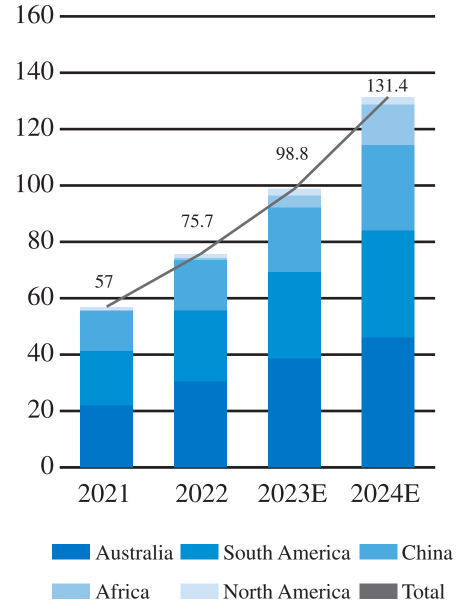
(4) At the 75th meeting of the fifth session of the board of directors of the Company held on 28 March 2024, the Profit Distribution Plan for the Year of 2023 was considered and passed to distribute the cash dividend of RMB8 (tax inclusive) for every 10 shares with undistributed profits to all shareholders based on the number of shares they hold on the record date determined by the implementation of annual profit distribution, and to allocate RMB2,081 million to the discretionary surplus reserve.

INDUSTRY REVIEW

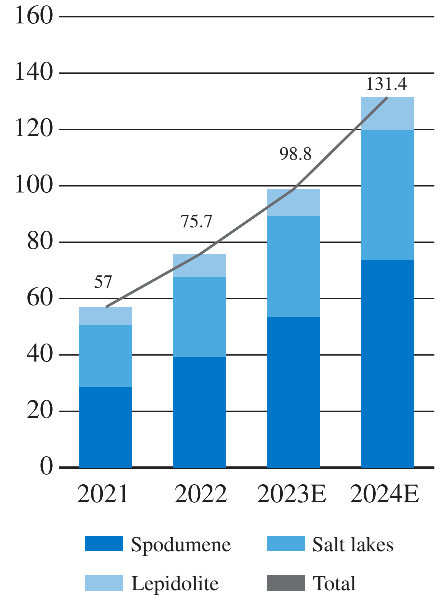
1. Analysis of lithium resource market

The majority of global lithium resources are sourced from salt lakes and hard rock lithium mines. Well-developed salt lakes are mainly found in the lithium delta of South America and in China, while the majority of lithium mines are concentrated in Australia. In recent years, stimulated by demand in the end-user market, there has been an increased investment and development in lithium resources, leading to a diversification of supply. According to the data from Zheshang Securities Research Institute, the global supply of lithium resource is expected to reach 988,000 tons of LCE in 2023, representing a year-on-year increase of 30.5%, among which 358,000 tons of LCE, 533,000 tons of LCE and 97,000 tons of LCE are sourced from salt lakes, spodumene and lepidolite, accounting for 36%, 54% and 10%, respectively; in terms of regions, Australia, South America and Asia supplied 385,000 tons of LCE, 308,000 tons of LCE and 229,000 tons of LCE, respectively, totally accounting for 93% aggregately, with an estimated supply of 41,000 tons of LCE from Africa. In 2024, the global supply of lithium resource is expected to reach 1,314,000 tons of LCE, representing a year-on-year increase of 33%, of which 456,000 tons of LCE, 732,000 tons of LCE and 126,000 tons of LCE are sourced from salt lakes, spodumene and lepidolite, accounting for 34%, 56% and 10%, respectively. The proportion from spodumene is expected to increase, while the proportion from salt lakes is expected to decrease. Due to the high cost of extracting lithium from lepidolite, if the price of lithium carbonate remains at a low level, its proportion will further decline in 2024. In terms of regions, Australia, South America, China and Africa will supply 460,000 tons of LCE, 381,000 tons of LCE, 302,000 tons of LCE and 145,000 tons of LCE, respectively. In terms of structure, there will be a noticeable increase in the proportion of Africa, while the proportion of Australia will decline slightly.

Global supply of lithium resource by regions (unit: 0'000 tons of LCE)



Global supply of lithium resource by sources (unit: 0'000 tons of LCE)



Source: Zheshang Securities Research Institute

(1) Market of spodumene concentrate

Australia is one of the world's largest producers of lithium ore, with a well-developed mining industry, complete laws and regulations, and good infrastructure. Therefore, the development of the project in Australia is relatively smooth compared to that in other regions. During the past three years, several new lithium mines located in Western Australia were brought into production successively, and some existing projects announced or executed their expansion plans. According to the data from Lixiang Research (鋰想研究), as of December 2023, the domestic CIF price of 5%–6% spodumene concentrate was around USD1,330–1,350 per ton, representing a decrease of 77%–78% as compared with the price of USD6,000–6,020 per ton at the beginning of 2023. Australia currently has eight major mines. Due to the poor transportation, shortage of labor and equipment and decline in mine grades, the commissioning and ramp-up speed of new or resumed production capacity of spodumene projects in Australia may be slower than expected. The African continent has abundant resources of spodumene and petalite, with high ore grades. However, the overall development progress is slow due to insufficient investment in exploration and relatively backward supporting infrastructure, and the mature mines in production are primarily concentrated in Zimbabwe so far. Over the past two years, the lithium mine projects of African continent have increasingly attracted Chinese companies due to the favorable investment environment. With the gradual release of future production capacity, African lithium mines have the potential to become an important component of global lithium resource supply.

(2) Market of salt lake brines

The salt lake brine lithium ore is the most important type of lithium resources among the types of lithium ore currently under development in the world. With high lithium ion concentration and low magnesium to lithium ratio, salt lake brines is the type of lithium ore with the lowest lithium extraction costs worldwide. However, due to differences in natural environments and lithium extraction methods, the construction cycle of salt lakes is longer than that of mine. According to a report from United States Geological Survey (USGS) in 2022, the world's best lithium salt lakes are located in Chile, Argentina and Bolivia, which are known as the lithium delta zone of South America, accounting for 56% of the global lithium reserves. The salt lake resources in South America are abundant and of high quality but high development difficulty, and are limited by various factors such as environmental assessment and approval, high altitude, shortage of freshwater resources and supporting infrastructure, requiring large-scale capital expenditure, mature technology and support from project team. The projects in Argentina scheduled for production in 2023 have experienced delays and are expected to contribute supply increment in 2024. The Company's Cauchari-Olaroz Salt Lake Project has already produced its first batch of lithium carbonate products, and with subsequent capacity ramp-up and production line optimization, it is expected to gradually produce battery-grade products.

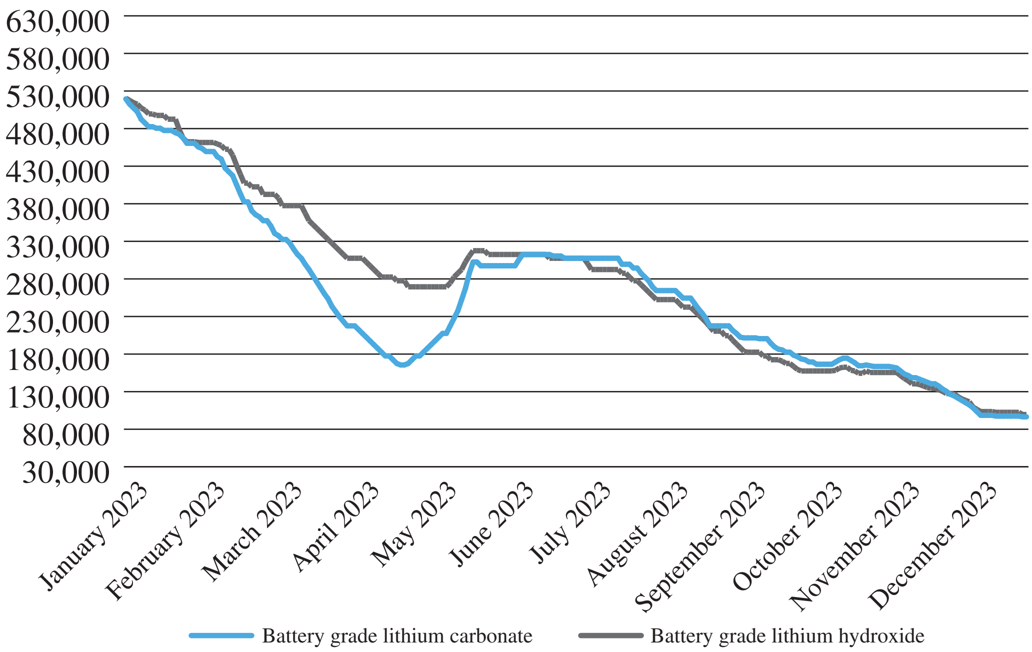
(3) Market of lepidolite

China has the world's largest proven lepidolite mine, with a significant number of lithium resource projects in Jiangxi. Compared with extracting lithium from spodumene concentrate, extracting lithium from lepidolite has certain advantages in terms of resource self-sufficiency and transportation cost. Due to the complex composition of lepidolite, more impurities in the extraction process, and difficulties in continuous production, the mining and extracting costs of lepidolite are relatively higher compared to that of extracting lithium from spodumene concentrate and salt lake. In recent years, the lithium extraction technology from lepidolite in the PRC has made continuous breakthroughs, gradually releasing the production capacity. With the advantages of its own resources, the production capacity of lithium extraction from lepidolite has been continuously improved in recent years. However, capacity building for lithium extraction from lepidolite also faces challenges such as the low grade of lithium ore, the large amount of waste residues from smelting, and the difficulty in comprehensive utilization of other rare and precious resources contained in lithium ore.

2. *Analysis of the lithium compound market*

In recent years, prices of major lithium compounds have been fluctuating to a larger extent in China market. Due to factors such as downstream procurement strategies, inventory management, and changes in demand expectations, the lithium compound market experienced a shift from supply tightness to oversupply in 2023. Prices of major lithium compounds in China market began to decline from the beginning of 2023. From January 2023 to April 2023, the new energy vehicle market is in off-season, resulting in a downward trend in lithium compound prices; from April 2023 to July 2023, as manufacturers of cathode materials (正極廠) actively increased stock and the terminal demand in the new energy vehicle industry gradually stabilized, the decline in prices slowed down, and the demand for lithium compounds gradually recovered, causing a slight upturn of the prices; in the second half of 2023, with the gradual release of production capacity from newly commissioned and expanded projects, poor performance in demand resulted in an oversupply, leading to subdued market sentiment and a gradual decline in the prices. Specific movements are shown in the following graph:

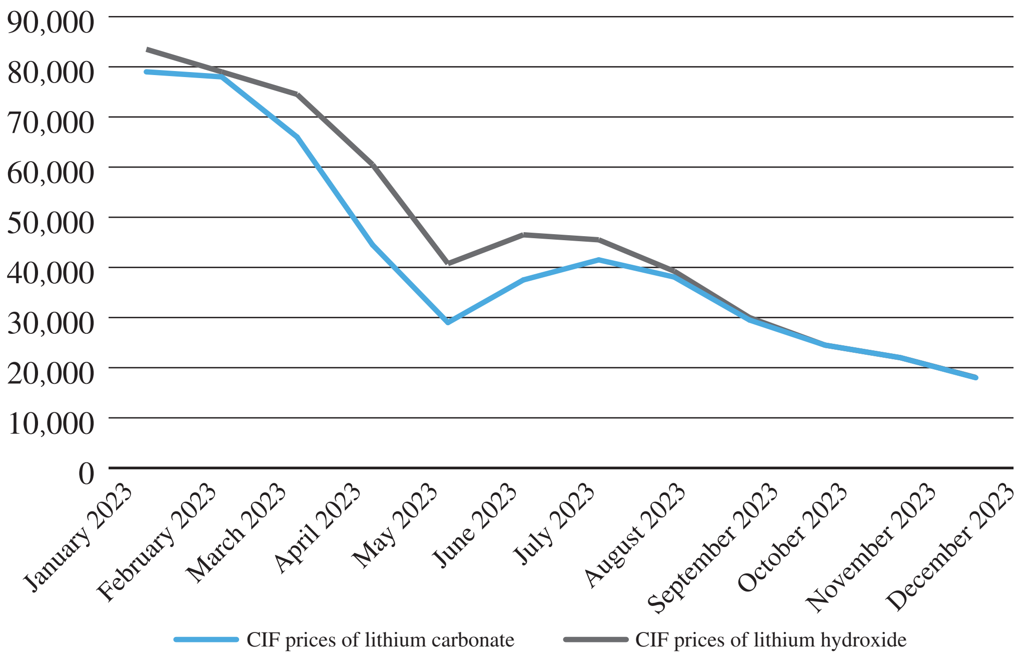
Spot prices of lithium carbonate and lithium hydroxide in China
(Unit: RMB per ton)



Source: Lixiang Research

Meanwhile, the price fluctuations of major lithium compounds in the international market were shown in the following graph:

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

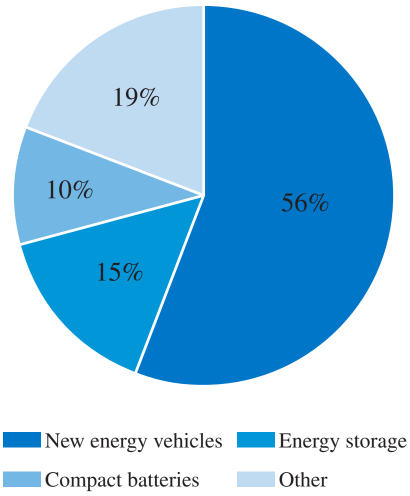


Source: Fastmarkets

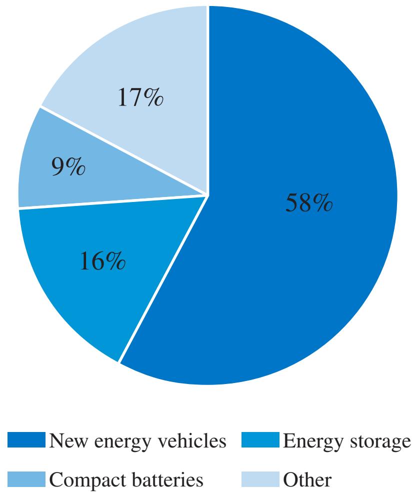
The demand for the global lithium industry is primarily influenced by demand for new energy vehicles and energy storage. In recent years, the rapid development of new energy vehicles and energy storage system industries has led to diverse and abundant lithium application scenarios. Although the growth rate of demand for new energy vehicle industry has slowed down as compared to previous years, its large base still makes it a major driver of demand growth. While energy storage currently accounts for a limited proportion of demand, it is expected to gradually increase its growth rate of demand in the future. Under the influence of global energy revolution wave, China market is transitioning from being "policy-driven" to "product-driven"; European market is driven by "carbon emission + high subsidy + tax preference"; the United States has also introduced the largest-ever investment plan targeting the climate and energy sector. The "green and low-carbon" development trend of the global market led to a rapid increase in demand for lithium and lithium compounds in various application scenarios such as new energy vehicles, energy storage, electric bicycles, and electric tools. As a leading enterprise in the lithium compound deep-processing business, the Company, capitalizing on its first-mover advantages, continues to enhance its competitiveness and further cements and improves its industrial position. According to the statistics of the China Nonferrous Metal Industry Association, Lithium Branch (中國有色金屬工業協會鋰業分會), the output of basic lithium salt in China was as follows: lithium carbonate was 517,900 tons, representing a year-on-year increase of 31.1%; lithium hydroxide was 319,600 tons, representing a year-on-year increase of 30.1%; and lithium chloride was 17,500 tons, representing a year-on-year decrease of 21.2% in 2023.

According to the data from Zheshang Securities Research Institute, the global demand for lithium resources is expected to reach 1,005,000 tons of LCE in 2023, among which demand from new energy vehicles account for 56%, and demand from energy storage is expected to account for 15%; the global demand for lithium resources in 2024 will be 1,218,000 tons of LCE, of which demand from new energy vehicles is expected to rise to 58% and demand from energy storage is expected to rise to 16%.

