TIANQI LITHIUM

天齊鋰業股份有限公司
Tianqi Lithium Corporation

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

Stock Code: 9696

2023
Annual Report

CONTENTS

COMPANY PROFILE

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

Upstream lithium resources: The Company strategically deployed on the world's highest quality hard rock and salt lake lithium resources. The Greenbushes spodumene mine controlled by the Company is the largest spodumene project under production with the highest grade in the world at present, which currently has an established capacity of lithium concentrates of 1.62 million tons/year; the Yajiang Cuola Spodumene Mine in Sichuan controlled by the Company is part of the largest hard rock Jiajika lithium mine in Asia; the Atacama salt lake operated by SQM, the Company's investee, is a lithium salt lake project with the largest reserves in the world; in addition, the Company has a stake in the Zabuye salt lake in Shigatse, Tibet, which is the third largest lithium salt lake in the world and the largest lithium salt lake in Asia. The lithium concentration in the brine of Zabuye salt lake in Tibet is second only to the Atacama salt lake, ranking the second in the world in terms of lithium grade. With a high-quality and multi-dimensional lithium resources portfolio, the Company has currently achieved 100% self-sufficiency in lithium resources.

Midstream lithium compounds: The lithium compounds and their derivatives produced by the Company include battery-grade and industrial-grade lithium hydroxide, battery-grade and industrial-grade lithium carbonate, lithium chloride and lithium metal, which are widely used in a number of end markets, mainly including new energy vehicles, electric vessels, energy storage systems, aircraft, ceramics and glass, etc. The Company has deeply explored in the processing sector of lithium chemical products for years, and currently has a total of five in-production and two under-construction lithium chemical products production bases, with a established capacity of lithium chemical products of 88,800 tons per annum. The production bases for lithium chemical products under production are located in Shehong, Sichuan, Tongliang, Chongqing, Zhangjiagang, Jiangsu, Kwinana, Australia, and Anju, Suining, Sichuan, China, among which Jiangsu Zhangjiagang Base stands as the first fully automated battery-grade lithium carbonate production plant under reliable operation worldwide, and the Train I Lithium Hydroxide Project in Kwinana Plant, Australia stands as the world's first fully automated battery-grade lithium hydroxide processing plant in operation. In the future, through the development and mining of the Yajiang Cuola Mine, the Company will be able to achieve a dual-cycle system of integrated lithium compounds supply for domestic and overseas lithium mines, and better adapt to changes in the international environment.

COMPANY PROFILE

Cooperation with the downstream industry chain: Throughout over 30 years of history in the lithium industry, the Company's lithium chemical product customers consist of global top-tier battery producers, battery materials producers, new energy vehicle enterprises, multinational electronics companies and glass producers, and the Company has established long-term strategic cooperation relationships with many preeminent lithium end users globally and in China to provide customers with customized services and form a mutually beneficial business community. In addition, the Company further deepened its cooperation with the downstream industry chain by investing in outstanding companies in the fields of solid-state batteries and new energy vehicles, in order to provide new fields and updated feedback for the Company's business expansion, which is conducive to the implementation of vertically integrated development strategy while exploring the opportunities for development in the industrial chain circle by the Company.

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

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

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

THE BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Xiang Chuan
Tang Guoqiong
Huang Wei
Wu Changhua

THE BOARD OF SUPERVISORS

SUPERVISORS

Wang Dongjie
Chen Zemin
Hu Yi

AUTHORIZED REPRESENTATIVES

Jiang Anqi
Wong Hoi Ting

JOINT COMPANY SECRETARIES

Zhang Wenyu
Wong Hoi Ting

STRATEGY AND INVESTMENT COMMITTEE OF THE BOARD

Xiang Chuan *(Chairman)*
Jiang Weiping
Jiang Anqi
Ha, Frank Chun Shing
Wu Changhua

AUDIT AND RISK COMMITTEE OF THE BOARD

Tang Guoqiong *(Chairlady)*
Huang Wei
Xiang Chuan

NOMINATION AND GOVERNANCE COMMITTEE OF THE BOARD

Huang Wei *(Chairlady)*
Jiang Weiping
Tang Guoqiong

REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

Xiang Chuan *(Chairman)*
Jiang Anqi
Tang Guoqiong

ESG AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD

Wu Changhua *(Chairlady)*
Jiang Anqi
Ha, Frank Chun Shing

CORPORATE INFORMATION

HEADQUARTERS

No.166, Hongliang West 1st Street
Tianfu New Area
Chengdu, Sichuan
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

COMPANY'S WEBSITE

http://www.tianqilithium.com/

SHARES INFORMATION

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

INFORMATION DISCLOSURE AND PLACES AVAILABLE FOR INSPECTION

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

LEGAL ADVISER (AS TO HONG KONG LAW)

Clifford Chance LLP

INTERNATIONAL AUDITOR

KPMG

PRC AUDITOR

KPMG Huazhen LLP

LOCATION WHERE THE ANNUAL REPORT IS AVAILABLE FOR INSPECTION

The Board Office of the Company

"Albemarle"	Albemarle Corporation, a company listed on the New York Stock Exchange in the United States, which holds 49% equity interest in Windfield through RT Lithium and is one of the world's major lithium product manufacturers
"Albemarle Germany"	Rockwood Lithium GmbH (now Albemarle Germany GmbH), the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation, and a connected person of the Company at the subsidiary level
"Articles of Association"	the Articles of Association of Tianqi Lithium Corporation
"A Shares"	domestically listed shares in our ordinary share capital with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange and traded in RMB
"A-share Listing Rules"	Listing Rules of Shenzhen Stock Exchange
"A$" or "AUD$"	Australian dollars, the lawful currency of Australia
"Board of Directors" or "Board"	the Board of Directors of Tianqi Lithium Corporation
"Board of Supervisors"	the Board of Supervisors of Tianqi Lithium Corporation
"Chengdu Tianqi"	Chengdu Tianqi Lithium Co., Limited (成都天齊鋰業有限公司), a wholly-owned subsidiary of the Company
"Chongqing Tianqi"	Chongqing Tianqi Lithium Co., Limited (重慶天齊鋰業有限責任公司), a controlling subsidiary of Chengdu Tianqi
"Company", "our Company", "we" or "Tianqi Lithium"	Tianqi Lithium Corporation (天齊鋰業股份有限公司)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"date of this Annual Report"	27 March 2024
"Director(s)"	director(s) of our Company, including all executive directors and independent non-executive directors
"Group"	the Company and its subsidiaries