Global demand for lithium resources in 2023 (Unit: 0'000 tons of LCE)



Global demand for lithium resources in 2024 (Unit: 0'000 tons of LCE)



Source: announcements from companies, Zheshang Securities Research Institute

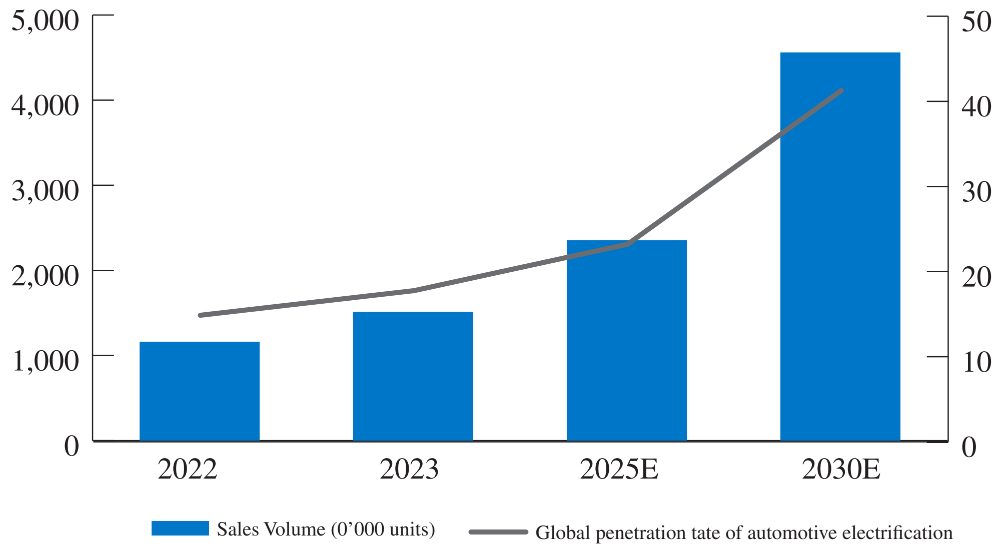
3. Analysis of the lithium battery market

In 2023, the rapid development of the new energy vehicle industry drove the rapid growth of the production and sales for motive power batteries in China. According to China Automotive Battery Innovation Alliance, in 2023, the cumulative output of motive power batteries and energy storage batteries in China amounted to 778.1GWh, representing a year-on-year increase of 42.5%, among which the cumulative output of ternary batteries was 245.1GWh, accounting for 32.1% of the total output, representing a year-on-year increase of 15.3%; the cumulative output of lithium iron phosphate batteries was 531.4GWh, accounting for 67.5% of the total output, representing a year-on-year increase of 59.9%. In terms of installed capacity, in 2023, the cumulative installed capacity of motive power batteries in the PRC was 387.7GWh, representing a year-on-year increase of 31.6%.

4. *Analysis of the electric vehicle market*

According to the data from Gaogong Industry Research Institute (GGII), the global sales volume of new energy vehicles is expected to increase by 30% in 2023, reaching 15.10 million units, with a penetration rate of 17.76%. Currently, the new energy vehicle market is in a phase of large market base. Popular new energy vehicle models launched successively by the end of 2023, which will lay the foundation for sales in 2024. Automobile manufacturers are accelerating the process of regional localization, introducing new energy vehicle models that cater to market preferences, and promoting product sales through the accelerated deployment of charging infrastructure and the creation of smart ecosystems. However, the overall weak cost-effectiveness of new energy vehicle products, subsidy reductions and other challenges still remain. With the support of government policy, the technological progress in the industry, the improvement of supporting facilities, and the increase of market recognition, the sales volume of new energy vehicles is expected to maintain a positive development trend.

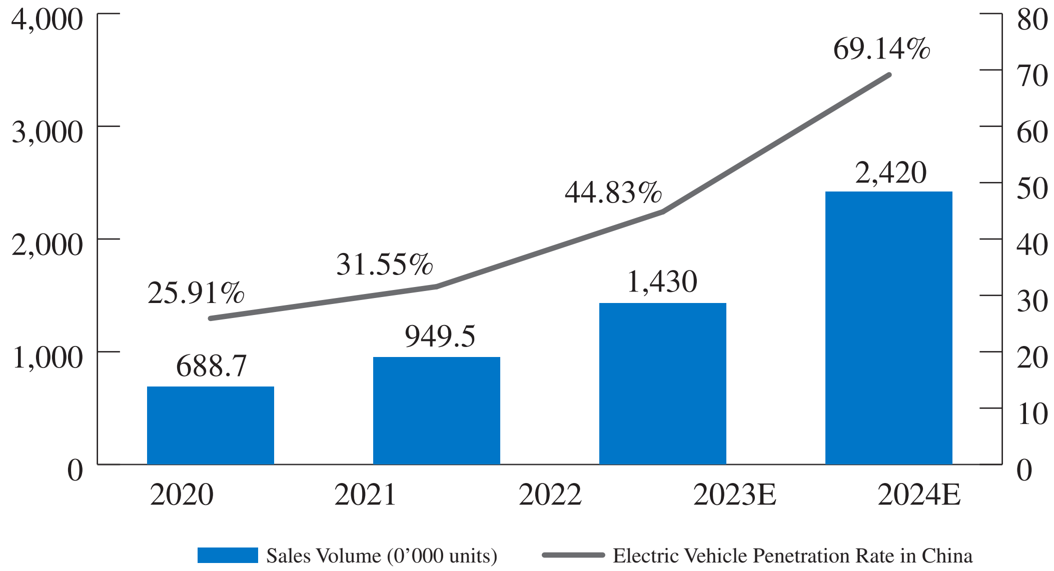
Global Sales Volume of new energy vehicles
(Unit: 0'000 units)



Source: Gaogong Industry Research Institute (GGII)

According to the statistical analysis of the China Association of Automobile Manufacturers, driven by both policies and market factors, China's new energy vehicles continued to experience rapid growth in 2023. The production and sales volume of new energy vehicles were 9.587 million and 9.495 million units, respectively, representing a year-on-year increase of 35.8% and 37.9%, with the market share reaching 31.6%, which was 5.9% higher than the same period of the previous year. In addition, according to the latest data from the Ministry of Public Security, by the end of 2023, the ownership volume of new energy vehicles in China reached 20.41 million, accounting for 6.07% of the total number of automobiles. Among them, the ownership volume of pure electric vehicles reached 15.52 million, accounting for 76.04% of the ownership volume of new energy vehicles. In 2023, the new energy vehicles newly registered in China were 7.43 million units, accounting for 30.25% of the number of newly registered vehicles, representing an increase of 2.07 million units or a growth rate of 38.76% as compared to 2022, which has shown a high-speed growth trend, increasing from 1.2 million units in 2019 to 7.43 million units in 2023.

Sales Volume of New Energy Vehicles in China
(Unit: 0'000 units)



Source: China Association of Automobile Manufacturers,
Gaogong Industry Research Institute (GGII)

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

Issuing authority	Issuing time	Industrial policy	Descriptions
The National Development and Reform Commission, the National Energy Administration and other departments	January 2023	Notice on the Organization of Pilot Work for the Comprehensive Electrification of Vehicles in the Gazetted Areas (《關於組織開展公告領域車輛全面電動化先行區試點工作的通知》)	In order to implement the strategic plan of the Party Central Committee and the State Council to achieve "Carbon Peak and Carbon Neutrality", promote the in-depth implementation of the "New Energy Automobile Industry Development Plan (2021–2035))", promote the improvement of the electrification level of vehicles in the public sector, and accelerate the construction of green and low-carbon transportation system, the Ministry of Industry and Information Technology and the Ministry of Transport, in conjunction with the Development and Reform Commission, the Ministry of Finance, the Ministry of Ecological Environment, the Ministry of Housing and Urban-Rural Development, the Energy Bureau, and the Postal Bureau have launched pilot work for the comprehensive electrification of vehicles in the gazetted areas nationwide, with the pilot period from 2023 to 2025.

Issuing authority	Issuing time	Industrial policy	Descriptions
The National Development and Reform Commission and the National Energy Administration	May 2023	Implementation Opinions on Accelerating the Construction of Charging Infrastructure to Better Support New Energy Vehicles in the Rural Areas and Rural Revitalization (《關於加快推進充電基礎設施建設更好支持新能源汽車下鄉和鄉村振興的實施意見》)	The Implementation Opinions put forward a series of targeted measures: in terms of product supply, enterprises are encouraged to develop more economical and practical models for the characteristics of consumers in rural areas; in terms of supportive policies, qualified places are encouraged to provide consumer vouchers and other support to rural residents who purchase new energy vehicles in the county where their household registration is located; in terms of promotion and application, new energy vehicles are promoted to be used in county and township Party and government organs, schools, hospitals and other entities; in terms of sales service, new energy vehicle companies are encouraged to sink their sales and service networks; in terms of safety supervision, rural residents are guided to install and use independent charging piles, to improve the level of safety in the use of electricity.
General Office of the Ministry of Commerce	June 2023	Notice on the Organization of Activities to Promote Consumption of Automobiles (《關於組織開展汽車促消費活動的通知》)	The Notice proposes that, in conjunction with the "2023 Consumption-Boosting Year" working arrangement, the "Hundred Cities Linkage" Automobile Festival and "Tens of Thousands of Counties and Towns" New Energy Vehicle Consumption Quarter activities were carried out in a coordinated manner. Giving full play to the roles of localities, enterprises and industry associations, and adapting to the diversified needs of urban and rural residents in purchasing vehicles, it opened up the whole chain, connected all channels, and linked up online and offline, organize the coordinated linkage of more than a hundred cities across the country, promoted the participation of more than 1,000 counties (districts), and driven the participation of more than 10,000 townships (townships) in sharing the great benefits, so as to create a favorable environment, promote automobile consumption, and benefit the masses of the people.

Issuing authority	Issuing time	Industrial policy	Descriptions
General Office of the State Council	June 2023	Guidance on Further Establishing High-quality Charging Infrastructure System (《關於進一步構建高質量充電基礎設施體系的指導意見》)	The Guidance put forward the overall requirements for the establishment of the charging infrastructure system and the development goal for 2030, designed an optimized and perfect charging infrastructure network layout, planned the construction plan for key regions of the charging infrastructure, formulated the policies and norms to enhance the level of charging operation service, laid out the strategic actions to strengthen the leadership of scientific and technological innovations, and introduced the specific measures to increase support and guarantees.
The Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology	June 2023	Announcement on the Continuation and Optimization of the Vehicle Purchase Tax Reduction and Exemption Policy for New Energy Vehicles (《關於延續和優化新能源汽車車輛購置税減免政策的公告》)	New energy vehicles purchased during the period between 1 January 2024 and 31 December 2025 are exempted from vehicle purchase tax, of which the tax exemption amount for each new energy passenger vehicle shall not exceed RMB30,000; new energy vehicles purchased during the period between 1 January 2026 and 31 December 2027 are subject to a 50% reduction in vehicle purchase tax, of which the tax reduction amount for each new energy passenger vehicle shall not exceed RMB15,000.

Issuing authority	Issuing time	Industrial policy	Descriptions
The Ministry of Industry and Information Technology and other departments	July 2023	Modification of Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises (修改《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》)	It adjusted the calculation method for new energy vehicle credits and established a credit pooling management system to adapt to market changes and technological advances.
The Ministry of Transport, the National Development and Reform and other departments	October 2023	Several Opinions on Promoting the Healthy and Sustainable Development of Urban Public Transit (《關於推進城市公共交通健康可持續發展的若干意見》)	Enhancing policy support: Improve peak and off-peak time-of-use electricity fee policies and encourage localities to provide policy support for charging new energy urban public transport vehicles through various means. Strictly implementing the standards for the configuration of urban public automobile and tram stations, and setting up public automobile and tram terminals or junction stations near large residential areas, commercial areas, and other relevant locations. Supporting the construction and improvement of charging facilities for new energy urban public transport vehicles in owned or leased stations of urban public automobile and tram enterprises, ensuring the conditions for electricity access, and effectively meeting the charging needs of vehicles.

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

Issuing authority	Issuing time	Industrial policy	Descriptions
Dutch government	January 2023	Subsidy policy for new energy vehicles	In 2023, a total subsidy amount of EUR99.4 million is available, with EUR67 million allocated for the purchase or lease of new vehicles and EUR32.4 million for the purchase of used vehicles. The subsidized vehicles must be fully electric, and the price of new vehicles must fall between EUR12,000 and EUR45,000. Anyone purchasing or leasing a new vehicle is eligible for a subsidy of EUR2,950, significantly lower than EUR4,000 offered in 2000. In 2024, the subsidy amount for new vehicles will be further reduced to EUR2,550. The subsidy amount for used electric vehicles has remained at EUR2,000 since the implementation of the policy.
Korean government	January 2023	Subsidy policy for new energy vehicles	Shifting from a greater focus on performance and battery life in the past to a greater emphasis on maintenance, safety, and charging infrastructure. The maximum national subsidy amount will be reduced from the current KRW7 million (approximately RMB37,000) to KRW6.8 million. The threshold for qualifying for 100% subsidy will be adjusted from less than KRW55 million to KRW57 million. The new subsidy standards also include an additional subsidy of KRW150,000 for electric vehicles that utilize "V2L (Vehicle-to-Load)" technology. In addition, the new subsidy standards include an additional subsidy of KRW150,000 for electric vehicles manufactured by companies that have installed more than 100 fast-charging stations in the past three years.

Issuing authority	Issuing time	Industrial policy	Descriptions
Thai government	March 2023	Green transformation – policies of circular economy	The Thai government has exempted import taxes for electric vehicles. If an original equipment manufacturer plans to establish production lines in Thailand within three years, the government will provide an additional subsidy ranging from THB70,000 to THB150,000 (approximately RMB13,900 to RMB29,800) per unit, depending on the specific vehicle model. Compared to the 8% consumption tax rate for conventional vehicles, new energy vehicles are eligible for a discounted tax rate of 2%. New energy vehicles imported to Thailand between 2022 and 2023 are eligible for up to a 60% discount on import taxes, and key components such as batteries for new energy vehicles are eligible for a policy exemption from import taxes.
The U.S. government	Signed in August 2022, effective in January 2023	Inflation Reduction Act (《通貨膨脹削減法案 (IRA)》)	Since 1 January 2023, subsidies have been provided to consumers for purchasing electric vehicles assembled in the United States. There are two localization requirements for electric vehicles to qualify for tax credits: (1) The key metal materials contained in the electric vehicle power battery factory are extracted and processed in the United States or any country that has a valid free trade agreement with the United States; alternatively, if the recycling rate reaches at least 40% by 1 January 2024, a tax credit of $3,750 can be obtained; (2) The localization value percentage of new energy vehicle power batteries manufactured and assembled in North America is over 50%, which qualifies for an additional tax credit of $3,750. This policy will be in effect for 10 years, from 31 December 2022 to 31 December 2032. The United States also offers a tax credit of up to $4,000 for used electric vehicles, and electric vehicles used for leasing purposes can receive a maximum tax credit of $7,500 per unit.

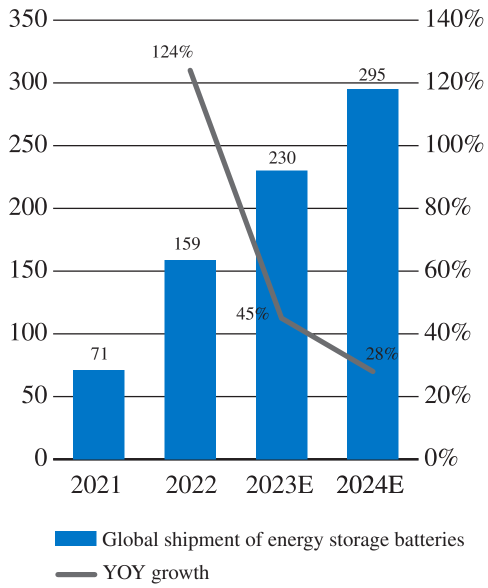
Source: public information, websites of governments

In general, China market is currently driven by a shift from a policy-oriented to a product-oriented approach. The previous incentive measures like economic subsidy are gradually weakening, and there are significant differences between countries in European market. Some countries that have reached saturation in terms of market penetration are gradually reducing their subsidy and tax incentive policies, moving towards a more balanced and sustainable market environment. In the United States, the development of the electric vehicle market is still in the early stage and continues to benefit from economic stimulus policies, and the market growth is expected to remain at a relatively high level. According to the forecast of Gaogong Industry Research Institute (GGII), the global sales volume of new energy vehicles is expected to reach 23.50 million units in 2025. At present, with a new round of scientific and technological revolution and industrial transformation, the new energy vehicle industry is entering into a new stage of accelerated development. The development of the new energy vehicle market was driven by policies in the early stage, and in the long term, new energy commercial vehicles will usher in a cost and technology-driven phase with the development of technology and scale. With the launch of electric models from original equipment manufacturers (OEM) in the world, the growing trend of electric vehicles manufacturing will be robust, and the global electrification of the vehicles is expected to accelerate.

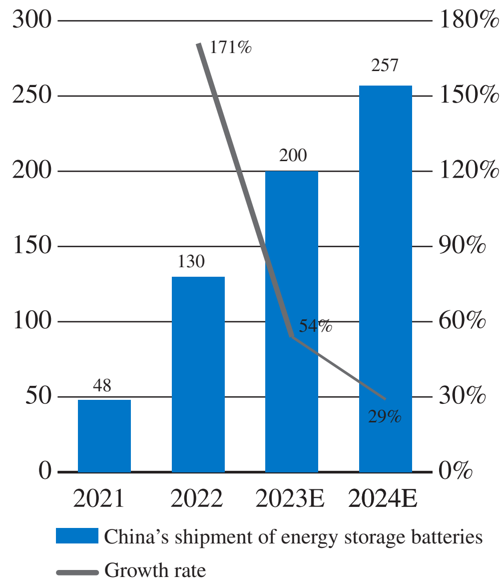
5. *Analysis of the energy storage market*

With the increasing global focus on carbon emissions and the strengthening of carbon neutrality strategies, the traditional fossil fuel energy system is rapidly transforming towards a structure with clean, low-carbon, and renewable energy sources as the core. In this context, the energy storage sector is experiencing unprecedented growth momentum. Energy storage demand is segmented into the generation side, grid side, user side and base stations and data centers. The energy storage market is in a thriving stage of development in the PRC, which the policies is the core driving force is policy support. In the industrial and commercial sectors, with the continuous improvement of the time-of-use electricity fee mechanism and the upward trend of electricity prices for high energy-consuming enterprises, energy storage is gradually gaining attention as an economically efficient solution. According to the forecast of Zheshang Securities Research Institute, global energy storage demand in 2023 was approximately 173GWh. In terms of the distribution of energy storage demand among countries in 2023, the PRC and the United States primarily focused on generation-side energy storage, accounting for 59% and 81% of their total energy storage demand, respectively, while Europe primarily focused on user-side energy storage, accounting for 57% of its total energy storage demand. The global shipment of energy storage batteries in 2023 was approximately 230GWh and is expected to be 295GWh in 2024, representing a year-on-year increase of 28%; in 2023, China's shipment of energy storage batteries was 200GWh, and it is expected to be 257GWh in 2024, representing a year-on-year increase of 29%. The energy storage sector will maintain a high growth rate until 2025.

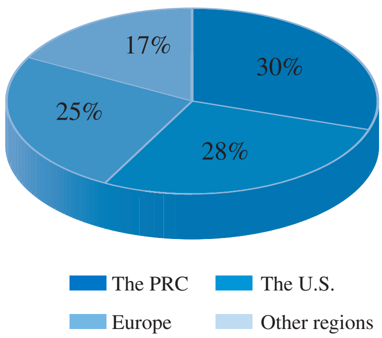
Global shipment of energy storage batteries (Unit: GWh)



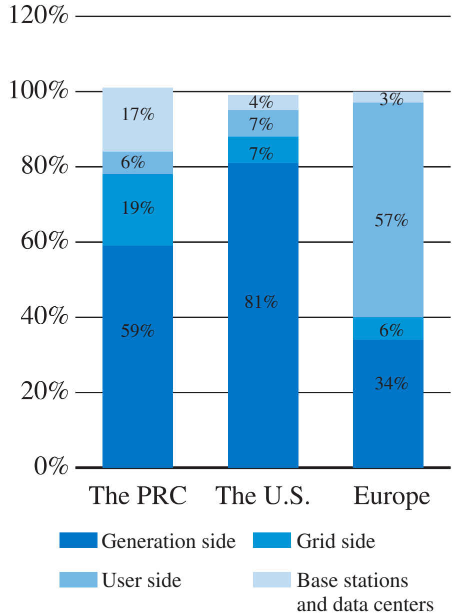
China's shipment of energy storage batteries (Unit: GWh)



Global Energy Storage Demand by Regions in 2023



Global Energy Storage Demand by Application Scenarios in 2023

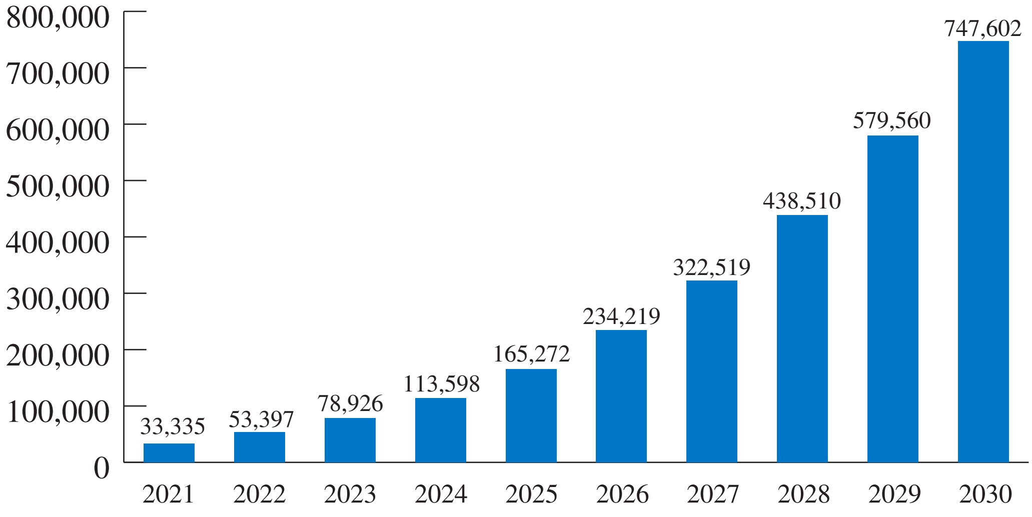


Source: Zheshang Securities Research Institute and www.askci.com

6. Analysis of the power battery recycling market

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

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



Source: Essence Securities

BUSINESS REVIEW

The Group has built the most comprehensive lithium industry value chain in the world, covering the important sectors of the lithium industry from upstream to downstream, including (1) extraction of upstream lithium resources; (2) deep processing of lithium compounds; (3) production of lithium metals; (4) production of lithium batteries; and (5) reclaiming and recycling lithium. During the Reporting Period, the revenue of the Group decreased from RMB41,370,654 thousand in 2022 to RMB32,812,017 thousand in 2023, representing a decrease rate of 20.7%; its gross profit decreased from RMB20,364,474 thousand to RMB4,608,922 thousand, representing a decrease rate of 77.4%. The profit for the year attributable to owners of the parent company decreased from RMB20,503,915 thousand in 2022 to RMB4,982,547 thousand in 2023, representing a decrease rate of 75.7%. The total assets of the Group increased from RMB79,159,910 thousand in 2022 to RMB91,697,901 thousand in 2023, representing a growth rate of 15.8%; and its net assets increased from RMB48,866,308 thousand in 2022 to RMB52,315,862 thousand in 2023, representing a growth rate of 7.1%.

1. Products and capacity

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

Major production bases and product categories of the Company：

Lithium Compound and Lithium Metal

Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Fengxin Ganfeng	Fengxin, Jiangxi	Lithium metal	2011
Yichun Ganfeng	Yichun, Jiangxi	Lithium metal	2013
10,000-ton Lithium Salt	Xinyu, Jiangxi	Lithium carbonate, lithium hydroxide, lithium chloride, butyl lithium and lithium fluoride	2014
Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	2018
Xinyu Ganfeng	Xinyu, Jiangxi	High-purity lithium carbonate, lithium fluoride and lithium perchlorate	2020
Hebei Ganfeng	Cangzhou, Hebei	Lithium carbonate	2022
Qinghai Ganfeng	Haixi Prefecture, Qinghai	Lithium metal	Trial production

Lithium Battery Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium-ion motive power batteries, energy storage batteries	2016
Ganfeng Electronics	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless Bluetooth headset battery	2018
Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack, battery management system	2019
Huichuang New Energy	Dongguan, Guangdong	PACK system for two-wheeled vehicles, outdoor and household energy storage	2017
Huizhou Ganfeng	Huizhou, Guangdong	Polymer lithium battery, TWS wireless Bluetooth headset battery	2022
Chongqing Ganfeng Lithium Battery	Huizhou, Guangdong	Power battery PACK system	2023

Lithium Battery Recycling

Production Base/ Subsidiary	Location	Primary Products	Year of Production Commencement
Ganfeng Recycling	Xinyu, Jiangxi	Lithium recycling solution, NCM precursor	2017
Ganfeng Renewable Resources	Ganzhou, Jiangxi	Metal waste, cathode material powder	2022
Sichuan Ganfeng	Dazhou, Sichuan	Metal waste, cathode material powder	2023

2. Lithium chemical business

As the world's largest metal lithium producer and the largest lithium compounds supplier in the PRC, the Company owns the industrialized technology of "lithium extracted from brine", "lithium extracted from ore" and "lithium extracted from decommissioned battery" at the same time. As of the date of this announcement, the expansion project of butyl lithium with annual production capacity of 2,000 tons at 10,000-ton Lithium Salt Plant has been completed, 10,000-ton Lithium Salt Plant and Xinyu Ganfeng Plant have optimized the segmentation and integration of products and production capacity. Lithium hydroxide project with annual production capacity of 25,000 tons in Fengcheng Ganfeng Phase I has been completed.

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

No.	Production Base	Location	Primary Products	Designed production capacity
1	10,000-ton Lithium Salt	Xinyu, Jiangxi	Lithium hydroxide	81,000 tons/year
			Lithium carbonate	15,000 tons/year
			Lithium chloride	12,000 tons/year
			Butyl lithium	2,000 tons/year
2	Xinyu Ganfeng	Xinyu, Jiangxi	High-purity lithium carbonate	10,000 tons/year
			Lithium fluoride	10,000 tons/year
3	Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	20,000 tons/year
4	Hebei Ganfeng	Cangzhou, Hebei	Lithium carbonate	6,000 tons/year
5	Yichun Ganfeng	Yichun, Jiangxi	Lithium metal	1,500 tons/year
6	Fengxin Ganfeng	Fengxin, Jiangxi	Lithium metal	650 tons/year
7	Qinghai Ganfeng (Phase I)	Haixi Prefecture, Qinghai	Lithium metal	1,000 tons/year
8	Fengcheng Ganfeng	Fengcheng, Jiangxi	Lithium hydroxide	25,000 tons/year
9	Argentina Cauchari-Olaroz	Jujuy, Argentina	Lithium carbonate	40,000 tons/year

Note: The designed production capacity of Argentina Cauchari-Olaroz is calculated based on 100% interest held

In 2023, due to factors such as fluctuations in market demand in the lithium industry and the inventory level control of downstream customers of lithium battery, the overall production and sales volume level for the Company's products in the lithium chemical segment were affected to a certain extent. The Company will continue to prioritize prudent operation and risk control, expanding its production capacity of lithium chemical segment and effectively managing its inventory while ensuring that the risks are controllable and that there is sufficient customer demand.

3. Lithium resources

During the Reporting Period, the Company continued to acquire upstream high-quality resources globally to enrich and broaden the diversified supply of raw materials on a continuous basis. While continuing to expand high-quality lithium ore resources, the Company extended its business to resources such as potash ores, phosphate ores, nickel ores, etc.

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

No.	Resource type	Project name	Ownership interest	Resources
1	Spodumene	Mount Marion spodumene project in Australia	50%	2,225,000 tons of LCE
2		Pilgangoora spodumene project in Australia	5.74%	11,870,000 tons of LCE
3		Goulamina spodumene project in Mali	50%	7,140,000 tons of LCE
4		Avalonia spodumene project in Ireland	55%	Under exploration
5		Heyuan spodumene project in Ningdu	100%	100,000 tons of LCE
6	Salt-lake	Cauchari-Olaroz lithium salt-lake project in Argentina	46.67%	24,580,000 tons of LCE
7		Mariana lithium salt-lake project in Argentina	100%	8,121,000 tons of LCE
8		PPG lithium salt-lake project in Argentina	100%	11,060,000 tons of LCE
9		Yiliping salt-lake project in Qinghai	49%	1,650,000 tons of LCE
10		Dezongmahai lake project	55%	Under exploration
11	Lepidolite	Songshugang tantalum-niobium mine project in Shangrao	90%	1,490,000 tons of LCE
12		Vilasto lithium ore project in Inner Mongolia	12.5%	1,420,000 tons of LCE
13		Chenzhou Xianghuapu lithium mica mine project in Hunan	20%	Under exploration
14		Inner Mongolia Gabus niobium tantalum mine project	70%	1,110,000 tons of LCE
15	Lithium clay	Sonora lithium clay project in Mexico	100%	8,820,000 tons of LCE

Notes:

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

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

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

4) The transaction for the Company to increase its shareholding in the Goulamina project in Mali is still in the process of settlement, and in accordance with relevant local mining laws, the local government will hold a portion of the equity at the project level. Currently, the local government has not yet taken a shareholding at the Goulamina project level.

As of the date of this announcement, the development progress of the Company's major mineral projects is set out below:

(1) Currently, Mount Marion spodumene concentrate is one of the largest spodumene production projects in Australia and an important source of lithium raw materials of the Company. The expansion and construction of 900,000 tons/year of spodumene concentrate production capacity of the project has been basically completed during the Reporting Period. The current production capacity is in the process of being gradually released, and the progress of the capacity release will depend on the mining situation of the project and the market condition;

(2) Cauchari-Olaroz is a lithium salt lake located in Jujuy Province in Northwest Argentina. As of the date of this announcement, the Company directly held 46.67% equity interests in Cauchari-Olaroz project and has the right of control over the project. With total lithium resource of approximately 24.58 million tons of LCE, Cauchari-Olaroz project is one of the world's largest projects extracting lithium from salt lakes, which is currently planned to produce 40,000 tons of LCE per annum in phase I and no less than 20,000 tons of LCE in phase II. The Company has entered into an offtaking agreement to secure the exclusive offtaking rights to 76% of the annual output of 40,000-ton battery grade lithium carbonate from the Cauchari-Olaroz project. The construction of the first phase of the project with annual production capacity of 40,000 tons lithium carbonate was completed in the first half of 2023, and the production of approximately 6,000 tons of LCE was completed in 2023. The project is currently ramping up steadily and is expected to gradually reach the design capacity in 2024;

(3) Mariana is a lithium-potassium salt lake located in Salta Province, Argentina. According to a technical report issued by Golder Associates Consulting Ltd., the total lithium resources at the Mariana lithium salt lake project amounted to approximately 8,120,000 tons of LCE. The construction of the project started in June 2022, and the infusion of brine into the salt fields started at the end of 2022. Currently, the construction of the salt fields, salt wells, chemical plants, photovoltaics, and other infrastructure facilities are progressing smoothly, and it is scheduled to produce the first batch of products at the end of 2024;

(4) Located 120 kilometers away from Port Hedland in Western Australia, Pilbara Pilgangoora Lithium-Tantalum project is one of the largest spodumene ore mines in the world. The Pilgangoora Lithium-Tantalum project has a lithium resource of approximately 11,870,000 tons of LCE, with an average lithium grade of 1.15%. At present, the project is wholly owned by Pilbara. As of the date of this announcement, the Company holds 5.74% equity interests in Pilbara;

(5) The Qinghai Yiliping lithium salt lake project is located in the Lenghu Administrative Committee of Haixi Mongol and Tibetan Autonomous Prefecture, Qinghai Province, with a mine area of 422.72 square kilometres and a total porosity resource reserve of 984,803,900 cubic metres of brine, containing 1,897,000 tons of lithium chloride and 18,658,700 tons of potassium chloride. The total feedwater resource reserve is 469,199,200 cubic metres of brine, containing 920,740 tons of lithium chloride and 9,003,600 tons of potassium chloride. The Company indirectly holds a 49% interest in the project through Ili Hongda, and the project currently has an annual production capacity of 14,000 tons of lithium carbonate;

(6) The Goulamina spodumene ore project is located in southern Mali, Africa and covers an area of 100 square kilometres with a total explored ore resource of 211 million tons, corresponding to a total lithium resource of approximately 7,140,000 tons of LCE, at an average lithium oxide grade of 1.37%. The project is currently planned to have a production capacity of 506,000 tons of lithium concentrate in phase I, with a potential expansion to 1,000,000 tons of lithium concentrate in phase II. The Company intends to continue to increase its shareholding in and control the Goulamina spodumene project in Mali, and is currently being completed. The construction of the first phase of the Goulamina spodumene project in Mali with a planned annual production capacity of 506,000 tons of spodumene concentrate is in progress, and is expected to be put into production in 2024. The Company enjoys the exclusive selling right of up to 100% of the first phase production capacity of the project;

(7) PPG lithium salt-lake project is located in Salta Province, Argentina, and includes two lithium salt lake assets, Pozuelos and Pastos Grandes. Currently, the resource of the project is still under further exploration. According to the estimation of Golder Associates Consulting Ltd, the total resource of the PPG project may reach 11.06 million tons of lithium carbonate equivalent. The Company expects to gradually advance the capacity construction of the PPG project, and as of now the construction of the PPG project is still in the preliminary preparation process;

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

(9) Gabus niobium tantalum mine project of Mengjin Mining is located in Xianghuangqi, Inner Mongolia Autonomous Region. According to the relevant exploration report filing, the average grade of upper dolomite containing lithium of the project is 0.67%, with a lithium oxide ore volume of 66,775,000 tons and a total ore volume of 72,443,000 tons. The Company holds 70% interest in the project, currently has completed the construction of the first phase of 600,000 tons/year of mining and processing project has commenced commissioning. The project is expected to consistently produce lepidolite concentrate in 2024;

(10) Congo (Brazzaville) in Africa owns the Mboukoumassi potassic salt ore project, which is located in Luango District, Kwilu Province, the Republic of the Congo. It is adjacent to the Atlantic Ocean to the west and about 35km away from Pointe-Noire, the economic capital, to the south. The mining rights cover an area of 242 square kilometers, and are divided into the north and south mining zones, with the Kwilu River as the boundary. The main ore type of the mine is carnallite, accompanied by bromine and other resources, and the current estimated KCL resources within the scope of the mining rights are approximately 1.01 billion tons. In accordance with the local mining law and other relevant laws and regulations, the mine went through three stages of general survey, detailed investigation and exploration, and obtained a mining license on 13 January 2015, which is valid for 25 years and can be renewed upon expiration. The project is currently under construction;

(11) Bailongtan phosphorus mine and Daaozi phosphorus mine are located in Kunming, Yunnan Province. Bailongtan phosphate mine primarily contains collophane, followed by a minor amount of filamentous and fibrous apatite. As of 31 August 2023, Bailongtan phosphorus mine had 27.5515 million tons of resources with an average grade of 21.76%, available reserves of 10.50 million tons with an average grade of 23.8%, and a designed annual production capacity of 400,000 tons. Bailongtan phosphorus mine was completed and put into operation in 2010; Daaozi phosphorus mine has 32.2955 million tons of resources with an average grade of 24.58%, available reserves of 25.07 million tons with an average grade of 24.79%, and a designed annual production capacity of 600,000 tons. Daaozi phosphorus mine was completed and put into operation in 2022.