DEFINITIONS

"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"H Shares"	overseas listed shares in our ordinary share capital with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"IGO"	IGO Limited, a limited liability company listed on the Australian Securities Exchange (stock code: IGO), which holds 49% equity interest in TLEA through its wholly-owned subsidiary IGO Lithium Holdings Pty. Ltd.
"Jiangsu Tianqi"	Tianqi Lithium (Jiangsu) Co., Limited (天齊鋰業(江蘇)有限公司), a wholly-owned subsidiary of the Company held through Chengdu Tianqi
"LCE"	lithium carbonate equivalent, a unit of measurement for lithium
"Listing of H Shares"	listing of H Shares of the Company on the Main Board of the Hong Kong Stock Exchange on 13 July 2022
"Ministry of Finance"	the Ministry of Finance of the PRC
"Ministry of Industry and Information Technology" or "MIIT"	the Ministry of Industry and Information Technology of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"PRC" or "China"	the People's Republic of China
"Prospectus"	the H Share prospectus of the Company dated 30 June 2022
"Reporting Period"	the year ended 31 December 2023
"RMB"	Renminbi, the lawful currency of the PRC
"SALA"	Salares de Atacama Sociedad Contractual Minera, a company with essential salt lake assets in Chile, in which SLI holds 50% equity interest

"Salares 7"	a salt lake asset controlled by SALA, a joint venture, in which SALA held 100% equity interest; as at the date of this Annual Report, this asset has been sold already
"San Antonio Sociedad Contractual Minera"	the other shareholder of the joint venture SALA, who holds 50% equity interest in SALA
"Securities Law"	The PRC Securities Law (《中華人民共和國證券法》)
"SEHK" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SES"	SES Holdings Pte. Ltd, an investee of Tianqi Lithium HK, whose name was changed to SES AI Corporation after business combination with IVANHOE Capital Acquisition Corp. in February 2022, and was owned as to 7.97% by the Company as at the end of the Reporting Period
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shareholder(s)"	holder(s) of our Shares
"Shareholders' General Meeting"	the Shareholders' General Meeting of Tianqi Lithium Corporation
"Shanghai Aerospace"	Shanghai Aerospace Power Technology Co., Ltd. (上海航天電源技術有限責任公司), an investee of the Company and was owned as to 9.91% by the Company as at the end of the Reporting Period
"Shehong Tianqi"	Tianqi Lithium (Shehong) Co., Limited (天齊鋰業(射洪)有限公司), a wholly-owned subsidiary of the Company
"Shenghe Lithium"	Sichuan Tianqi Shenghe Lithium Co., Ltd. (四川天齊盛合鋰業有限公司), a controlled subsidiary of the Company, in which the Company holds 39.2% equity interest, Shehong Tianqi holds 40.8% equity interest with the remaining 20% equity interest held by Zijin Lithium (Hainan) Co., Ltd. (紫金鋰業(海南)有限公司) as at the date of this Annual Report
"Shigatse Zabuye"	Tibet Shigatse Zabuye Lithium High-Tech Co., Limited (西藏日喀則紮布耶鋰業高科技有限公司), an investee of the Company and was owned as to 20% by the Company as at the end of the Reporting Period
"SLI"	Inversiones SLI Chile Limitada, a wholly-owned subsidiary of Talison

"SQM"	Sociedad Quimica y Minera de Chile S.A., a publicly held company incorporated in Chile on 29 June 1968 and listed on the Santiago Stock Exchange and the New York Stock Exchange, in which Tianqi Lithium HK and Tianqi Chile held 0.26% and 21.90% respectively, of the equity interest as at 31 December 2023
"SQM Indebtedness"	bank borrowings incurred under two syndicated facility agreements with aggregate original loan facilities of US$3.5 billion to finance the purchase price, acquisition costs and fees associated with the SQM Transaction
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Suining Tianqi"	Suining Tianqi Lithium Co., Ltd. (遂寧天齊鋰業有限公司), a wholly-owned subsidiary of Chengdu Tianqi
"Supervisor(s)"	Supervisor(s) of our Company
"SZSE"	Shenzhen Stock Exchange
"Talison"	Talison Lithium Pty Ltd, a limited liability company incorporated in Australia on 22 October 2009 and a wholly-owned subsidiary of Windfield
"Talison Lithium Australia"	Talison Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 11 September 2009, in which the Company holds a 26.01% equity interest indirectly through Windfield
"Tianqi Group Company"	Chengdu Tianqi Industrial (Group) Co., Limited (成都天齊實業(集團)有限公司), a company with limited liability incorporated in the PRC on 6 December 2003, which is a member of the Single Largest Group of Shareholders of the Company holding 416,316,432 A Shares, representing 25.37% of the total issued share capital of the Company as at the date of this Annual Report
"Tianqi Group HK"	Tianqi Group HK Co., Limited, a limited liability company incorporated in Hong Kong on 26 July 2012 which is controlled by Tianqi Group Company and a connected person of the Company
"Tianqi Lithium HK"	Tianqi Lithium HK Co., Limited, a limited liability company incorporated in Hong Kong on 11 March 2015, which is a wholly-owned subsidiary of the Company held through Chengdu Tianqi
"TLA"	Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 9 November 2017, formerly a wholly-owned subsidiary of TLH, now a wholly-owned subsidiary of TLEA

"TLEA"	Tianqi Lithium Energy Australia Pty Ltd, formerly known as Tianqi UK Limited (天齊英國有限公司), a limited liability company incorporated in the United Kingdom on 26 March 2014, in which the Company holds a 51% equity interest and the remaining 49% equity interest is held by IGO Lithium
"TLH"	Tianqi Lithium Holdings Pty Ltd, a wholly-owned subsidiary of Chengdu Tianqi
"TLK"	Tianqi Lithium Kwinana Pty Ltd, formerly known as Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 27 April 2016, which is a wholly-owned subsidiary of TLA
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Windfield"	Windfield Holdings Pty Ltd, a limited liability company incorporated in Australia on 21 September 2012, a subsidiary of TLEA and with 51% equity interest held by TLEA
"Wood Mackenzie"	Wood Mackenzie (Asia Pacific) Pty. Ltd.