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

Type of resources	Project name	Current offtaking situation	Project progress
Spodumene	Mount Marion	The Company has taken 49% of Mount Marion's total lithium concentrate production	Under operation
	Pilbara Pilgangoora	The Company accepted the supply of 160,000 tons of lithium concentrate per annum; based on the above supply, an additional 150,000 tons of lithium concentrate will be provided to the Company in 2024, and an additional 100,000-150,000 tons of lithium concentrate will be provided to the Company from 2025 to 2026	Under operation
	Finniss	The Company offtakes at least 75,000 tons of lithium concentrate per annum	Under construction
	Goulamina	The Company's offtaking ratio is 50% of the project's output and may increase to 100% when certain conditions are met	Under construction
	Manono	The Company has secured the offtaking right for an initial period of 5 years, with the option to extend for a further 5 years depending on the Company's own demand. From the third year onwards, the annual supply of 6% of lithium concentrate to the Company will increase to 160,000 tons	Under construction
Brine	Cauchari-Olaroz	The Company has secured the offtaking right to 76% of the annual output of 40,000-ton battery grade lithium carbonate from phase I of the project	Project phase I has been completed and put into production, gradually releasing production capacity, and project phase II is under planning
	Mariana	The Company 100% offtakes products based on proportion of equity interests in the project	Under construction

4. Lithium battery businesses

Based on the advantages in upstream lithium resources supply and full industrial chain of the Company, the Company's lithium battery business has covered five categories of solid-state lithium battery, motive power batteries, consumer batteries, lithium polymer batteries, energy storage batteries and energy storage systems, more than 20 kinds of products, including levels from milliamp hours to 100 ampere-hours, and the application of solid-state technology to help automobile companies, battery manufacturers, consumer brands to complete the energy iteration. At present, the Company's lithium battery business has set up production bases in Dongguan, Ningbo, Suzhou, Xinyu, Huizhou and Chongqing. During the Reporting Period, the phase I of Chongqing solid state battery production base was topped out, and the solid state battery PACK was delivered; more than 100 large-scale energy storage projects were delivered, with a total application scale of more than 11,000MWh. In terms of large-scale energy storage business, the Company has participated in a number of the country's first batch of large-scale photovoltaic energy storage projects, and has undertaken a large-scale energy central enterprise's monomer energy storage project of more than 500mwh as well as a number of large-scale energy storage projects, successfully opening overseas energy storage business, and has successfully shipped more than 20 container energy storage equipment; the automation coverage rate of the two consumer battery production bases in Huizhou and Xinyu is more than 97%, and the production capacity reaches up to 1.85 million units per day.

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

No.	Production bases	Location	Primary Products	Designed production capacity
1	Huizhou Ganfeng	Huizhou, Guangdong	TWS battery production line, 3C digital polymer lithium battery production line	100 million pieces of polymer lithium battery per year
2	Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium motive power battery, energy storage battery, battery module and PACK system	Lithium iron phosphate battery of 3GWh per year in phase I of the motive power battery project, New lithium battery of 10GWh per year in phase II of the motive power battery project

No.	Production bases	Location	Primary Products	Designed production capacity
3	Ganfeng Electronics, Gangfeng New Lithiumion Battery	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless Bluetooth headset battery, electronic cigarette lithium battery	Small polymer lithium battery project with 390 million units annual capacity
4	Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack for industrial vehicles, PACK system	Industrial vehicle power battery system project with an annual output of 100,000 units
5	Huichuang New Energy	Dongguan, Guangdong	PACK system for two-wheeled vehicles, outdoor and household energy storage	4GWh per year battery PACK system
6	Chongqing Ganfeng Power	Chongqing	Power battery PACK system	Power battery system project with an annual output of 6GWh

5. Battery recycling businesses

The Company further enhanced the industrialization technology and competitive advantages by developing new processes and technologies for comprehensive recycling of the decommissioned batteries and expanding the capacity of its decommissioned lithium battery recycling business. At present, the Company has built multiple dismantling and regeneration bases in Xinyu, Ganzhou, Jiangxi, Dazhou, Sichuan and other places. The comprehensive recycling and processing capacity of decommissioned lithium-ion batteries and metal waste has reached 200,000 tons, of which the comprehensive recovery rate of lithium is over 90%, and the recovery rate of nickel and cobalt metal is over 95%, making it one of the leading enterprises in the battery recycling industry boasting the largest capacity in recycling lithium iron phosphate batteries and wastes in China and the top three enterprises in terms of comprehensive battery disposal capacity in the industry. In 2020, Ganfeng Recycling Technology Co., Ltd was listed in the second batch of Industry Standard Conditions for the Comprehensive Utilization of Waste Power Storage Batteries of New Energy Vehicles (《新能源汽車廢舊動力蓄電池綜合利用行業規範條件》) by the Ministry of Industry and Information Technology of the PRC. At the same time, Ganfeng Lithium took the lead and cooperated with 10 units from universities, colleges and enterprises to jointly undertake the national key R&D program "Key Technologies and Equipment for

Circular Economy" 2023 annual project "Lithium Industry Cluster Circle Upgrade Integrated Technology And Demonstration (《鋰產業集聚區循環化升級集成技術及示範》)", expanding the recycling concept from decommissioned lithium batteries to all production links upstream and downstream of the lithium industry chain, promoting green and high-quality development of the industry.

6. Technology and R&D

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

During the Reporting Period, the Company completed the review of the qualification of national and provincial platforms, such as National Enterprise Technology Centre, National Intellectual Property Demonstration Enterprise, National Green Factory and Jiangxi Industry-Education Integration Enterprise. The Company was approved for provincial and municipal projects, such as 2023 Ganpo Talent Support Program – Academic and Technical Leader Cultivation Project of Key Disciplines, Key Research and Development Plan Projects of Jiangxi Province and Infrastructure Investment Plan of Jiangxi Province. Ganfeng Recycling's NCM Precursor Technology Produced from Elemental Quantitative Compensation and Anomalous Reconstruction of Waste Ternary Lithium-Ion Batteries (「廢舊三元鋰電池元素定量補償異位重構製備三元前驅體技術」) was approved to be selected in the "Catalogue of National Green and Low-Carbon Advanced Technology Achievements".

In 2023, the Company was granted 220 national patents, including 32 invention patents, 167 utility model patents and 21 appearance design patents. As of the end of the Reporting Period, the Company was cumulatively granted 728 national patents, including 191 invention patents, 511 utility model patents, 5 software copyrights and 21 appearance design patents.

Particulars of the production technology of the major products:

Major products	Stage of the production technology	Core technical personnel	Proprietary technology	Product R&D advantages
Lithium carbonate, lithium hydroxide	Mature technology	National expert service base, 1,265 scientific research personnel: 5 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 9 provincial-level talents; 176 PhD and masters; 13 senior staff and 30 associate senior staff.	The technology relates to a method for extracting lithium salt from spodumene, a method for preparing lithium hydroxide monohydrate by extracting lithium from spodumene, and a method for extracting lithium salt from spodumene by sodium carbonate pressure leaching	It has built one of the largest demonstration bases for extracting lithium from ore in China, extending the industrial chain of ore lithium extraction to the upstream to guarantee the Company's lithium raw materials
Lithium metal and Lithium products	Mature technology	National expert service base, 1,265 scientific research personnel: 5 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 9 provincial-level talents; 176 PhD and masters; 13 senior staff and 30 associate senior staff.	A vacuum distillation method for purification of lithium metal, a vacuum distillation device for purification of lithium metal, a device for automatic shearing lithium metal particles, a device for shearing special-shaped lithium metal particles, a method for preparing high sodium metal lithium by recycling lithium sodium alloy and a high sodium metal lithium prepared by this method, a head cutting device for lithium metal ingot, a lithium metal ingot mold, and a diversion device for casting lithium metal and an air intake device for a glove box purification tank for casting lithium metal	It has achieved the effect of reducing production energy consumption, saving cost, improving labor productivity and product quality

Major products	Stage of the production technology	Core technical personnel	Proprietary technology	Product R&D advantages
Lithium belt	Mature technology	National expert service base, 1,265 scientific research personnel: 5 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 9 provincial-level talents; 176 PhD and masters; 13 senior staff and 30 associate senior staff.	A lithium metal belt production device, lithium metal belt extrusion device and a lithium metal belt extrusion device	It has realized the goal of industrial production of ultra-thin lithium belt with thickness less than 0.1 mm to enhance the added value and market competitiveness of lithium products
Lithium chloride	Mature technology	National expert service base, 1,265 scientific research personnel: 5 national-level talents, including 1 from National New Century Talent Project, 2 from the Hundred Talents Program of the Chinese Academy of Sciences, 3 National Innovative Talent; 9 provincial-level talents; 176 PhD and masters; 13 senior staff and 30 associate senior staff.	A method for producing anhydrous lithium chloride for electrolysis by recycling lithium from pharmaceutical wastewater containing lithium, a method for preparing lithium salt by recycling waste containing lithium fluoride	It has become the first domestic enterprise that recycles lithium-containing recyclables generated by customers

OUTLOOK

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

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. The Company adheres to the aim of globalizing the layout of its resources, and will continuously expand its current lithium resources portfolio through further exploration, gradually collect and develop resources of low-cost resources, such as brine, and actively improve the self-sufficiency rate of resources of the Company. In terms of brine, the Company will proactively advance the development and construction of the Mariana lithium salt lake project and the ramp-up progress of production capacity of the Cauchari-Olaroz lithium salt lake project in Argentina. The PPG project and PGCO project, as the Company's next important lithium salt lake resource layout in Argentina, will also be developed into a high-quality lithium salt lake project that is environmentally-friendly, low-carbon and low-cost. In terms of spodumene resources, the Company will continue to focus on quality spodumene projects around the world and work actively with its partners to ensure smooth production operations and capacity building at the Mt Marion project in Australia, Pilgangoora project in Australia and Goulamina project in Mali, Africa. In terms of lepidolite resources, the Inner Mongolia Gabus niobium tantalum mine project under Mengjin Mining will become an important part of the Company's development of lepidolite resources, and the Company will focus on the development of high-quality and low-cost lepidolite projects in the future. The Company will continue to actively explore the possibility of acquiring further sources of lithium by virtue of its experience in the industry value chain and its insights into the market trends in order to enrich the core portfolio of high-quality lithium resources and provide reliable and high-quality supply of lithium resources for further enhancement of midstream and downstream operations.

2. Expand the production capacity of treatment and processing facilities

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

Project	Location	Capacity planning
Lithium metal and lithium materials project with annual capacity of 7,000 tons	Yichun, Jiangxi Province, China; Qinghai Province, PRC	Investment in the construction of lithium metal and lithium materials project with annual capacity of 7,000 tons in phases, with new lines of lithium metal molten salt electrolysis, vacuum distillation for purification of lithium metal, lithium series alloys and solid-state lithium battery cathode materials
50,000 tons per annum of battery-grade basic lithium salt project	Dazhou, Sichuan, PRC	Investment in the construction of lithium extraction from spodumene of 50,000 tons per annum of battery-grade basic lithium salt project in phases
25,000 tons per annum of lithium carbonate project	Shangrao, Jiangxi, PRC	Investment in the construction of 25,000 tons per annum of lithium carbonate project
20,000 tons per annum of lithium carbonate project	Xianghuangqi, Inner Mongolia, PRC	Investment in the construction of 20,000 tons per annum of lithium carbonate project
Mariana lithium salt lake project	Salta Province, Argentina	Phase I production capacity of 20,000 tons of lithium chloride
PPG lithium salt lake project	Salta Province, Argentina	Phase I production capacity of 20,000-30,000 tons, forward production capacity of 50,000 tons of lithium salt product

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

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

3. Develop lithium battery business

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

As of the date of this announcement, the lithium battery projects currently under planning and construction by the Company's controlled subsidiary Ganfeng LiEnergy are as follows:

Construction unit	Project name	Location	Capacity planning
Ganfeng LiEnergy	New-type lithium battery production project with 6GWh annual capacity (Phase III)	Xinyu, Jiangxi Province	Construction of new lithium battery assembly, cell and module automated production lines, and warehousing, power distribution, environmental protection facilities and other public facilities and living supporting facilities, the project will form an annual production capacity of 6GWh of new batteries after reaching.

Construction unit	Project name	Location	Capacity planning
Chongqing Ganfeng	New-type lithium battery research and development and production base project with 20GWh annual capacity	Liangjiang New District, Chongqing City	The project will increase the construction scale of the original 10GWh annual production capacity of the new lithium battery technology industrial park and advanced battery research institute project to an annual production capacity of 20GWh, construct lithium battery production line, plant, technical research institute and other supporting facilities; the project products include second generation of solid-state lithium batteries, lithium iron phosphate batteries, which are mainly used in the fields of new energy vehicle power batteries, underwater and space operation equipment power supply.
Dongguan Ganfeng	New-type battery and energy storage headquarters project with 10GWh annual capacity	Mayong Town, Dognguan City, Guangdong Province	Research and development bases and production lines for lithium iron phosphate, semi-solid cells, lightweight motive power batteries, outdoor portable energy storage power supply, outdoor energy storage, industrial and commercial energy storage system, etc.
Ganfeng LiEnergy	Battery production project with 10GWh annual capacity (Phase I)	Chilechuan Dairy (敕勒川乳業) Development Zone	Construction of battery production project with 10GWh annual capacity in phase I, including the construction of production workshop, pack workshop, system integration workshop, lithium battery analysis and testing center, lithium battery module and safety testing center, lithium battery research and development center and other ancillary industrial facilities
Ganfeng LiEnergy	New energy lithium battery production and research and development base project	High-end Equipment Industrial Park, Dongjin New District, Xiangyang	Construction of new energy lithium battery cells with annual capacity of 5GWh + Pack packaging production base in phase I

4. Develop lithium battery recycling business

With increasing demand for decommissioned battery management growing in tandem with the use of automobiles and consumer electronics, the Company's lithium battery recycling business has promising growth potential, further enriching our lithium raw material sources. Furthermore, the Company's ability to recycle lithium batteries offers a sustainable value-added solution to battery manufacturers and electric vehicle manufacturers, which help strengthen our close ties with such customers, expand the scale of battery recycling and improve the technologies of our battery recycling business. To promote sustainability and create additional revenue sources, the Company aims to leverage the growing number of decommissioned lithium batteries and become one of the leading players in lithium battery recycling area across the globe. The Company continues to expand downstream by expanding the production capacity of our lithium battery recycling business and developing a specialty in recycling and reusing decommissioned batteries. At present, the project with planned annual production capacity of 20,000 tons of lithium carbonate and 80,000 tons of iron phosphate is under construction, and is expected to be completed in the second half of 2024 and gradually put into production. In the longer-term production capacity planning of the Company, the Company's production capacity of recycling of and lithium extraction recycled from decommissioned batteries in the future will reach 30% of the Company's total lithium extraction production capacity.

5. Further enhance research and development and innovation capabilities

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

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

- recovering and recycling of lithium batteries;

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

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

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

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

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

7. Enhance capabilities in business operation and management

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

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

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

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

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the revenue of the Group amounted to RMB32,812,017 thousand, representing a decrease of RMB8,558,637 thousand as compared to RMB41,370,654 thousand in 2022; its gross profit amounted to RMB4,608,922 thousand, representing a decrease of RMB15,755,552 thousand as compared to RMB20,364,474 thousand in 2022. The basic earnings per share of the Group amounted to RMB2.47. Major financial indicators of the Group are set out as below:

	2023	2022	Change *(percentage)*
Profitability indicator			
Net profit margin on sales	**14.1%**	49.5%	-35.4%
Return on investment indicator			
Return on weighted average net assets	**5.9%**	59.8%	-53.9%

During the Reporting Period, the profit attributable to the owners of the parent for the year amounted to RMB4,982,547 thousand representing a decrease of RMB15,521,368 thousand or 75.7% as compared to RMB20,503,915 thousand in 2022, which was mainly due to the decrease of the Group's operating income and the write-down of inventories to net realisable value.

2. Analysis of revenue and cost

During the Reporting Period, the revenue of the Group was generated from the sales of lithium compounds, lithium metals, lithium battery and other products. Total revenue decreased by RMB8,558,637 thousand from RMB41,370,654 thousand in 2022 to RMB32,812,017 thousand in 2023, which was mainly due to the cyclical impact of the lithium industry, resulting in the decrease of price of lithium series products during the Reporting Period.

1) Analysis of principal businesses by products and regions

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

By product categories:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	RMB'000	***%***	*RMB'000*	*%*
Lithium compound and lithium metal	**24,372,410**	**74.3**	34,180,123	82.6
Lithium battery	**7,640,821**	**23.3**	6,467,290	15.6
Others [Note]	**798,786**	**2.4**	723,241	1.8
Total	**32,812,017**	**100**	41,370,654	100

Note: Including NCM precursors, lithium oxide, lithium dihydrogen phosphate, gross rental income from investment property operating leases and other products

By sales regions:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	RMB'000	***%***	*RMB'000*	*%*
Mainland China	**21,831,668**	**66.5**	27,146,039	65.6
Overseas	**10,980,349**	**33.5**	14,224,615	34.4
Total	**32,812,017**	**100**	41,370,654	100

2) Analysis of operating cost by products

By product categories:

	For the year ended 31 December 2023 *RMB'000*	*%*	For the year ended 31 December 2022 *RMB'000*	*%*
Lithium compound and lithium metal	**21,365,287**	**75.8**	15,075,562	71.7
Lithium battery	**6,353,701**	**22.5**	5,391,372	25.7
Others [Note]	**484,107**	**1.7**	539,246	2.6
Total	**28,203,095**	**100**	21,006,180	100

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

By sales regions:

	For the year ended 31 December 2023 *RMB'000*	*%*	For the year ended 31 December 2022 *RMB'000*	*%*
Mainland China	**18,811,067**	**66.7**	14,490,791	69.0
Overseas	**9,392,028**	**33.3**	6,515,389	31.0
Total	**28,203,095**	**100.0**	21,006,180	100

By nature:

	For the year ended 31 December 2023 *RMB'000*	*%*	For the year ended 31 December 2022 *RMB'000*	*%*
Raw materials consumed and sold	**25,460,318**	**90.3**	18,988,648	90.4
Payroll	**905,507**	**3.2**	581,327	2.8
Depreciation and amortization expenses	**561,009**	**2.0**	375,535	1.8
Fuel and power	**903,241**	**3.2**	848,167	4.0
Other expenses	**373,020**	**1.3**	212,503	1.0
Total	**28,203,095**	**100.0**	21,006,180	100.0

3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 14.0%, representing a decrease of 35.2% as compared with 49.2% in 2022, mainly due to a continued decline of sales prices of lithium compound as a result of changes in market conditions.

Gross profit and gross profit margin by product categories

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Lithium compound and lithium metal	**3,007,123**	**12.3**	19,104,561	55.9
Lithium battery	**1,287,120**	**16.8**	1,075,918	16.6
Others [Note]	**314,679**	**39.4**	183,995	25.4
Total	**4,608,922**	**14.0**	20,364,474	49.2

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

Gross profit and gross profit margin by regions

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000	***%***	*RMB'000*	*%*
Mainland China	**3,020,601**	**13.8**	12,655,248	46.6
Overseas	**1,588,321**	**14.5**	7,709,226	54.2
Total	**4,608,922**	**14.0**	20,364,474	49.2

4. Major customers and suppliers

During the Reporting Period, total sales to top 5 customers of the Group was RMB13,590,385 thousand (2022: RMB18,434,036 thousand), which accounted for 41.4% of the total sales for the Reporting Period (2022: 44.6%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB14,489,854 thousand (2022: RMB17,538,801 thousand), which accounted for 31.2% of the total purchases for the Reporting Period (2022: 52.2%).

5. Other income and gains

The other income and gains of the Group were mainly comprised of net gains from fair value changes on financial assets at fair value through profit or loss, government grants, revenue from sales of raw materials, interest income, gain on disposal of investment in an associate and compensation for long-term prepayments. During the Reporting Period, other income and gains of the Group amounted to RMB3,059,567 thousand, representing an increase of RMB1,787,384 thousand as compared with RMB1,272,183 thousand in 2022, which was mainly due to the increase in government grants held by the Company, and the increase in dividends and interest income from financial assets at fair value through profit or loss, gain on disposal of investment in an associate, fair value gains from financial assets at fair value through profit or loss during the Reporting Period.

6. Expenses

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*	Changes %	Explanations on material changes
Selling and distribution expenses	**177,439**	117,360	51.2%	Selling and distribution expenses mainly included employee welfare expenses, warranties, transportation fees, storage and port fees, rental expenses, sales commissions, travel expenses and other expenses. The increase in the Reporting Period is mainly due to the Company's continuous increase in market development and expansion of the lithium battery market.
Administrative expenses	**2,335,302**	1,999,705	16.8%	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, agency fees, leasing expenses, decoration fee, research and development expenses, business entertainment fees, banking services, depreciation and amortization expenses and other expenses. The increase in the Reporting Period is mainly due to the increase in research and development expenses, leasing expenses, decoration fees, business entertainment fees, agency fees and office expenses.

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*	Changes %	Explanations on material changes
Other expenses	**2,006,111**	247,400	710.9%	Other expenses mainly included cost of raw material sales, impairment losses, loss on disposal of property, plant and equipment, loss on disposal of subsidiaries and financial assets, exploration expenditure and others. The increase during the Reporting Period was mainly due to the increase in the write-down of inventories to net realizable value, exploration expenditure and foreign exchange losses.
Finance costs	**784,312**	407,329	92.6%	Finance costs mainly included interest expenses on bank loans and other borrowings, interest expenses on discounted bills, and interest expenses on lease liabilities and other liabilities. The increase in the Reporting Period is mainly due to the increase in interest expenses on bank loans and other borrowings during the current period.

7. Other expenses

For each of the years ended 31 December 2023 and 31 December 2022, the Group recorded other expenses of RMB2,006,111 thousand and RMB247,400 thousand, respectively. A detailed breakdown of other expenses is as follows:

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cost of raw materials sold	**86,893**	79,610
Impairment of trade receivables, net	**70,324**	56,043
Net loss on disposal of items of property, plant and equipment	**5,891**	10,262
Write-down of inventories to net realizable value	**1,636,391**	54,683
Impairment of property, plant and equipment	**3,072**	9,861
Loss on disposal of subsidiaries	**2,841**	–
Loss on disposal of financial assets	**1,385**	–
Exploration expenditure	**68,181**	28,839
Foreign exchange differences, net	**117,580**	–
Others	**13,553**	8,102
Total	**2,006,111**	247,400

The increase of other expenses during the Reporting Period was mainly due to the increase in the write-down of inventories to net realizable value, exploration expenditure and foreign exchange differences. The increase of write-down of inventories to net realizable value is due to a significant decrease in the market selling price of raw materials such as lithium carbonate.

8. Research and development expenses

The research and development expenses of the Group for the Reporting Period amounted to RMB1,250,990 thousand, representing a decrease of 12.1% as compared to RMB1,423,059 thousand in 2022, and accounting for 3.8% of the Group's revenue, which was mainly due to the increase in research and development expenses.

9. Cash flows

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*	Change %	Reason of material change
Net cash flows from operating activities	**146,481**	12,490,633	-98.8%	Primarily due to the decrease in cash receipts from the sale of goods and the rendering of services and increase in cash payments for goods and services during the Reporting Period.
Net cash flows used in investing activities	**(10,183,080)**	(15,312,395)	-33.5%	Primarily due to the decrease in net cash payment for acquisition of subsidiaries and other business units during the Reporting Period.
Net cash flows from financing activities	**10,217,611**	6,404,845	59.5%	Primarily due to the increase in cash receipts from borrowings during the Reporting Period.

10. Financial position

Non-current assets increased by RMB16,319,629 thousand from RMB47,193,874 thousand as at 31 December 2022 to RMB63,513,503 thousand as at 31 December 2023, which was mainly due to the increase in the balance of property, plant and equipment, the increase in the balance of right of use assets and intangible assets, and the increase in the balance of investments in associates during the Reporting Period.

Current assets decreased by RMB3,781,638 thousand from RMB31,966,036 thousand as at 31 December 2022 to RMB28,184,398 thousand as at 31 December 2023, which was mainly due to the decrease in the balance of inventories and the decrease in the balance of trade receivables during the Reporting Period.

Current liabilities increased by RMB1,616,372 thousand from RMB18,654,925 thousand as at 31 December 2022 to RMB20,271,297 thousand as at 31 December 2023, which was mainly due to the increase in the balance of interest-bearing bank and other borrowings and the increase in balance of other payables and accruals during the Reporting Period.

Non-current liabilities increased by RMB7,472,065 thousand from RMB11,638,677 thousand as at 31 December 2022 to RMB19,110,742 thousand as at 31 December 2023, which was mainly due to the increase in the balance of interest-bearing bank and other borrowings during the Reporting Period.

As at 31 December 2023 and 31 December 2022, net current assets of the Group amounted to RMB7,913,101 thousand and RMB13,311,111 thousand, respectively, and net assets amounted to RMB52,315,862 thousand and RMB48,866,308 thousand, respectively.

As at 31 December 2023 and 31 December 2022, cash and cash equivalents of the Group amounted to RMB9,293,732 thousand and RMB9,073,017 thousand, respectively.

11. Income tax expenses

During the Reporting Period, income tax of the Group amounted to RMB683,470 thousand, representing a decrease of RMB1,634,647 thousand as compared to RMB2,318,117 thousand in 2022, which was mainly due to a decrease in the taxable income during the Reporting Period.

12. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB11,190,703 thousand, representing an increase of RMB5,293,039 thousand as compared to RMB5,897,064 thousand in 2022. The Group's capital expenditures mainly consist of additions to property, plant and equipment, right of use assets, investment properties and intangible assets.

13. Interest-bearing bank and other borrowings

As at 31 December 2023, bank and other borrowings of the Group amounted to RMB25,189,644 thousand. Interest-bearing bank and other borrowings of the Group that would be due within one year, due within two to five years and more than five years amounted to RMB9,560,758 thousand, RMB15,598,886 thousand and RMB30,000 thousand, respectively. As at 31 December 2023, the Group's outstanding loans included RMB loans and foreign currency loans and approximately 62.64% (31 December 2022: 56.49%) of such outstanding loans were charged at fixed interest rates, with the remaining charged at floating interest rates.

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

14. Restricted assets

As at 31 December 2023, assets with a total carrying value of RMB1,342,858 thousand of the Group were used as collateral for bank borrowings and other bank facilities, and such assets included pledged deposits of RMB259,460 thousand, debt investment of RMB20,000 thousand, accounts receivable financing of RMB290,262 thousand, non-current assets due within one year of RMB291,830 thousand and other current assets of RMB481,306 thousand. As stated in note 13 headed "Contingent liabilities", as at 31 December 2023, the ownership of intangible assets amounting to RMB1,353,183,000 was restricted.

15. Gearing ratio

As at 31 December 2023, the Group's gearing ratio, defined as total liabilities divided by total assets, was 43%, increased by 5% from 31 December 2022.

16. Contingent liabilities

As of 31 December 2023, save as disclosed in the Note 13 headed "Contingent liabilities" of financial section of this announcement, the Group did not have any material contingent liabilities.

17. Employees and remuneration system

As at 31 December 2023, the Group had a total of 14,481 employees. We have adopted a remuneration structure and incentive scheme which is linked to our Group's performance in order to further motivate our employees.

18. Capital commitments

The Group had the following capital commitments as at 31 December 2023:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Contracted but not produced equipment and machinery	**4,759,414**	4,063,297

19. Share capital

As of 31 December 2023, share capital of the Company is set out as follows:

	Number of issued shares	**Percentage**
A Shares	**1,613,593,699**	80.0%
H Shares	**403,574,080**	20.0%
Total	**2,017,167,779**	100%

OTHER MATTERS

Significant Equity Acquisitions During the Reporting Period

Acquisition of equity interest in Beijing Juhongda Mining Investment Co., Ltd. ("Beijing Juhongda")

As of the date of this announcement, the Company completed the acquisition of 100% equity interest in Beijing Juhongda at a total consideration of RMB910 million. Beijing Juhongda indirectly holds 12.5% interest of the mining rights of a mine project in the north mining area of Verasso, Keshikten Banner, Inner Mongolia Autonomous Region, through holding shares of Inner Mongolia Weilasituo Mining Co., Ltd.

Convertible bond investment in Shanghai Jujingui Enterprise Management Partnership (Limited Partnership) ("Shanghai Jujingui")

On 10 March 2023, the 56th meeting of the fifth session of the Board approved a resolution regarding the proposal on signing the supplementary agreement on convertible bond investment agreement ("《關於簽署可轉換債券投資協議補充協議的議案》") which authorized the Company and its subsidiary, Xinyu Ganfeng Mining Co., Ltd.* (新余贛鋒礦業有限公司) ("**Xinyu Ganfeng Mining**"), to sign a supplementary agreement with Shanghai Jujingui. According to the supplemental agreement, Shanghai Jujingui will transfer its 18% equity interests in Xinyu Ganfeng Mining directly to the Company as the repayment of its debt under a convertible bond with the principal amount of RMB315 million due to the Company. Upon completion of the transaction, the Company will hold 80% equity interests in Xinyu Ganfeng Mining in aggregate. As of the date of this announcement, the Group completed the transaction, and immediately following the completion of the transaction, the Company held 80% equity interests in Xinyu Ganfeng Mining. For further details, please refer to the overseas regulatory announcement of the Company dated 10 March 2023.

Acquisition of 10% equity interest in Xinyu Ganfeng Mining

At the 59th meeting of the fifth session of the Board held on 27 April 2023, a resolution regarding the acquisition of 10% equity interest of Xinyu Ganfeng Mining involving mining rights investment ("《關於收購新余贛鋒礦業10%股權涉及礦業權投資的公告》") was considered and passed, agreeing that the Company acquire 10% equity interest of Xinyu Ganfeng Mining held by Shanghai Jujingui at a consideration of RMB360 million with its own funds. Upon completion of the transaction, the Company will hold 90% equity interest of Xinyu Ganfeng Mining. As of the date of this announcement, the Group completed the transaction and immediately following the completion of the transaction, the Company held 90% equity interests in Xinyu Ganfeng Mining. For further details, please refer to the overseas regulatory announcements of the Company dated 27 April 2023 and 8 August 2023, respectively.

The increase of the investment of the equity interests in Mali Lithium B.V.

At the 61th meeting of the fifth session of the Board held on 26 May 2023, a resolution regarding the subscription for the private placement of shares of Leo Lithium Limited (a listed company incorporated in Australia, the shares of which are listed on the National Stock Exchange of Australia (symbol: LLL) and Frankfurt Stock Exchange (symbol: WX0) by the Company or its subsidiary, involving mining rights investment (“《關於公司或公司子公司認購Leo Lithium Limited定增股份涉及礦業權投資的議案》”) was considered and approved, approving the subscription for the additional issuance of shares of Leo Lithium Limited (“**Leo Lithium**”) by the Company or its subsidiary at AUD0.81 per share. The shareholding ratio of subscription was expected to be no more than 9.9% of the total share capital of Leo Lithium Limited with a total trading amount of AUD106.11 million. The investment plan disclosed herein was subsequently replaced by the increase of the investment of the equity interests in Mali Lithium B.V. (“**Mali Lithium**”) as disclosed below. For further details, please refer to the overseas regulatory announcements of the Company dated 29 May 2023 and 6 September 2023.

At the 68th meeting of the fifth session of the Board held on 6 September 2023, a resolution in relation to the increase of the equity interests in Mali Lithium B.V. involving mining rights investment (“《關於增持Mali Lithium B.V.股權涉及礦業權投資的議案》”) was considered and passed, approving the signing of the cooperation agreement on the Goulamina Project between the Company or its subsidiary and Leo Lithium. GFL International Co., Limited (“**GFL International**”), the wholly-owned subsidiary of the Company, will increase capital in Mali Lithium by no more than USD138 million through subscription of new shares, the amount of capital increase would be used for subsequent project construction and capital expenditures of the Goulamina Project. Upon the completion of this capital increase, GFL International will hold 55% equity interest in Mali Lithium and will indirectly hold 55% equity interest in Goulamina project. Upon the completion of this capital increase, the Company will acquire the right of control over Mali Lithium, the financial results of which will be consolidated into the financial statement of the Group.

At the 72nd meeting of the fifth session of the Board held on 15 January 2024, a resolution in relation to the acquisition of certain equity interest in Mali Lithium, involving mining rights investment (“《關於收購Mali Lithium公司部份股權涉及礦業權投資的議案》”) was considered and passed, it was agreed that GFL International propose to acquire no more than 5% equity interest in Mali Lithium held by Leo Lithium with its self-owned funds of no more than USD65 million. Upon the completion of this transaction, the Company will hold no more than 60% equity interest in Mali Lithium, and will indirectly hold no more than 60% interest in Goulamina project. For further details, please refer to the overseas regulatory announcement of the Company dated 15 January 2024.