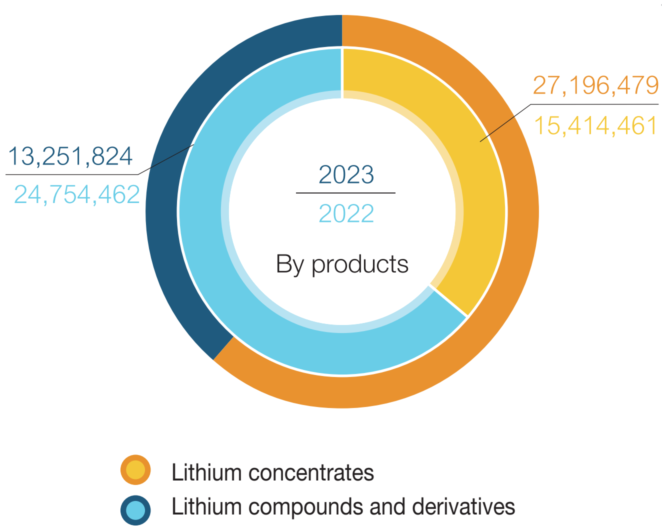
FINANCIAL HIGHLIGHTS

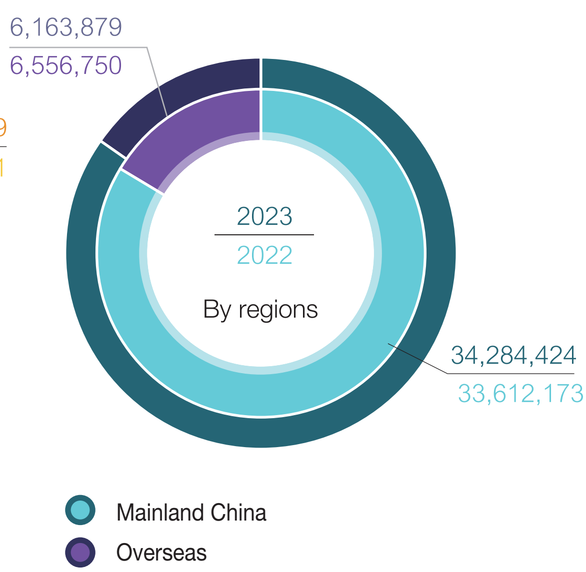
RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Amount (RMB'000)	Changes as compared to the year ended 31 December 2022
Revenue	**40,448,303**	0.70%
Gross profit	**34,347,819**	0.57%
The profit for the year attributable to equity shareholders of the Company	**7,278,343**	-69.60%
Earnings per share (RMB)	**4.44**	-71.19%

REVENUE (BY PRODUCT CATEGORIES AND SALES REGIONS)

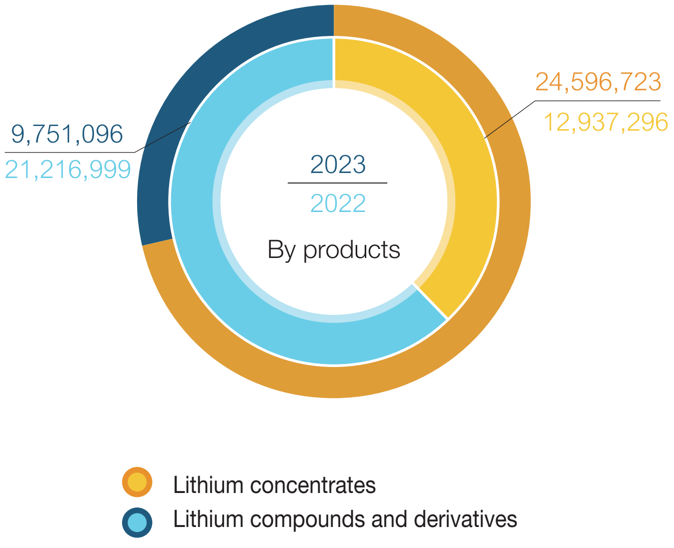
	For the year ended 31 December (RMB'000)				
	2023		2022		Year-on-Year increase or decrease
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	
Revenue	**40,448,303**	**100%**	40,168,923	100%	0.70%
By products					
Lithium concentrates	**27,196,479**	**67.24%**	15,414,461	38.37%	76.43%
Lithium compounds and derivatives	**13,251,824**	**32.76%**	24,754,462	61.63%	-46.47%
By regions					
Mainland China	**34,284,424**	**84.76%**	33,612,173	83.68%	2.00%
Overseas	**6,163,879**	**15.24%**	6,556,750	16.32%	-5.99%

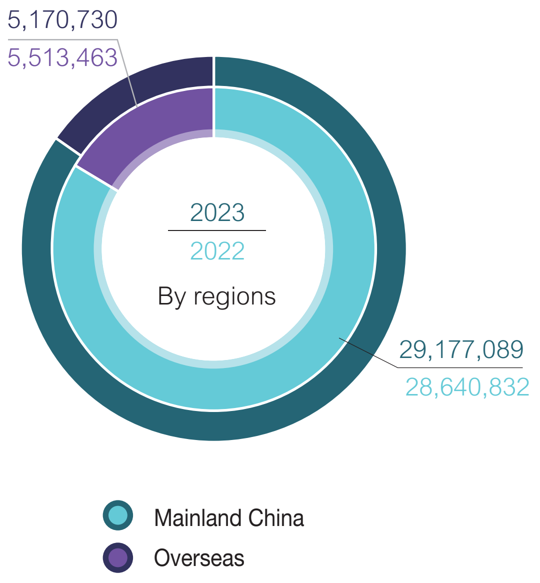




GROSS PROFIT (BY PRODUCT CATEGORIES AND SALES REGIONS)

	For the year ended 31 December (RMB'000)			
	2023		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
By products				
Lithium concentrates	**24,596,723**	**90.44%**	12,937,296	83.93%
Lithium compounds and derivatives	**9,751,096**	**73.58%**	21,216,999	85.71%
Total	**34,347,819**	**84.92%**	34,154,295	85.03%
By regions				
Mainland China	**29,177,089**	**85.10%**	28,640,832	85.21%
Overseas	**5,170,730**	**83.89%**	5,513,463	84.09%
Total	**34,347,819**	**84.92%**	34,154,295	85.03%





CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Tianqi Lithium Corporation, I hereby present to you the annual report of the Group for the year ended 31 December 2023.

Energy is the lifeline of modern economic and industrial development, and the active development of clean energy and the promotion of green and low-carbon economic and social transition have become the general consensus of the international community in addressing global climate change. Promoting the high-quality development of new energy is the only way to achieve high-quality economic and social development. Lithium, as the "green energy metal of the 21st century", is of great significance in realizing "carbon neutrality", and the lithium industry plays a vital role in the global energy reformation. As a new energy material enterprise with lithium as its core, Tianqi Lithium has seized the opportunities and faced the challenges in the past year, continuously improving its core competitiveness, and traversing the industry cycle with steady operation.

In 2023, the Group adhered to its long-term development strategic plan, focused on its main business, continued to consolidate its resource advantages, and steadily pushed forward the increase in production and expansion of its capacity in an efficient, environmentally friendly and safe manner in order to achieve the optimal supply to the industry chain. In terms of upstream resources, the Group has continued to push forward the exploration and development of the Greenbushes spodumene mines overseas, and its total mineral resources have been continuously increasing; the Group has also pushed forward the construction of the Cuola Spodumene Mine project in Yajiang, China, in order to further strengthen the Group's resource security and development capability. With its high-quality and multi-dimensional lithium resources layout, the Group has achieved 100% self-sufficiency in lithium resources, ensuring the stability of the supply chain and long-term business autonomy. According to the data from an independent external consultant, the Greenbushes mine controlled by the Company's Australian subsidiary, Talison, is the world's largest spodumene mine project in terms of production capacity and output in 2023; its current lithium concentrate nameplate capacity is 1.62 million tons per year, with a total production of approximately 1.52 million tons in 2023, and it plans to add an additional 0.52 million tons of production capacity in the future through the establishment of a new chemical grade No. 3 lithium concentrate processing plant. In respect of the production of lithium compounds, the Group currently has a total of five production bases for lithium chemical products in production and two under construction both domestically and overseas, which have achieved efficient and successful operational performance over a long period of time, and has continued to stabilize the Group's position as the leading player of China's lithium chemical industry through continuous research and development, innovation and technological process upgrading. According to an independent external consultant, the Group is the fifth largest supplier of lithium compounds globally and the second largest in Asia and China based on production output in 2023. Currently, the Group has an existing nameplate capacity of 88,800 tons per year of lithium chemical products, plus an announced and planned capacity of over 140,000 tons per year of lithium chemical products. In addition, by way of equity investment, the Group also holds indirect interests in SQM and Shigatse Zabuye Salt Lake in proportion to its shareholdings in them.

Meanwhile, the Group is committed to the long-term development strategy of "consolidating the upstream, strengthening the midstream and penetrating the downstream", and while carrying out the vertically integrated development strategy, the Group also continuously explores the opportunities for the cyclic development of the industrial chain and endeavors to create new opportunities for the cooperation with enterprises in the value chain.

In 2023, Tianqi Lithium HK, a wholly-owned subsidiary of the Company, participated in the Series A equity financing of the new energy vehicle company, smart Mobility Pte. Ltd., and signed a Strategic Cooperation Agreement with Geely Holding Group and Mercedes-Benz Group AG to jointly explore new growth opportunities, in the hope of bringing more innovation and development to the new energy sector. The Group will continue to strategically engage with new energy material enterprises and manufacturers of next-generation battery technologies such as solid-state batteries along the value chain, and develop more in-depth cooperation with them in businesses such as precursor production and battery recycling. The Group will continue to pay attention to investment opportunities in the field of electric vehicles and energy storage applications, and actively participate in the downstream investment layouts in the industry chain, so as to better cope with the future trend of lithium in the application of new types of batteries.

In 2023, in the face of uncertainties in the global macroeconomic situation and cyclical fluctuations in the industry, we rose to the challenge and operated steadily, which have shown our development resilience. Under the market environment of the downward price volatility of lithium chemical products, with the vertically integrated business model of the Company, the Group's operating revenue and gross profit level remained stable in 2023. In 2023, the Group achieved revenue of RMB40,448,303,000, gross profit of RMB34,347,819,000, and profit attributable to equity shareholders of the Company for the year amounting to RMB7,278,343,000. Meanwhile, in order to share the fruits of the Company's development with all Shareholders and investors, the Board announced a profit distribution plan proposing the Shareholders' General Meeting to approve the distribution of a cash dividend of RMB13.5 for every 10 shares (tax inclusive) to all Shareholders.

Currently, the world has entered a new phase of accelerating shift towards full electrification. Looking forward to 2024, the industry and economic development paths are still complex and uncertain, and we will continue to meet new opportunities and challenges on the way forward. As an international enterprise with an innovative spirit and sense of responsibility, we will always maintain a keen insight into the market and continuously improve our core competitiveness; we will pursue the "new" and "green", aim at the world's new energy technologies, focus on key areas and major needs, and convert scientific and technological achievements into "new quality productive forces"; orderly promote international industrial chain cooperation, build a new model of win-win green energy and low-carbon transition. In order to better realize the synergistic development of the enterprise and the economy, society and the environment, and the harmonious coexistence of human beings and nature, Tianqi will contribute its strength to this future lithium dream.

In 2024, the Company's governance team, management team and all employees will closely follow the direction of high-quality development of the capital market, focus on areas such as energy transition and green development and endeavour to create greater value for Shareholders and the society, while making unremitting efforts to help reduce carbon globally and realize a sustainable new ecology which embraces win-win and high-quality development! We look forward to continuing to share the fruits of high-quality development with all investors and all friends who support Tianqi Lithium!

Jiang Weiping
Chairman
Chengdu, the PRC
27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY AND MARKET ANALYSIS

Lithium is the lightest metal with the largest electrochemical equivalent in the world and has the characteristics of high oxygen density. It constitutes 0.0065% of the Earth's crust and ranks 27th in abundance of elements. It holds strategic importance in the energy sector. According to data from the United States Geological Survey ("USGS"), the global demand for lithium resources is undergoing structural changes, and the proportion of the battery industry is gradually increasing. In 2015, lithium was mainly used in traditional industries such as glass and ceramics, and the demand from the battery industry accounted for only 31%. However, with major countries or regions around the world actively promoting the development of the new energy industry and providing abundant policy support and financial subsidies, the global sales of new energy vehicles saw a rapid growth. This led to the increasing demand for power batteries, which in turn triggered a structural adjustment in the lithium demand, with the lithium battery industry becoming the main driving force for lithium demand growth. In 2023, the demand from the battery industry further increased to 87%.

(I) Policy Environment

Due to the explosive growth of the global lithium battery industry, in recent years, major lithium battery markets around the world such as China, Europe and the United States all issued strategic plans regarding the sustainable development of the battery industry and introduced relevant supporting policies and regulations, so as to provide guidance and protection to the sustainable development of their domestic and local industries.

Domestic Policy Environment

– Non-ferrous Metal Industry

In August 2023, seven government authorities including the Ministry of Industry and Information Technology of the PRC jointly issued the Work Plan for Stabilizing the Growth of the Non-ferrous Metals Industry (《有色金屬行業穩增長工作方案》), according to which, the PRC plans to achieve positive progress in promoting the development of domestic resources such as lithium and copper, formulate an overall plan of resources development and industrial development for lithium and other key resources, accelerate the building of an underlying data platform for the strategic mineral resources industry, promote the research and trial run of industrialization of core technologies such as the efficient lithium extraction and magnesium extraction from salt lakes and the lepidolite tailings retreatment, support the R&D of high specific energy cathode materials, support the leading enterprises in industry chains of major non-ferrous metals such as copper, lithium, nickel, tungsten, antimony, and increase the import of raw materials such as lithium concentrates and cobalt intermediate smelting products. The issuance of the plan has clarified the direction and provided guidance for the development of the non-ferrous metal industry in the past two years and promoted the effective quality improvement and reasonable quantity growth of the industry.