Profit distribution

The Board proposed to distribute cash dividend of RMB8 (tax inclusive) for every 10 shares to all Shareholders based on the total share capital of the Company as at the record date of shareholding, and without conversion of capital reserve into share capital. If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. This cash dividend distribution plan is subject to the approval of the Shareholders at the annual general meeting (the "**AGM**"), the Company shall distribute the dividend within two months after the date of the AGM. A circular of H shares containing, among others, further information in respect of the AGM and the cash dividend will be dispatched to the Shareholders who requested to receive it in printed form and will be available on the website of the Stock Exchange and that of the Company as soon as practicable. Eligibility for receiving the cash dividend will be specified in the circular.

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

Tax on dividends

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

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

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

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

Profit distribution to investors of northbound trading

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

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

Profit distribution to investors of southbound trading

For investors of the Shanghai Stock Exchange and SZSE (including enterprises and individuals) investing in the H shares of the Company listed on the Stock Exchange (the "**Southbound Trading**"), the cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company. As for the relevant taxation policies, pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai Stock Connect (Caishui [2014] No. 81)《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知((財稅[2014]81號)》) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen–Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in the H shares of the Company listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in the H shares of the Company listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

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

Changes to Information on Directors, Supervisors and Chief Executive

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

Name	Position held	Type	Date
Li Liangbin	President	Resignation	3 February 2023
Deng Zhaonan	Vice president of the Company	Resignation	3 February 2023
Yang Manying	Vice president and financial director of the Company	Resignation	3 February 2023
Wang Xiaoshen	President	Appointment	3 February 2023
Luo Guanghua	Vice president of the Company	Appointment	3 February 2023
Huang Ting	Vice president and financial director of the Company	Appointment	3 February 2023
Hou Yingxue	Secretary of the Board	Resignation	25 December 2023
Ren Yuchen	Secretary of the Board	Appointment	25 December 2023

Save as disclosed above, as far as known to the Company, during the Reporting Period, there were no changes to information that were required to be disclosed by the Directors, Supervisors and chief executives pursuant to Rule 13.51B(1) of the The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

Connected Transactions

Acquisition of 70% equity interest in Xianghuangqi Mengjin Mining Development Co., Ltd. ("Mengjin Mining")

On 27 July 2023, the Company, Mr. Li Liangbin, Ms. Xu Xiaowei and Mengjin Mining entered into the equity transfer agreement, pursuant to which the Company agreed to purchase, and Mr. Li Liangbin agreed to sell, 70% of the equity interest in Mengjin Mining at a total consideration of RMB1,424,072,623.39. Since Mr. Li Liangbin is the chairman and an executive Director, he is a connected person of the Company and the transaction constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

As of the date of this announcement, the Group completed this transaction. In order to manage the Company's investment risk and maximize the protection of the interests of the Company and all the Shareholders, especially the minority Shareholders, Mr. Li Liangbin, based on prudent judgment and extensive consultation with the Company, has made a supplemental undertaking as follows: (i) within 60 months after the completion of the acquisition of 70% equity interest in Mengjin Mining by Mr. Li Liangbin, in the case of any failure of renewing the mining certificate for the Gabus niobium tantalum mine owned by Mengjin Mining, the Company is entitled to engage an appraisal institution to conduct a valuation of the relevant equity interests in Mengjin Mining; and (ii) Mr. Li Liangbin will, based on the valuation, compensate to the Company the shortfall between the consideration of the acquisition of 70% equity interest in Mengjin Mining and the valuation of the relevant equity interests in Mengjin Mining. In September 2023, the Company received a notice from Mengjin Mining that the renewal procedures for the mining license for the Gabus niobium tantalum mine have been completed and Mengjin Mining has obtained the renewed mining license issued by the Natural Resources Department of Xilin Gol League, Inner Mongolia Autonomous Region. For further details of the transaction, please refer to the Company's announcements dated 27 July 2023, 7 August 2023, 23 August 2023 and 27 September 2023.

Other Significant Events During the Reporting Period

The Updates on Sonora Project in Mexico

In August 2023, the General Directorate of Mines in Mexico (the "**DGM**") notified resolutions against three controlled-subsidiaries of the Company incorporated in Mexico (the "**Mexican Subsidiaries**"), indicating that nine of the mining concessions held by Mexican Subsidiaries were cancelled, the aforementioned mining concessions allow the Company to develop the Sonora project in Mexico. Upon receipt of the notice, Ganfeng International Trading (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company and the Mexican Subsidiaries filed administrative review recourses before the Secretary of Economy in Mexico (hereinafter referred to as "Secretary of Economy") against the aforementioned resolutions. In November 2023, the Secretary of Economy maintains the mining concessions' cancellations decision issued by the DGM. The Company, through its subsidiaries, plan to pursue additional remedies under Mexican or international law, including but not limited to filing an international arbitration or an annulment claim. For further details, please refer to the Significant Events after the Reporting Period headed "The Updates on Sonora Project in Mexico" of Management Discussion and Analysis of 2023 Interim Report and the overseas regulatory announcement of the Company dated 30 November 2023.

In January 2024, the Mexican Subsidiaries filed the annulment claims with the Federal Court of Administrative Justice in Obregón, Sonora City ("**TFJA**") against the cancellation of nine lithium mine concessions. The legal counsels of the Company stated that the decision made by the Secretary of Economy to maintain the mining concessions' cancellations decision issued by the DGM is not the final outcome under Mexican law, and the TFJA will make its final decision. The legal counsels of the Company believes that the annulment claim filed by the Mexican subsidiary based on Mexican law, analogous precedent, and factual evidence may lead them to prevail before a neutral court, but they are still unable to make a judgment on the final outcome of the annulment claim. Based on the opinions of the legal counsel and the progress of the litigation, the Group is unable to reliably estimate the possible outcome and impact of the proceedings. The Board will pay active attention to the progress of the matter and fulfil its information disclosure obligations in a timely manner.

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

On 4 June 2021, the adoption of a share option incentive scheme (the "**2021 Share Option Incentive Scheme**") was approved at the 2020 annual general meeting of the Company. Further particulars of the adoption of the 2021 Share Option Incentive Scheme are included in the circular of the Company dated 28 April 2021. On 7 June 2021, the Board approved the resolution on the adjustments to the matters relating to the Share Option Incentive Scheme 2021 and the resolution on the grant of share options to the participants of the Share Option Incentive Scheme 2021. The Company adjusted the number of participants of the Share Option Incentive Scheme 2021 from 407 to 404 persons and granted share options to the participants. The total number of share options granted was adjusted from 15.794 million to 15.754 million.

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

2. Date of grant: 7 June 2021.

3. Number of grant: 15.754 million.

4. Number of participants of grant: 404.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. Cancellation of share options

   During the Reporting Period, given that 12 participants determined by the 2021 Share Option Incentive Scheme resigned due to personal reasons, the Company decided to cancel the qualification of the abovementioned 12 participants, and the corresponding total number of 2021 Share Options held by such participants is 483 thousand units. The Company convened the 60th meeting of the fifth session of the Board on 12 May 2023, at which the adjustments to the grant of the 2021 Share Options were made in accordance with the authorizations delegated to the Board at the 2020 annual general meeting of the Company and the class meeting of the Company. After such adjustments, the number of participants of the 2021 Share Option Incentive Scheme (the "**2021 Participants**") is adjusted from 400 to 388, and the number of the 2021 Share Options granted but had not yet been exercised is adjusted from 16,462.95 thousand units to 15,979.95 thousand units. Please refer to the announcement of the Company dated 12 May 2023 and the overseas regulatory announcement of the Company dated 12 June 2023 for further details.

The first exercise period of the 2021 Share Option granted commenced from 9 June 2022 to 6 June 2023, in which 142 2021 Participants did not exercise all of the relevant 2021 Share Options. The Company convened the 63th meeting of the fifth session of the Board on 7 June 2023, at which the adjustments to the grant of the 2021 Share Options were made in accordance with the authorizations delegated to the Board at the 2020 annual general meeting of the Company and the class meeting of the Company, and the corresponding 794,752 units of 2021 Share Options held by the relevant 2021 Participants were cancelled by the Company.

Save as disclosed above, no share options granted under the 2021 Share Option Incentive Scheme had lapsed nor been cancelled during the Reporting Period.

Details of the movement in the 2021 Share Options of the 2021 Share Option Incentive Scheme during the Reporting Period are set out in the table below:

Name	**Position(s)**	**As at 31 December 2022** *(0'000 A Shares)*	**Granted during the Reporting Period** *(0'000 A Shares)*	**Exercised during the Reporting Period** *(0'000 A Shares)* *(Note 2)*	**Cancelled during the Reporting Period** *(0'000 A Shares)*	**Lapsed during the Reporting Period** *(0'000 A Shares)*	**As at 31 December 2023** *(0'000 A Shares)* *(Note 4)*
Deng Zhaonan	Executive Director	26.55	–	–	5.55	–	21.00
Shen Haibo	Executive Director and vice president	21.00	–	–	–	–	21.00
Ouyang Ming	Vice president	21.00	–	–	–	–	21.00
Xu Jianhua	Vice president	21.00	–	–	–	–	21.00
Yang Manying	Vice president and financial director (Resigned on 3 February 2023)	21.00	–	–	–	–	21.00
Huang Ting	Vice president and financial director (Appointed on 3 February 2023)	9.45	–	–	–	–	9.45
Fu Lihua	Vice president	15.75	–	–	–	–	15.75
Xiong Xunman	Vice president	15.75	–	–	–	–	15.75
Luo Guanghua	Vice president (Appointed on 3 February 2023)	8.40	–	–	8.40		
Core management and core technical (business) personnel		1,578.5852	–	13.1600	122.2252	–	1,443.20
Total		1,738.4852	–	13.1600 (Note 2)	127.7752 (Note 3)	–	1,597.55

Notes:

1. The 2021 Share Options were granted on 7 June 2021 at an exercise price of RMB96.28 per unit. The closing price of the A Shares immediately before the date of grant (being 4 June 2021) was RMB92.11. On 1 July 2022, the Company adjusted the number and exercise price of the 2021 Share Options granted but had not yet been exercised. The exercise price of the 2021 Share Options was adjusted from RMB96.28 per unit to RMB68.771 per unit.

2. The weighted average closing price of the A Shares immediately before the dates on which the 2021 Share Options were exercised was approximately RMB72.01 (for the 2021 Share Options exercised by core management and core technical (business) personnel).

3. The exercise price of the cancelled 2021 Share Options is RMB68.771 per unit.

4. As at 31 December 2023, the Company had a total of 15,975,500 outstanding 2021 Share Options, of which:

    a. 5,322,200 2021 Share Options had been vested and are exercisable;

    b. 5,326,650 2021 Share Options shall be vested and exercisable during the period commencing 7 June 2024 and ending on 6 June 2025; and

    c. 5,326,650 2021 Share Options shall be vested and exercisable during the period commencing 7 June 2025 and ending on 6 June 2026.

    Therefore, as at 31 December 2023, the total number of Shares available for issue under the 2021 Share Option Incentive Scheme was 15,975,500 (options had been granted and were outstanding), representing approximately 0.7920% of the Shares in issue as at 31 December 2023. The remaining life of the 2021 Share Option Incentive Scheme is approximately three years.

5. Pursuant to the rules of the 2021 Share Option Incentive Scheme, no further share options would be granted pursuant to the scheme mandate.

6. No 2021 Share Options have been granted during the Reporting Period.

Fulfillment of exercise conditions for first exercise period of the 2022 Share Option Incentive Scheme

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

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

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

2. Date of grant: 5 September 2022.

3. Number of grant: 2.891 million.

4. Number of participants of grant: 110.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9. Cancellation of share options

   During the Reporting Period, given that 5 participants determined by the 2022 Share Option Incentive Scheme resigned due to personal reasons, the Company decided to cancel the qualification of the abovementioned 5 participants, and the corresponding total number of the 2022 Share Options held by such participants is 189 thousand units. The Company convened the 66th meeting of the fifth session of the Board on 21 August 2023, at which the adjustments to the grant of the 2022 Share Options were made in accordance with the authorization delegated to the Board at the second extraordinary general meeting of the Company in 2022. After such adjustments, the number of participants of the 2022 Share Option Incentive Scheme was adjusted from 110 to 105, and the number of the 2022 Share Options granted but had not been exercised was adjusted from 2,891 thousand units to 2,702 thousand units. For further details, please refer to the announcements of the Company dated 5 September 2022 and 23 August 2023.

Save as disclosed above, no share options granted under the 2022 Share Option Incentive Scheme had lapsed nor been cancelled during the Reporting Period.

Details of the movement in the 2022 Share Options of the 2022 Share Option Incentive Scheme during the Reporting Period are set out in the table below:

Position(s)	**As at 31 December 2022** *(0'000 A Shares)*	**Granted during the Reporting Period** *(0'000 A Shares)*	**Exercised during the Reporting Period** *(0'000 A Shares)* *(Note 2)*	**Cancelled during the Reporting Period** *(0'000 A Shares)*	**Lapsed during the Reporting Period** *(0'000 A Shares)*	**As at 31 December 2023** *(0'000 A Shares)* *(Note 4)*
105 core management and core technical (business) personnel	289.10	–	–	18.9	–	270.20
Total	289.10	–	–	18.9 *(Note 3)*	–	270.20

Notes:

1. The 2022 Share Options were granted on 5 September 2022 at an exercise price of RMB84.90 per unit. The closing price of the A Shares immediately before the date of grant (being 2 September 2022) was RMB82.86.

2. No 2022 Share Options have been exercised during the Reporting Period.

3. The exercise price of the cancelled 2022 Share Options is RMB82.86 per unit.

4. As at 31 December 2023, the Company had a total of 2,702,000 outstanding 2022 Share Options, of which:

    a. 675,500 units of the 2022 Share Options shall be vested and exercisable during the period commencing 5 September 2023 and ending on 4 September 2024;

    b. 675,500 units of the 2022 Share Options shall be vested and exercisable during the period commencing 5 September 2024 and ending on 4 September 2025;

    c. 675,500 units of the 2022 Share Options shall be vested and exercisable during the period commencing 5 September 2025 and ending on 4 September 2026; and

    d. 675,500 units of the 2022 Share Options shall be vested and exercisable during the period commencing 5 September 2026 and ending on 4 September 2027.

Therefore, as at 31 December 2023, the total number of Shares available for issue under the 2022 Share Option Incentive Scheme was 2,702,000 (options had been granted and were outstanding), representing approximately 0.1340% of the Shares in issue as at 31 December 2023. The remaining life of the 2022 Share Option Incentive Scheme is approximately four years.

5. Pursuant to the rules of the 2022 Share Option Incentive Scheme, no further share options would be granted pursuant to the scheme mandate.

6. No 2022 Share Options have been granted during the Reporting Period.

Grant of Restricted Share Units (the "RSUs") under the Restricted Share Unit Scheme (the "RSU Scheme")

The adoption of the RSU Scheme was approved by the Shareholders at the 2021 annual general meeting of the Company held on 15 June 2022. The H Shares shall be purchased from the secondary market by an independent third-party trustee (the "**Trustee**") in Hong Kong. No new H Shares will be issued under the RSU Scheme. On 12 July 2023, awards of RSUs with 3,470,000 underlying H Shares (the "**2023 Grant**") were granted to 72 eligible persons of the RSU Scheme selected by the Board or its delegatee in accordance with the rules of the RSU Scheme (the "**2023 Selected Participants**"). The 2023 Selected Participants comprise 4 connected persons and 68 independent third parties of the Company with 410,000 underlying H Shares and 3,060,000 underlying H Shares granted, respectively. The underlying H Shares under the 2023 Grant accounts for approximately 0.86% of the then total number of issued H Shares and approximately 0.17% of the then total issued share capital of the Company as of the date of the 2023 Grant. The closing price of the H Shares immediately before the day on which the 2023 Grant was made (i.e. 11 July 2023) was HKD51.50.

The summarised rules of the RSU Scheme are as follows:

1. The purposes of the RSU Scheme are: (i) to stimulate the proactiveness of the Eligible Persons, encourage their innovation to create value, enhance profit, achieve competitive goals, and ultimately maximise return for the Shareholders; (ii) to promote the strategic development and realize the goals of the Company: to incentivise Eligible Persons to create value for customers and Shareholders, and increase the Company's competitiveness; to incentivise Eligible Persons to align the Company's development strategy with theirs and thus creating Shareholder's value as a whole; (iii) to optimise the remuneration structure of the Group's employees through RSUs and provide them with a mechanism to own equity interests in the Company for interests and risks sharing; and (iv) to attract, motivate and retain core capable talents of the Group for the future business development and expansion of the Group.

2. The eligible participants of the RSU Scheme (the "**Eligible Person(s)**") include any individual, being an employee or contractual staff of any members of the Group, director (excluding independent non-executive director), supervisor, senior management, key operating team member of any member of the Group who the Board or its delegatee considers, in their sole discretion, to have significantly contributed or will significantly contribute to the development of the Group.