– Lithium Battery Industry

On 31 December 2021, four government authorities including the Ministry of Finance issued the Notice on Financial Subsidy Policies for Promoting New Energy Vehicles in 2022 (the "Notice"). According to the Notice, subsidies for promoting new energy vehicles would be gradually reduced. Besides, to maintain the sound development momentum of the new energy vehicle industry and after considering factors such as the development plan, market sales trend and the smooth transition of enterprises of the new energy vehicle industry, it is decided that the subsidy policy for the purchase of new energy vehicles in 2022 (the "National Subsidies") would be terminated on 31 December 2022, and subsidies will no longer be granted to vehicles where car licenses are issued after 31 December 2022. Since then, the 13-year National Subsidies policies for new energy vehicles in the PRC came to an end.

In 2023, policies continued to guide the direction of consumption, but there was a shift in such policies' focus. In 2023, after the termination of the National Subsidies, a number of policy initiatives such as granting purchase subsidies and consumer vouchers have been implemented by local governments to promote local new energy vehicle consumption. In addition, as the sales volume of new energy vehicles kept growing, the demand for electricity consumption and charging also grew rapidly. The national and local governments further proposed the targets about the number of newly-built charging piles or the vehicle-to-pile ratio, and governments' supporting subsidies also shifted away from constructing charging piles only to improving a high-quality and innovative charging and battery swap infrastructure system for charging pile use and operation. At the same time, on 2 June 2023, the State Council executive meeting required the implementation of the purchase tax exemption and reduction policy for new energy vehicles to be extended and such policy to be optimized. Particularly, the meeting decided to extend the implementation to the end of 2027, with the exemption and reduction measures phased out year by year, and set a limit on the exemption and reduction of purchase tax for new energy passenger vehicles.

On the other hand, during the period from the 13th Five-Year Plan to the 14th Five-Year Plan, the PRC government proposed the concept of "energy storage". In the 14th Five-Year Plan for National Economic and Social Development and the Outline of Visions for 2035 of the People's Republic of China (《中華人民共和國國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》) announced in 2021, it is proposed that for hydrogen, energy storage and other areas that involve cutting-edge technologies and industrial change, the country would put forward and implement plans to incubate and accelerate the development of such future industries, and plan the layout for industries with promising future. In 2023, several supportive policies for the energy storage industry were released, which promoted the development of new energy storage industry. Under the background of carbon neutrality and carbon peaking, various provinces have successively issued their own 14th Five-Year Plan to accelerate the large-scale application of new energy storage technologies, aiming to solve the problem of new energy consumption and promote the rapid development of the energy storage industry. According to preliminary statistics, as of December 2023, a total of 23 provinces in China have issued plans for the installed capacity of new energy storage during the "14th Five-Year Plan" period with a target installed capacity totaling over 70GW, which played a significant role in promoting the large-scale application of new energy storage technologies.

The policy directions in 2023 indicate that the policy support provided to lithium battery industry by the PRC government mainly focuses on the application of downstream power batteries and energy storage batteries. Both national and local governments have issued a series of policies to guide and support the healthy development of new energy vehicle industry chain, electrochemical energy storage and battery materials technology.

Overseas Policy Environment

– The United States

On 1 January 2023, the Inflation Reduction Act of 2022 (the "IRA") of the United States came into effect, according to which, the United States would invest approximately US$370 billion in climate and clean energy and provide U.S. consumers with tax credits up to US$7,500 for purchasing new energy vehicles. On 31 March 2023, the U.S. Department of the Treasury and Internal Revenue Service released proposed guidance on the clean vehicle provisions of the IRA, which provided detailed guidance on critical minerals percentage and battery components percentage and clearly stated the timeframe of the policy implementation. On 18 April 2023, the guidance on critical minerals and battery components officially came into effect. According to the guidance, eligible vehicles put on the market on or after 18 April 2023 are eligible for up to a US$7,500 tax credit. To be eligible for a full credit, clean vehicles must meet sourcing requirements for both the critical minerals and battery components contained in the vehicle. Vehicles that meet one of the two requirements are eligible for a US$3,750 credit only. Vehicles that fail to meet any of the requirements are ineligible for credit.

– Europe

On 13 November 2023, the European Commission and the European Parliament reached a deal on the Critical Raw Materials Act, which formulated an updated list of critical and strategic materials. The Act establishes a list of 34 critical raw materials, mainly including lithium, rare earth, nickel, cobalt, and silicon. It also sets targets to increase the local contribution of these critical raw material's consumption (10% for the extraction; 40% for the processing and an increase to at least 25% for the recycling) by 2030. For those included in the list of strategic materials, not more than 65% of the consumption shall come from a single third country. The Act also requires relevant key companies to regularly issue a risk assessment report on supply chain of strategic raw materials, mapping where the materials come from and potential supply risks. On 17 August 2023, the New Batteries Regulation adopted by the European Union (EU) entered into force. The Regulation stipulates that from 2027, the export of power batteries to Europe should hold a compliant "battery passport" that records the battery manufacturer, material composition, carbon footprint, supply chain and other information. The Regulation applies to all types of batteries placed on the EU market, regulates the entire life cycle of batteries – from production to reuse and recycling – and ensures that they are safe, sustainable and competitive. The Regulation also sets specific targets of recovery and recycling for different battery types. The Regulation covers provisions on carbon footprint rules, carbon footprint accounting, supply chain management, audits by EU-designated accredited bodies, etc. Only electric vehicle batteries and rechargeable industrial batteries accompanied by a carbon footprint declaration and label as well as digital battery passport are allowed to enter the EU market.

(II) Supply of Lithium Resources and Lithium Products

1. Supply of Lithium Resources

As the global energy transition deepens and more countries treat lithium resources as a national strategic resource, many countries and regions increase their efforts in the exploration and development of lithium resources. According to the latest data from the USGS, the current global measured and indicated lithium resources reached 105 million tons of contained lithium, representing an increase of 7% compared to the figures released in January 2023, among which the aggregate measured and indicated lithium resources from Bolivia, Argentina, the United States, Chile, Australia and China contributed over 80% of the global total volume. The global lithium reserves reached 28 million tons of contained lithium, representing an increase of 8% as compared with that in 2022, which are mainly located in Chile, Australia, Argentina, China and the United States, accounting for over 80% of the total.

In 2023, the global supply of lithium resources experienced rapid growth. According to the statistics of Fastmarkets in the 4th quarter of 2023, the 2023 total supply of global lithium resources from projects under production was approximately 960 thousand tons LCE. The supply sources mainly included lithium salt lakes, spodumene, petalite and lepidolite, among which the supply amount from salt lakes and spodumene was 378 thousand tons LCE and 479 thousand tons LCE, and accounted for 39% and 50% of global supply, respectively, with the sources of supply and ratios among sources generally remained stable.