3. The aggregate number of H Shares underlying the RSUs to be granted under the RSU Scheme shall not exceed 3% of the total number of entire issued H Shares as at the relevant grant date. Accordingly, the number of RSUs available for grant under the scheme limit of the RSU Scheme as at 1 January 2023 and 31 December 2023 are 121,072,222 units, based on 3% of the number of the entire issued H Shares as at 1 January 2023 and 12 December 2023.

4. There is no maximum entitlement of each participant under the RSU Scheme.

5. The arrangement of validity period, vesting period and exercise period of the RSU Scheme are as follows:

   (1) The vesting period of RSUs to be granted under the RSU Scheme shall be determined by the Board or the delegatee and set out in the relevant award letter.

   (2) Unless early termination of the RSU Scheme pursuant to the rules of the RSU Scheme, the RSU Scheme shall be valid and effective for the period commencing on the date on which the Shareholders approved the RSU Scheme, and ending on the business day immediately prior to the tenth (10th) anniversary of the date on which the Shareholders approved the RSU Scheme (after which no further RSUs will be granted or accepted). The Board or its delegatee may, from time to time, while the RSU Scheme and the relevant award letter are in force and subject to all applicable laws, rules and regulations, determine such vesting criteria and conditions or periods for the awards to be vested hereunder.

(3) The vesting period under the 2023 Grant are as follows (Note):

Vesting Arrangement	**Vesting Period**	**Vesting percentage**
First vesting period	Within one year from the grant date (the first vesting date: 12 July 2024	25%
Second vesting period	Within two years from the grant date (the second vesting date: 12 July 2025)	25%
Third vesting period	Within three years from the grant date (the third vesting date: 12 July 2026)	25%
Fourth vesting period	Within four years from the grant date (the fourth vesting date: 12 July 2027)	25%

Note: If the vesting date is not a business day, the vesting date shall, subject to any trading halt or suspension in trading of the H Shares, be the business day immediately thereafter.

(4) The exercise periods under the 2023 Grant are as follows:

Exercise Arrangement	**Exercise Period**	**Exercise percentage**
First exercise period	Within four years from the date of expiration of the first anniversary of the grant date (the first vesting date)	25%
Second exercise period	Within three years from the date of expiration of the second anniversary of the grant date (the second vesting date)	25%
Third exercise period	Within two years from the date of expiration of the third anniversary of the grant date (the third vesting date)	25%
Fourth exercise period	Within one year from the date of expiration of the fourth anniversary of the grant date (the fourth vesting date)	25%

The RSUs can be exercised after vesting. The RSUs shall be exercisable after the first vesting date within four years, in accordance with the vesting schedule specified in the relevant award letter and in accordance with the applicable provisions of the RSU Scheme. If RSUs are not exercised within four years after the first vesting date, the RSUs shall lapse and shall not be exercisable. In addition, the RSUs shall be subject to the provisions of rules of section 19 of the RSU Scheme.

The 2023 Selected Participants may exercise by filing a written notice of exercise which shall state the decision to elect to exercise, the full number of shares subject to the exercise and such other provisions as may be required by the Board. Upon receipt of an exercise notice, the Board and/or its delegatee may decide at its absolute discretion either to:

(1) direct and procure the Trustee to, within a reasonable time, transfer the H Shares underlying the RSUs exercised (and, if applicable, the related income or dividend declared in relation to the RSUs in respect of those Shares as provided in RSU Scheme) to the 2023 Selected Participant, subject to the 2023 Selected Participant paying the exercise price (where applicable); or

(2) pay, or direct and procure the Trustee to, within a reasonable time, pay, to the 2023 Selected Participant in cash the actual selling price on or about the date of exercise (and, if applicable, the related income or dividend declared in relation to the RSUs in respect of those Shares as provided in RSU Scheme) less any exercise price (where applicable) and after deduction or withholding of any tax, levies and other charges applicable to the entitlement of the 2023 Selected Participant and the sale of any H Shares to fund such payment and in relation thereto.

6. The amount, if any, payable on application or acceptance of the RSUs and the period within which payments must or may be made shall be determined by the Board or the delegatee and set out in the relevant award letter. No payment is required on application or acceptance of the awards under the 2023 Grant.

7. The exercise price of the RSUs, if any, shall be determined by the Board or the delegatee as they may consider necessary and in compliance with the RSU Scheme. The exercise price of the RSUs under the 2023 Grant is equivalent to 50% of the closing price of the H Shares on the grant date (i.e., the exercise price per unit of RSU under the 2023 Grant is HKD25.95).

8. As at the date of this announcement, the remaining life of the RSU Scheme is approximately eight years.

The Directors (including the independent non-executive Directors) are of the view that the 2023 Grant is conducted on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2023 Selected Participants

As of 12 July 2023, there were a total of 72 2023 Selected Participants, which comprise 4 connected persons of the Company and 68 independent third parties of the Company. Each grant of an award to Director or connected person of the Company was approved by all independent nonexecutive Directors and subject to the Hong Kong Listing Rules and any applicable laws and regulations. As each of the 4 connected persons who is granted awards under the 2023 Grant is a connected person at subsidiary level of the Company, and the highest percentage ratios (as defined in the Hong Kong Listing Rules) in respect of the grant of RSUs to each of the 4 connected persons under the 2023 Grant are less than 1% and the 2023 Grant are conducted on normal commercial terms, the grant of awards to the 4 connected persons under the 2023 Grant are fully exempted from Shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.76(1) (b) of the Hong Kong Listing Rules.

Details of the 2023 Grant comprising both vested and unvested awards are set out as follows:

Name	Position	Number of Award Shares underlying the Award granted	Approximate percentage to the total number of H Shares as at the date of grant of the 2023 Grant	Approximate percentage to the total issued share capital of the Company as at the date of grant of the 2023 Grant
Connected persons of the Company				
Luo Xiaofeng	Director of subsidiary of the Company, general manager of subsidiary of the Company	150,000	0.0372%	0.0074%
SAM PIGOTT	Director of subsidiary of the Company	140,000	0.0347%	0.0069%
Wang Wenbo	Director of subsidiary of the Company, general manager of subsidiary of the Company	70,000	0.0173%	0.0035%
Fan Yuanhua	general manager of subsidiary of the Company	50,000	0.0124%	0.0025%
Sub-total		**410,000**	**0.1016%**	**0.0203%**
Others				
68 senior management, mid-level managers, basic-level managers, backbone members of technicians and other technicians		3,060,000	0.7582%	0.1517%
Total		**3,470,000** *(Note 1)*	**0.8598%**	**0.1720%**

Notes:

1. The RSUs were granted on 12 July 2023 at an exercise price of HKD25.95 per unit. The closing price of the H Shares immediately before the date of grant (being 11 July 2023) was HKD51.50.

2. No RSUs have been exercised during the Reporting Period.

3. The number of the relevant H Shares which cancelled or lapsed in accordance with the scheme rules of the RSU Scheme during the Reporting Period was nil.

4. The number of the relevant H Shares underlying the outstanding RSUs as at the end of the Reporting Period was 3,470,000, of which:

   a. 867,500 units of RSUs shall be vested and exercisable during the period commencing 12 July 2024 and ending on 11 July 2028;

   b. 867,500 units of RSUs shall be vested and exercisable during the period commencing 12 July 2025 and ending on 11 July 2028;

   c. 867,500 units of RSUs shall be vested and exercisable during the period commencing 12 July 2026 and ending on 11 July 2028; and

   d. 867,500 units of RSUs shall be vested and exercisable during the period commencing 12 July 2027 and ending on 11 July 2028.

Vesting conditions

The vesting of the awards granted under the RSU Scheme is subject to the award letter, the following condition and any other applicable vesting conditions as set out in the RSU Scheme. If any 2023 Selected Participant fails to fulfil the vesting conditions applicable to the relevant awards, all the RSUs underlying the relevant awards which may otherwise be vesting during the respective vesting period shall not be vested and become immediately forfeited with respect to such 2023 Selected Participant. The Trustee shall be notified of such forfeiture and such forfeited shares shall be held by the Trustee as returned shares. The Board's or its delegatee's decision on whether the vesting conditions are fulfilled and satisfied shall be conclusive and final.

The vesting conditions for the 2023 Grant are set out below:

According to the position(s) of a 2023 Selected Participant, select the completion status of the company level performance goal in the financial year or the completion status of the team/subsidiary level performance goal to which the 2023 Selected Participant belongs in the financial year as the basis for determining the actual vesting amount of the award of a 2023 Selected Participant in the corresponding vesting period. The actual vesting amount of the award vested to a Selected Participant for the respective vesting periods shall be equal to the standard coefficient multiplied by the planned vesting amount for the respective vesting periods. The calculation method of the standard coefficient of the company level performance goal is that if the completion ratio of the company level performance goal in the financial year reaches 70% or above, the standard coefficient is 1.0; if the completion ratio is 50%-69%, the standard coefficient is 0.8; and if the completion ratio does not reach 50%, the standard coefficient is 0. The calculation method of the standard coefficient of the performance goal of team/subsidiary level is that if the completion ratio of the team/subsidiary level performance goal in the financial year reaches 80% or above, the standard coefficient for that financial year is the corresponding completion ratio, and if the completion ratio does not reach 80%, the standard coefficient is 0.

If the 2023 Selected Participant of Chinese nationality working in Argentina returns to China during their office period (including but not limited to reasons such as changes in job position, resignation or cessation of employment), the 2023 Selected Participant will cease to be an Eligible Person, all vested RSUs and any outstanding RSUs not yet vested shall be immediately forfeited, unless the Board or its delegatee determines otherwise at their absolute discretion.

Calculation of the fair value of the awards on grant date

(1) Accounting Treatment

In accordance with the requirements of the IFRS 2 – Share-based Payment, the Company shall, on each balance sheet date during the vesting period, adjust the estimated number of Shares as an award that may be exercised in accordance with the latest number of the participants who have fulfilled the exercise conditions and the performance indicators, and recognize the services received during the period as the relevant costs or expenses and capital reserve in accordance with the fair value of the Shares as an award on the grant date.

(2) Calculation of the Fair Value under RSU Scheme

According to the relevant provisions on the determination of fair value in the IFRS 2 – Share-based Payment, an appropriate valuation model is required to be selected to calculate the fair value under RSU Scheme. The Company chooses Black-Scholes model (B-S model) to calculate the fair value, and then uses the model to calculate the total fair value to be HKD102,408,319 as at the grant date.

The specific parameters were selected as below:

(i) Price of the underlying shares: HKD51.90 per Share (the closing price was HKD51.90 on the grant date)

(ii) Exercise price: HKD25.95 per H Share

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

(iv) Historical volatility ratio: 46.7858% (adopted the historical volatility ratio of the H Share of the Company in the latest one year)

(v) Risk-free interest rate: 3.9751% (adopted the HKD Overnight Interest Settlement Rates on grant date)

(vi) Dividend yield: 2.1048% (the dividend rate of the Company in one year prior to the 2023 Grant)

The fair value is only an estimate made by the Company under the Black-Scholes model and a number of assumptions. Therefore, the fair value estimated is subject to uncertainty and the limitation of the model.

(3) Impact on the operating performance of the Company

The fair value of the Shares as an award on the grant date which is determined in accordance with the relevant valuation method, and the costs of payment of Shares under the RSU Scheme which is determined finally, will be amortized in accordance with the percentage of Shares exercised during the implementation of the RSU Scheme. The award costs incurred from the RSU Scheme will be charged to the recurring profit and loss.

The Company granted awards to the Selected Participants in July 2023, according to the requirements of the PRC accounting standards, the impact of the awards granted under the RSU Scheme on accounting costs of each period is shown in the following table:

Number of awards granted *(0'000)*	**Total costs to be amortized** *(HKD0'000)*	**2023** *(HKD0'000)*	**2024** *(HKD0'000)*	**2025** *(HKD0'000)*	**2026** *(HKD0'000)*	**2027** *(HKD0'000)*
347	10,240.8319	2,555.8686	3,969.4187	2,211.3892	1,150.9973	353.1581

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

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

Employee Stock Ownership Plan

The adoption of the employee stock ownership plan of the Company (the "**Employee Stock Ownership Plan**") was approved by the Shareholders at the extraordinary general meeting of the Company held on 15 June 2022. The source of A Shares of the Employee Stock Ownership Plan is the A Shares purchased through the secondary market (including but not limited to bidding transactions and block transactions) and other ways as permitted by the relevant laws (the "**Target Shares**"). No new Shares would be issued pursuant to the Employee Stock Ownership Plan.

The summarised rules of the Employee Stock Ownership Plan are as follows:

1. The purposes of the Employee Stock Ownership Plan are: to establish and improve the benefit sharing mechanism between employees and the Shareholders, improve the corporate governance of the Company, enhance the cohesion of employees and the overall competitiveness of the Company, and ensure the achievement of the Company's future development strategy and business objectives.

2. The participants of the Employee Stock Ownership Plan are Directors, supervisors, senior management personnels, core management personnels and key employees of the Company who have been playing an important role in and having an influence on the overall performance and medium and long-term development of the Company. The total number of employees participating in the 2023 Employee Stock Ownership Plan shall not exceed 595 (excluding reserved shares), and the final distribution share and proportion of each participant is subject to the actual distribution.

3. The total number of A Shares held under all effective employee stock ownership plans shall not exceed 10% of the total share capital of the Company. Accordingly, The total number of A Shares held under all effective employee stock ownership plans shall not exceed 201,716,777, based on 10% of the number of the total share capital of the Company as at 12 December 2023.

4. The accumulated Shares held by any participant under all effective employee stock ownership plans shall not exceed 1% of the total share capital of the Company.

5. The arrangement of term, lock-up period and performance assessment of the Employee Stock Ownership Plan are as follows:

   (1) The term of the Employee Stock Ownership Plan is 72 months, starting from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of Employee Stock Ownership Plan. The Employee Stock Ownership Plan will be automatically terminated if failed to be extended upon expiry. Within ten days before the expiry of the Employee Stock Ownership Plan, as agreed by the participants of the Employee Stock Ownership Plan (the "**Holders**") present at the highest internal management authority of the Employee Stock Ownership Plan (the "**Holders' Meeting**") holding more than 2/3 of the total units and submitted to the Board for consideration and approval, the term of the Employee Stock Ownership Plan can be extended. Provided that the shares of the Company held by the Employee Stock Ownership Plan cannot be fully disposed of prior to the expiry of the duration due to suspension of trading or short window period, the duration of the Employee Stock Ownership Plan may be extended, as agreed by the attending Holders with more than two-thirds of the total units at the Holders' Meeting, and as considered and approved by the Board of the Company.

   (2) The lock-up period of the Employee Stock Ownership Plan is 12 months, calculated from the date of completion of the purchase of the shares of the Company. The first grant part shall be vested in four batches as to 25% for each batch, provided that the performance results and personal performance results are achieved in the four fiscal years from 2023 to 2026. The reserved grant part shall be vested in three batches as to 30%, 30%, and 40% respectively, provided that the performance results and personal performance results are achieved in the three fiscal years from 2024 to 2026.

(3) The vesting time of first grant part are as follow:

The first batch vesting time: The number of vested shares shall be 25% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 12 months following the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan to the day of the last trading day within 24 months from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan.

The second batch vesting time: The number of vested shares shall be 25% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 24 months following the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan to the day of the last trading day within 36 months from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan.

The third batch vesting time: The number of vested shares shall be 25% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 36 months following the date when the Company announces the completion of the purchase of the shares of the first grant of the Company under the Employee Stock Ownership Plan to the day of the last trading day within 48 months from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan.

The fourth batch vesting time: The number of vested shares shall be 25% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 48 months following the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan to the day of the last trading day within 60 months from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan.

The vesting time of reserved grant part are as follow:

The first batch vesting time: The number of vested shares shall be 30% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 12 months following the date when the Company announces the completion of the purchase of the shares of the Company under the reserved grant part of the Employee Stock Ownership Plan to the day of the last trading day within 24 months from the date when the Company announces the completion of the purchase of the shares of the Company under the reserved grant part of the Employee Stock Ownership Plan.

The second batch vesting time: The number of vested shares shall be 30% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 24 months following the date when the Company announces the completion of the purchase of the shares of the Company under the reserved grant part of the Employee Stock Ownership Plan to the day of the last trading day within 36 months from the date when the Company announces the completion of the purchase of the shares of the Company under the reserved grant part of the Employee Stock Ownership Plan.

The third batch vesting time: The number of vested shares shall be 40% of the total number of Target Shares held under the Employee Stock Ownership Plan from the first trading day after 36 months following the date when the Company announces the completion of the purchase of the shares of the reserved grant part of the Company under the Employee Stock Ownership Plan to the day of the last trading day within 48 months from the date when the Company announces the completion of the purchase of the shares of the Company under the reserved grant part of the Employee Stock Ownership Plan.

The Target Shares acquired by the Employee Stock Ownership Plan and the shares derived from the distribution of dividends by the listed Company and the conversion of capital reserves shall also comply with the above lock-up arrangement.