Up to now, spodumene remains the major source of lithium resources supply. The Greenbushes spodumene mine project in Australia controlled by the Company, is the largest lithium mine project under production with the highest grade in the world at present. According to the latest statistics of Fastmarkets in the 4th quarter of 2023, the 2023 supply of the Greenbushes spodumene mine project accounted for 16% of the global total volume, which marked it the leading hard rock lithium mine project in terms of production output in the world. Currently, the spodumene mine project at Greenbushes has a total of four lithium concentrates processing plants with an annual capacity of 1.62 million tons of lithium concentrates. It also has a chemical-grade lithium concentrates processing plant under construction, which is expected to be completed and put into production in the middle of 2025. Upon completion of the project, it is expected that the total production capacity of the Greenbushes spodumene mine project will reach 2.14 million tons per year.

2. **Supply of Lithium Products**

Driven by the increasing demand from the new energy vehicle industry and the energy storage industry, the global supply of lithium carbonate experienced a rapid growth momentum in 2023. According to the statistics of Fastmarkets in the 4th quarter of 2023, the overall global supply of lithium compounds in 2023 was approximately 860 thousand tons LCE, representing an increase of 26% year on year, among which, the supply of lithium compounds from China accounted for 68% of the total global supply, the supply of the Lithium Triangle in South America accounted for 28%, and other regions such as United States or Australia in aggregate accounted for the remaining 4%. At the same time, as more countries and regions raise the importance of lithium resources to the national strategic level, many countries and regions are accelerating the construction of local lithium compounds production bases to provide raw materials for local power battery plants. Therefore, it is expected that the sources of lithium compounds will be more diversified, and the total amount of lithium compounds produced outside China will continue to increase.

China currently remains a major supply source of lithium compounds. According to the statistics of the lithium branch of China Non-Ferrous Metals Industry Association, in 2023, the total output of lithium compounds in China only accounted for 47% of the total established production capacity of basic lithium compounds nationwide. With the rapid commissioning and capacity release of new projects, the production output of lithium compounds in China is expected to keep increasing in the future. The Company has been focusing on the processing sector of lithium chemical products for years, and it has five established production bases for lithium chemical products at present, which are located in Shehong, Sichuan Province, Anju, Sichuan Province, Tongliang, Chongqing and Zhangjiagang, Jiangsu Province in China as well as Kwinana, Australia (Train I), respectively, the total annual capacity of which amounting to 88.8 thousand tons of lithium compounds. Meanwhile, the Company plans to develop battery-grade lithium hydroxide projects with annual capacity of 30 thousand tons and 24 thousand tons in Zhangjiagang and Kwinana, Australia (Train II) respectively, and the Company is also conducting a feasibility study for developing a 1,000-ton lithium metal and ancillary raw materials project in Chongqing. It is expected that upon the completion of the above projects, the total production capacity of the Company's lithium compounds will reach 143.8 thousand tons per year, further consolidating the Company's leading position in the lithium chemical industry.

(III) Lithium Product Market Analysis

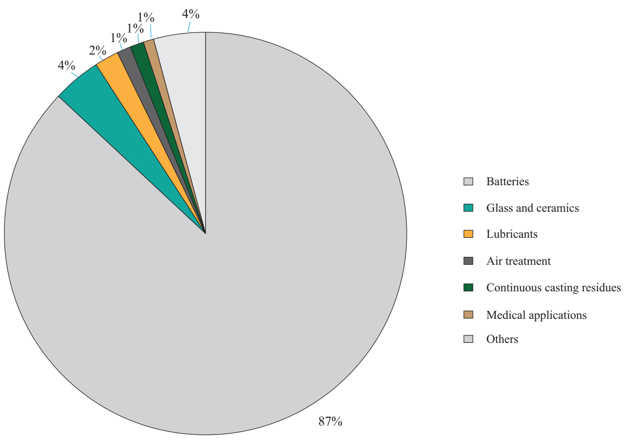
1. Application of lithium products

Lithium is a key raw material in the upstream sector of the lithium-ion battery end-product industry chain, being one of the essential metal materials in the production of lithium batteries. Lithium resources are processed into lithium chemical products such as lithium carbonate, lithium hydroxide and lithium chloride, which are widely used in power batteries, consumer electronics, new energy storage batteries and other traditional applications. Lithium batteries made from lithium have the characteristics of light weight, high energy density and good cycle performance.

According to the data of the Mineral Commodity Summaries 2024 (《礦產品概要2024》) issued by the USGS, the demand for lithium-ion batteries has increased significantly due to the wide application of rechargeable lithium batteries in electric vehicles, portable electronic devices, power tools and electric energy storage. In 2023, 87% of global lithium resources were mainly used in batteries, 4% in ceramics and glass, 2% in lubricants, 1% in air treatment, 1% in continuous casting residues, 1% in medical applications and 4% in others. The four core materials of lithium-ion batteries include cathodes, anodes, electrolyte and separators, and other auxiliary materials mainly include composite copper foil and structural components.

Lithium is mainly used in cathodes and electrolyte of battery, and is one of the key materials that determine the performance of lithium batteries as it directly affects the core indicators of power batteries, such as energy density, safety, cycle life and low-temperature performance. Currently, commercial cathode materials commonly used are mainly divided into ternary materials, lithium iron phosphate, Lithium manganate and lithium cobalt oxide, among which ternary materials and lithium iron phosphate are two mainstream routes in parallel. With the continuous advancement of lithium battery technology and further expansion of the market, lithium is playing an increasingly prominent role in improving the performance of batteries, and its market demand is expected to continue to grow.

Global application scenarios of lithium resources in 2023



(Source: USGS)

Applications in cathode materials

Lithium iron phosphate	• Features: good thermal stability and high cycle life, but relatively poor performance such as discharge plateau and compaction density • Main applications: passenger cars and commercial vehicles with low-to-medium endurance requirements, and energy storage
Ternary materials	• Features: better discharge plateau, energy density and compaction density than lithium iron phosphate, but relatively poor high temperature performance • Main applications: being used in mid-to-high-end new energy vehicles with high endurance mileage requirements, and replacing part of the market share of lithium cobalt oxide in the field of consumer electronics
Lithium manganate	• Features: low cost and high safety, but relatively poor energy density and cycle life • Main applications: low-end electric vehicles with low endurance mileage such as light-duty power vehicles and logistics vehicles
Lithium cobalt oxide	• Features: excellent performance in energy density, but relatively poor safety and cycle life • Main applications: portable devices in consumer electronics

(Data source: compiled by the Company based on public information)

2. Demand for Lithium Products

According to the research and analysis of Guotai Junan Securities, the global demand growth of the lithium industry mainly comes from new energy vehicle industry and energy storage industry. Although the growth rate of the new energy vehicle industry slowed down in 2023, its large base figure still made it the major driver of lithium demand growth. Also, the current demand for lithium resources in the energy storage industry is relatively small, but it is expected to achieve rapid growth in the next few years and become an important force in driving the growth of lithium demand.

The White Paper on the Development of the Cathode Materials for Lithium-ion Battery Industry in China (2024) (《中國鋰離子電池正極材料行業發展白皮書(2024年)》) jointly released by EV Tank, a research institute, and China YiWei Institute of Economics reveals that in 2023, the global shipment of lithium-ion batteries amounted to 1,202.6GWh, representing a year-on-year increase of 25.60%. In terms of shipment structure, in 2023, the global shipment of automobile power batteries amounted to 865.20GWh, marking a year-on-year increase of 26.50%; the shipment of energy storage batteries was 224.20GWh, up 40.70% year-on-year; and the shipment of small batteries was 113.20GWh, representing a year-on-year decrease of 0.90%. The shipment of lithium-ion battery in China reached 887.40GWh, representing a year-on-year increase of 34.30%, accounting for 73.80% of the global shipment of lithium-ion battery. Going forward, EV Tank expected the global shipment of lithium-ion batteries to reach 1,926.00GWh and 5,004.30GWh in 2025 and 2030, respectively.

(1) Electric Vehicles

In the context of vigorously promoting energy transition and carbon neutrality globally, in recent years, global electric vehicles have entered a stage of rapid development. The rapid development of the electric vehicle industry has greatly stimulated the demand for lithium-ion power batteries. According to preliminary statistics of Changjiang Securities Research Institute (長江證券研究院), in 2023, the global sales volume of new energy vehicles reached 13.71 million units, representing a year-on-year increase of approximately 32%. Due to the high base figure, its sales results remained strong in absolute terms despite the slowdown of growth rate. In terms of penetration, the global penetration rate of new energy vehicles was 20% in December 2023, representing a year-on-year increase of 3 percentage points and a month-on-month increase of 1 percentage point.

The PRC market: In 2023, new energy vehicles in China continued to record remarkable production and sales performance, and the penetration rate of new energy vehicles continued to rise. According to the statistics of China Association of Automobile Manufacturers ("CAAM"), in 2023, under the support of policy and market, new energy vehicles in China (including pure electric vehicles, plug-in hybrid electric vehicles and fuel cell vehicles) continued to grow rapidly. The production volume and sales volume of new energy vehicles were 9.587 million units and 9.495 million units, respectively, representing a year-on-year increase of 35.8% and 37.9%, respectively. The penetration rate amounted to 31.6%, 5.9 percentage points higher than the same period in 2022. In 2023, the domestic sales volume of new energy vehicles was 8.292 million units, representing a year-on-year increase of 33.5%; the export volume of new energy vehicles was 1.203 million units, representing a year-on-year increase of 77.6%. The export of new energy vehicles recorded sustained growth and showed potential to become an important driving force for the development of China's new energy vehicle industry.

The European market: In 2023, a number of European countries encountered pressure on sales performance of new energy vehicles as their base figures of sales volume for the corresponding period of 2022 were high. However, markets like Italy and Spain continued their growth trajectory of new energy vehicles sales in 2023 as these markets had low penetration rate and wide market space for new energy vehicles. According to the research data of Haitong International, in 2023, the cumulative sales of electric vehicles in Europe was approximately 3 million units, representing a year-on-year increase of 17%.

The U.S. market: In 2023, the market of new energy vehicles in the U.S. saw rapid growth under the stimulus of the IRA. According to data of Changjiang Securities Research Institute (長江證券研究所), in 2023, the sales volume of new energy vehicles was 1.465 million units, representing a year-on-year increase of 46.9%, and the penetration rate was 9.1%, representing a year-on-year increase of 2.1%. Among which, sales volume of pure electric vehicles was 1.184 million units, representing a year-on-year increase of 46.2%, while the sales volume of plug-in hybrid electric vehicles was 281 thousand units, representing a year-on-year increase of 49.9%.

Besides, according to data from the China Automotive Battery Innovation Alliance, in 2023, the accumulated production of power batteries and energy storage batteries in total were 778.1GWh, representing a year-on-year increase of 42.5%. Among which, accumulated production of ternary batteries was 245.1GWh, accounting for 32.1% of total production volume and representing a year-on-year increase of 15.3%; accumulated production of lithium iron phosphate batteries was 531.4GWh, accounting for 67.5% of total production volume and representing a year-on-year increase of 59.9%.

Based on the performance of the global new energy vehicle market in 2023, the Research Institute of Economics and Finance of Industrial Securities predicts that with the simultaneous development of the three major new energy vehicle markets in China, Europe and the United States, the global sales of new energy vehicle are expected to exceed 17 million units in 2024 and over 21 million units in 2025. At the same time, in the context of the high prosperity of the new energy vehicle markets, the demand for power battery installed capacity will increase simultaneously. It is expected that the global power battery demand will reach 930GWh in 2024, and the global power battery installed capacity is expected to exceed 1,100GWh by 2025 and enter the TWh Era. Looking to the future, as the market gradually matures, the development of the new energy vehicle industry may shift from scale expansion to steady growth with an emphasis on quality, which will drive the continuous growth in demand for lithium resources.

(2) Energy Storage Battery

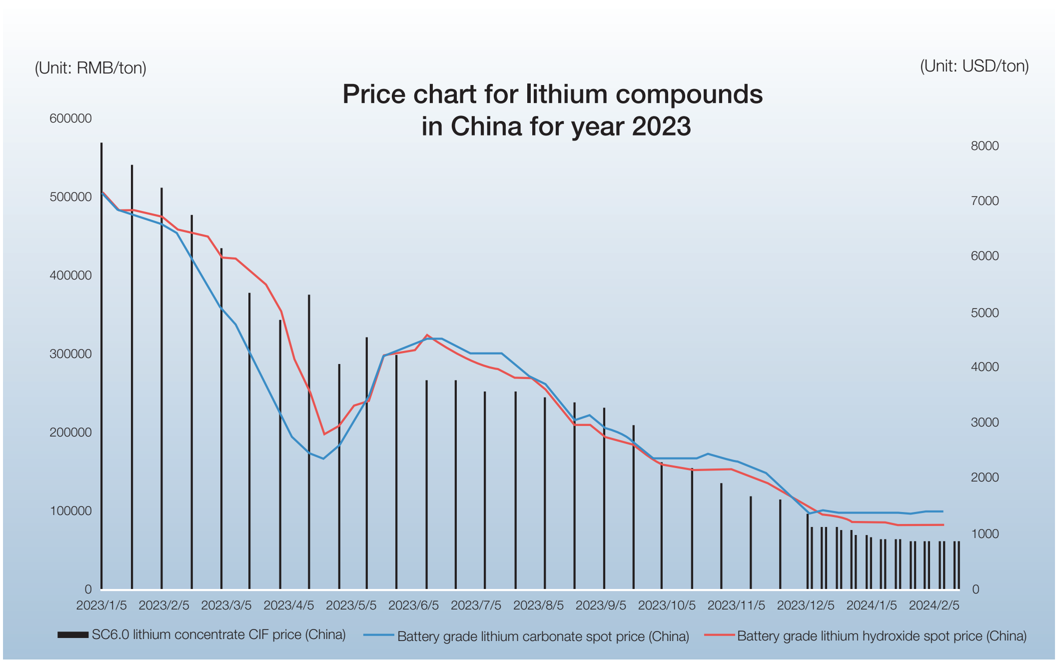
With the increasing global concern over carbon emissions and the strengthening of carbon neutrality strategies, the traditional fossil fuel energy system is rapidly transitioning to a structure centered on clean and low-carbon renewable energy. Against this backdrop, the energy storage sector shows a strong growth momentum. Energy storage demand may come from power station, power grid, power users, base stations and data centers. According to the distribution of energy storage demand of countries in 2023, power station is the major demand side of energy storage in China and the United States, accounting for 59% and 80%, respectively, while power users are the major demand side of energy storage in Europe, accounting for 56%.