(4) Performance assessment of the Employee Stock Ownership Plan

a. Performance assessment at segment/subsidiary level

The Employee Stock Ownership Plan sets performance assessment targets at the sector/subsidiary level. The vesting assessment period of the first grant part covers four accounting years from 2023 to 2026, the vesting assessment period of the reserved grant part covers three accounting years from 2024 to 2026. The assessment shall be conducted once an accounting year. Vesting is subject to the fulfillment of the performance commitment to the Company made by the segment or subsidiary to which the Holders belong. Detailed arrangements for vesting are shown in the following table:

Assessment results	**Actual fulfillment of performance commitment**	**Method for vesting**
Fulfilled	P≥100%	All the units which are to be vested by the Holders in the segment/ subsidiary for the period can be vested
	80%≤P〈100%	"80% of the units which are to be vested by the Holders in the segment/subsidiary for the period" can be vested and the remaining shall be recovered by the management committee of the Employee Stock Ownership Plan (the "**Management Committee**")
Not fulfilled	P<80%	None of the units which are to be vested by the Holders in the segment/ subsidiary for the period can be vested and all of them shall be recovered by the Management Committee

The units which are to be vested by the Holders in the segment/ subsidiary for the period can only be vested fully or partially when the performance commitment has been fulfilled in the assessment for the previous year; if the segment/subsidiary fails to fulfill its performance commitment, the portion out of the units which have been granted to and are to be vested by the Holders in the segment/subsidiary for the period shall be recovered by the Management Committee according to the requirements under the Employee Stock Ownership Plan. After the expiration of the lock-up period, the Target Shares shall be sold, and the funds obtained from the sale of such shares shall belong to the Company.

b. Performance assessment at individual level

The performance assessment at the Holders level shall be implemented in accordance with the current internal performance assessment regulation of the Company, and the actual number of shares vested to the Holders shall be determined based on the assessment results of the Holders. If the Company achieves its performance target, the number of Stock Ownership Plan units a Holder actually be vested for a particular year = Number of units the Holders plans to be vested for the year × Personal vesting ratio (Referred to the table below):

Assessment results(S)	S≥80	80 > S≥70	70 > S≥60	S < 60
Personal vesting ratio	1.0	0.9	0.8	0

If the individual performance assessment at the Holders level during the vesting assessment period is "S≥80", the Holder shall vest the corresponding equity interests of the Target Shares for that period in accordance with the above rules. If the performance assessment at the Holders level during the vesting assessment period is "80 > S≥70", "70 > S≥60" and "S < 60", the Holder shall not vest the corresponding proportion of the equity interests of the Target Shares for that period, and the Management Committee shall withdraw the shares that have not met the vesting conditions. The Management Committee has the right to decide to grant the shares to other employees again, who should meet the criteria for participating in the Employee Stock Ownership Plan, and the detail shall be determined by the Management Committee. If the grant of the shares is not completed during the term of the Employee Stock Ownership Plan, the Management Committee shall sell such portion of the Target Shares after the expiration of the lock-up period, the funds obtained from the sale of such portion of the shares shall be vested in the Company.

The lock-up period and vesting arrangement of the Stock Ownership Plan reflect the long-term nature of the Employee Stock Ownership Plan, and at the same time established strict segment/subsidiary performance assessment and individual performance assessment to prevent short-term interests and closely bundle the interests of Shareholders with those of employees.

6. No payment is required on application or acceptance of the units under the Employee Stock Ownership Plan.

7. There is no exercise price of under the Employee Stock Ownership Plan.

8. As at the date of this announcement, the remaining life of the Employee Stock Ownership Plan is approximately six years.

The completion of the purchase of the shares of the Company under the first grant of Employee Stock Ownership Plan

From 20 December 2023 to 15 January 2024, a total of 7,167,467 A Shares of the Company were purchased under the first grant of the 2023 Employee Stock Ownership Plan via the SZSE trading system by way of trading through price bidding in the secondary market, representing 0.36% of the total share capital of the Company, with the highest price being RMB45.60 per share, the lowest price being RMB38.22 per share, the average trading price being RMB41.42 per share, and the total transaction amount being approximately RMB296,850,700, which was financed by the special fund provided for the Employee Stock Ownership Plan of the Company, and the actual purchases made by employees were in line with the relevant contents of the Employee Stock Ownership Plan as considered and approved at the general meeting, thus the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan was completed. The term of the Employee Stock Ownership Plan has formally come into force on 15 January 2024.

The total amount of fund for the Employee Stock Ownership Plan is subscribed in "units", each of which being RMB1. The units of the Employee Stock Ownership Plan shall not exceed 320 million units. The specific proportion of the Company's employees participating in the Ownership Plan is as follows:

Name of Holders	**Position**	**Proposed subscription units (10,000 units)**	**Proportion of proposed subscription units to the total units of the Employee Stock Ownership Plan**
Shen Haibo	Director, vice president	285.9730	0.8937%
Xiong Xunman	Vice president	285.9730	0.8937%
Xu Jianhua	Vice president	285.9730	0.8937%
Huang Ting	Financial director, vice president	214.4798	0.6702%
Luo Guanghua	Vice president	214.4798	0.6702%
Huang Huaan	The chairman of the Supervisory Committee	57.1946	0.1787%
Li Liangxue	Senior engineer	70.0634	0.2189%
Xiong Jianlang	General manager of Marketing Center	142.9865	0.4468%
Subtotal		1,557.1231	4.8660%
Core management, core employees (no more than 587)		28,442.8769	88.8840%
Reserved		2,000.00	6.2500%
Total		32,000.00	100.0000%

The final subscription unit of the Employee Stock Ownership Plan shall be subject to the actual allocation of each participant. Where a Holder waives the entitlement to participate, the units proposed to be subscribed by him/her may be applied and subscribed by other eligible participants. The Human Resource Department of the Company may make adjustment to the list of participants and the number of units to be subscribed for according to the actual situation of the employees' subscription. There is no circumstance where third parties provide incentives, grants and subsidies, and make up the balance to participants for participation of the Employee Stock Ownership Plan.

Notes:

1. The term of the Employee Stock Ownership Plan is formally effective on 15 January 2024 with no exercise price. The closing price of the A Shares immediately before the effective date (being 11 July 2023) was RMB43.48.

2. During the Reporting Period, no units under the Employee Stock Ownership Plan were effective, or have been vested, exercised, cancelled or lapsed.

Calculation of the fair value of the Employee Stock Ownership Plan

(1) Accounting Treatment

According to the relevant provisions on the determination of fair value in the IFRS 2 – Share based Payment, the share-based payment to exchange for the staff services and settled with equity that cannot be exercised only until the service in waiting period is completed or the performance condition required is realized, the service obtained in the current period shall be included in relevant costs or expenses and capital reserves on each balance sheet date within the waiting period, on the basis of the best estimate of the number of vesting equity instruments, as per the fair value of equity instruments of the grant date.

(2) Calculation of the Fair Value

Assuming the estimation of the purchase of the Company's shares is completed under the Employee Stock Ownership Plan as of end of November 2023, the Company's collection of approximately RMB300 million from the Special Fund for the first grant shall be amortized as expense from 2023 to 2027, with a limited impact on the Company's performance. The estimated amortization of the expense of the first grant part of Stock Ownership Plan is as follows:

Total share-based payments	2023	2024	2025	2026	2027
(RMB10,000)	*(RMB10,000)*	*(RMB10,000)*	*(RMB10,000)*	*(RMB10,000)*	*(RMB10,000)*
30,000.00	1,302.08	15,000.00	7,812.50	4,166.67	1,718.75

Note: The above impact on the Company's business performance shall be subject to the final annual audit report issued by the accounting firm.

Significant Events after the Reporting Period

As stated in "The Updates on Sonora Project in Mexico" of section "Other Significant Events During the Reporting Period" of this announcement, the Mexican Subsidiaries filed the annulment claims with TFJA in January 2024 against the cancellation of nine lithium mine concessions.

At the 74th meeting of the fifth session of the board of directors of the Company held on 5 March 2024, it was considered and approved that the Company or its controlled subsidiaries would subscribe for not less than 14.8% of the shares of Proyecto Pastos Grandes S.A (hereinafter referred to as "**PGCO**") in Argentina with its self-owned funds at a transaction consideration of not more than USD70 million. PGCO holds 100% equity interest in Pastos Grandes lithium salt lake project in Salta, Argentina and Cauchari East lithium salt lake project in Jujuy, Argentina. For further details, please refer to the overseas regulatory announcement of the Company dated 5 March 2024.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

Future plans and use of proceeds

During the Reporting period, the Company did not make any issue for cash of equity securities, and there were no proceeds brought forward from any issue of equity securities made in previous financial years to the Reporting Period.

Compliance with the Corporate Governance Code

The Company is firmly committed to achieving and maintaining high overall standards of corporate governance through continuous effort in improving its corporate governance practices and procedures. Through the establishment of a sound and effective corporate governance framework, the Company strives to ensure completeness and transparency in its information disclosure and enhance stable operation, so as to safeguard the interests of the Shareholders to the greatest extent. The Company has adopted all code provisions and principles as set out in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Hong Kong Listing Rules (the "**Corporate Governance Code**") as the basis of its corporate governance practices.

Other than the deviation from Code Provisions B.2.2 and C.2.1 of the Corporate Governance Code, the Company has complied with the principles and code provisions of the Corporate Governance Code during the Reporting Period.

Deviation from Code Provision B.2.2 of Corporate Governance Code

Pursuant to Code Provision B.2.2 of the Corporate Governance Code, every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The three-year term of the fifth session of the Board and the supervisory committee ("**Supervisory Committee**") of the Company expired on 24 March 2023. As the nomination of relevant candidates for the members of the new session of the Board and Supervisory Committee has not yet been completed, and the suitability of some of the candidates is still being assessed, the election and appointment of the members of the Board and the Supervisory Committee will be postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the special committees under the fifth session of the Board and the senior management of the Company will be extended correspondingly. The above-mentioned matters constitutes a deviation from Code Provision B.2.2 of the Corporate Governance Code.

The Board believe that the postponement of the election and appointment will not affect the daily operations of the Company for the following reasons:

(1) the leadership of the Directors and Supervisors is particularly important to the continuity and stability of the Group's business. Maintaining the original membership structure is conducive to the stability of the daily operation of the Company until suitable candidates are proposed to succeed the Directors and Supervisors;

(2) the suitability of the candidates for the Directors and the Supervisors is a key issue in the process of election and appointment and is needed to be prudently considered. The incumbent Directors have extensive experience in the corporate governance and business of the Company, with different professional backgrounds and expertise in corporate management, technology development, financial management, strategic investment and human resources management, etc. Therefore, until the completion of the suitability assessment of the candidates, extending the terms of the incumbent Directors and Supervisors is to make business decisions in the best interest of the Company;

(3) each of the independent non-executive Directors has provided the Company with a written statement confirming his/her independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. Upon assessment, the Company is of the view that each of the independent non-executive Directors is an independent party. Therefore, the current Board and Supervisory Committee still provide adequate balance of power and authority for corporate governance and internal control.

To address the deviation from Code Provision B.2.2 of the Corporate Governance Code, the Company will complete the election and appointment of members of the Board and the Supervisory Committee as soon as possible and will fulfill its corresponding information disclosure obligation in a timely manner.

Deviation from Code Provision C.2.1 of Corporate Governance Code

From 1 January 2023 to 2 February 2023, Mr. Li Liangbin was the chairman of the Board and the President, which constituted a deviation from Code Provision C.2.1. With extensive experience in the lithium industry, Mr. Li Liangbin is responsible for the overall management of our Company's business strategies and operations. The Company believes that he is instrumental to the Company's growth and business expansion since its establishment in 2000. The Board considers that vesting the roles of the chairman of the Board and the President in the same person is beneficial to the management of our Company. The Company believes that the balance of power and authority is ensured by the operation of our senior management team and the Board, which comprise experienced and high-caliber individuals. After the re-election of the Board on 24 March 2020, the Board comprises four executive Directors (including Mr. Li Liangbin), two non-executive Directors and four independent non-executive Directors. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that:

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

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

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

On 16 August 2023, the Company was informed by Mr. WANG Xiaoshen ("**Mr. Wang**"), an executive director and the president of the Company, that 2,170,000 A Shares held by Mr. Wang was pledged as additional collaterals on 16 August 2023 in favor of China Merchants Securities Co., Ltd (招商證券股份有限公司) ("**CMS**") for a margin loan facility provided by CMS to him (the "**Loan**") to facilitate his personal financial arrangements (the "**Pledge**") as demanded by CMS as a result of the then fall in price of the A Shares. Mr. Wang was in a passive position in relation to the Pledge. The Directors (except Mr. Wang who was affected by the Pledge) were satisfied that the Pledge during the period of 30 days immediately preceding the publication date of the half-year results occurred under exceptional circumstances within the meaning of paragraph C.14 of Model Code for Securities Transactions by Directors of Listed Issuers contained in the Appendix C3 to the Hong Kong Listing Rules (the "**Model Code**") and should be allowed.

The Company has adopted the code of conduct regarding securities transactions by Directors and Supervisors on the required standard as set out in the Model Code. Save as disclosed above, having made specific enquiry to all Directors and Supervisors, the Company confirms that the Directors and Supervisors have complied with the standards regarding the securities transactions by Directors and Supervisors as set out in the Model Code during the Reporting Period.

REPURCHASE, SALE OR REDEMPTION OF SECURITIES

From 20 December 2023 to 15 January 2024, a total of 7,167,467 A Shares were purchased under the first grant of the Employee Stock Ownership Plan via the SZSE trading system by way of trading through price bidding in the secondary market, representing 0.36% of the total share capital of the Company, with the highest price being RMB45.60 per share, the lowest price being RMB38.22 per share, the average trading price being RMB41.42 per share, and the total transaction amount being approximately RMB296,850,700, which was financed by the special fund provided for the Employee Stock Ownership Plan of the Company, and the actual purchases made by employees were in line with the relevant contents of the Employee Stock Ownership Plan as considered and approved at the general meeting, thus the purchase of the shares of the Company under the first grant of the Employee Stock Ownership Plan was completed.

Save as disclosed above, as far as known to the Company, during the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the Reporting Period.

PROPOSED AMENDMENT OF ARTICLES OF ASSOCIATION

The Board proposes to amend the Articles of Association in view of the Company Law of the People 's Republic of China, the Securities Law of the People's Republic of China, the Special Regulations of the State Council on Overseas Offering and Listing of Company Limited by Shares, the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses, the Letter of Opinion on Amendment to Articles of Association of Companies Listing in Hong Kong, the Listing Rules, the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies and the provisions of other relevant laws and regulations. The main aspects of this proposed amendment of the Articles of Association are: (i) revise the registered capital and total share capital of the Company; (ii) revise the Company's repurchase terms; (iii) remove some prerequisite clauses; (iv) revise the responsibilities, authorities, and appointment rules of independent directors according to the Independent Director System; and (v) improve the functions of specialized committees.

The proposed amendment to the Articles is subject to the approval of the Shareholders by way of a special resolution at the 2023 Annual General Meeting of the Company.

Details in relation to the above mentioned proposed amendment to the Articles will be set out in the circular of the 2023 Annual General Meeting to be disseminated to the shareholders of the Company in due course.

REVIEW OF THE 2023 ANNUAL RESULTS

The Audit Committee of the Company (the "**Audit Committee**") was established by the Board in compliance with Rules 3.21 and 3.22 of the Hong Kong Listing Rules and the terms of reference of code provision D.3.3 as set out in the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Wong Sze Wing, Mr. Wang Jinben and Ms. Xu Yixin. Ms. Wong Sze Wing serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The Audit Committee has reviewed the Group's audited consolidated financial results for the year ended 31 December 2023 and is of a view that the preparation of such financial results has complied with the applicable accounting standards, the requirements under the Hong Kong Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

ANNUAL GENERAL MEETING

The 2023 annual general meeting of the Company will be held on Tuesday, 25 June 2024. A circular containing further information in respect to the AGM will be dispatched to the holders of H Shares who requested to receive it in printed form and will be available on the website of the Stock Exchange and that of the Company as soon as practicable. The relevant information about the closure of register of members for the AGM will be set out in the circular.

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

Jiangxi, PRC
28 March 2024

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

DEFINITIONS

A Share(s)	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB and listed on the SZSE (stock code: 002460)
Articles of Association	the articles of association of the Company, as amended from time to time
Board	the board of Directors
Company	Ganfeng Lithium Group Co., Ltd. (江西贛鋒鋰業集團股份有限公司), a joint stock company established in the PRC with limited liability whose A Shares and H Shares are listed on the SZSE and on the Main Board of the Stock Exchange respectively
Director(s)	Director(s) of the Company
Ganfeng LiEnergy	Ganfeng LiEnergy Technology Co., Ltd., a controlled subsidiary of the Company
GFL International	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on 29 March 2011 and a wholly-owned subsidiary of the Company
Group	the Company and its subsidiaries
H Share(s)	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code: 1772)
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC	the People's Republic of China
Reporting Period	the period beginning from 1 January 2023 and ending on 31 December 2023

RMB	Renminbi, the lawful currency of the PRC
Share(s)	A Share(s) and/or H Share(s)
Shareholder(s)	holder(s) of Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
SZSE	The Shenzhen Stock Exchange
%	Per cent