The data released by the Power Battery Application Branch of China Industrial Association of Power Sources (the "Power Battery Application Branch") shows that the global shipment of energy storage battery in 2023 was 173GWh (based on data of end markets), representing a year-on-year increase of 60%, among which the shipment of energy storage battery in China was approximately 159GWh and accounted for 92% of the global shipment. According to the forecast of Gaogong Industry Research Institute (GGII), both energy storage battery shipments domestically and internationally will maintain a growth trend in 2024, the shipment of energy storage battery in China is expected to exceed 200GWh, and the annual growth rate may exceed 25%. In terms of installed capacity, the data of the Power Battery Application Branch shows that the global newly installed capacity of new energy storage in 2023 was approximately 35GW, representing a substantial year-on-year increase of 72%, among which the newly installed capacity of lithium battery energy storage projects was approximately 34GW. As of the end of 2023, the global cumulative installed capacity of new energy storage was approximately 81GW. It is estimated that the global newly installed capacity will exceed 50GWh in 2024, representing a potential growth rate of over 50%.

3. Market Condition for Lithium Products

(1) Price Movement of Lithium Compounds

The price of lithium compounds reached the peak in December 2022 but declined from early 2023 due to the mismatch of upstream and downstream production expansion cycles of the industry. A large amount of capital flowing into the upstream sector results in a gradual release of new supply. Meanwhile, the production and sales of downstream sector were affected by the reduction in subsidies for new energy vehicles and changes in consumer psychology. With the stock up in various links in the downstream sector and the growth of demand for new energy vehicles falling short of expectations, there was a reversal in the supply and demand balance of lithium compounds and a downward trend in lithium price. From the early 2023 to April 2023, the average price of lithium carbonate dropped from approximately RMB500 thousand/ton to around RMB180 thousand/ton. Subsequently, driven by production reduction of some companies and the expectation of seasonal increase in end consumption, the production scheduling and inventory stocking in the downstream sector improved, which led to a short-term rebound in lithium carbonate price to around RMB300 thousand/ton. In July 2023, upon the launch of lithium carbonate futures, the market was pessimistic that the follow-up increase in supply would exceed the growth of demand, which, coupled with weak demand under the updated pricing model of lithium ores, jointly led to the continuous fall in the price of lithium compounds. Though the price of lithium compounds experienced a rapid fall in 2023 and the current price is at a relatively low range as compared to historical prices, the long-term demand for lithium compounds remains strong as global concern over carbon emissions is growing and carbon neutral strategies are gaining importance in the long run. The price movement of lithium compounds in 2023 is shown below:

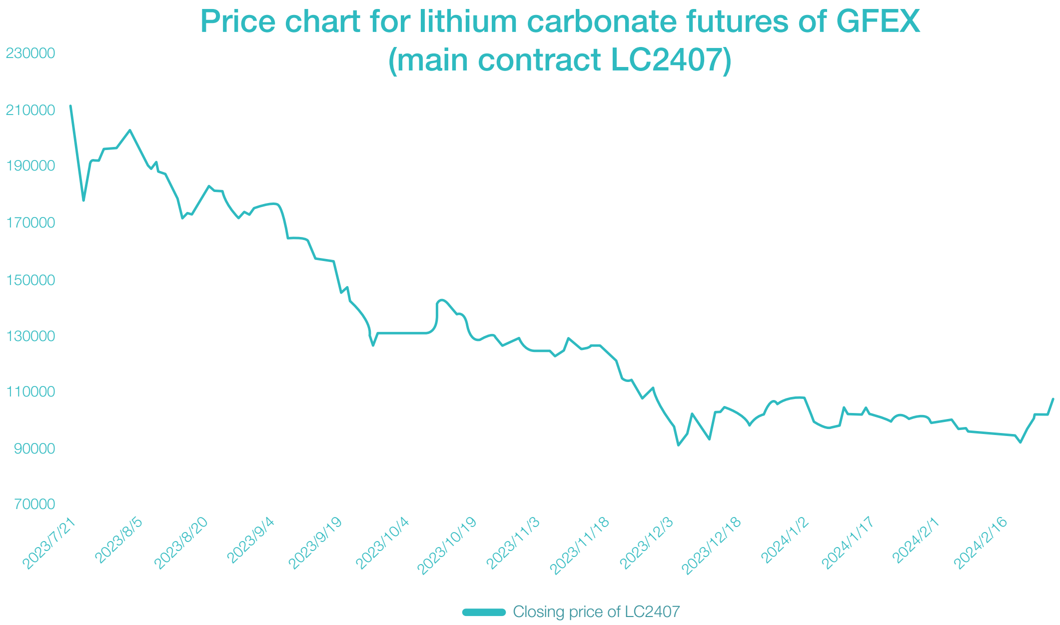


(Source: Fastmarkets)

(2) Price Movement of Lithium Carbonate Futures

On 21 July 2023, the Guangzhou Futures Exchange ("GFEX") officially launched lithium carbonate futures. Following the launch, the market quickly formed a consensus expectation of an oversupply in the fundamentals. In the fourth quarter of 2023, the continuous decrease of orders further strengthened the market's pessimistic sentiment, and the adjustment of lithium ore pricing mechanism further exerted more downward pressure on lithium carbonate price. The price movement of main lithium carbonate futures contract of GFEX since listing is shown below:

(Unit: RMB/ton)



(Source: Guangzhou Futures Exchange)

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is a new energy material enterprise with lithium at its core. It is a dual-listed company on the Shenzhen Stock Exchange (002466.SZ) and the Hong Kong Stock Exchange (9696.HK). With the commitment to realizing its long-term development strategy of "consolidating the upstream industrial advantages, enhancing business development in the midstream, and expanding to downstream sectors", and with the responsibility concept of "changing the world with lithium", the Company has been actively deploying global lithium battery material resources and processing capacity. The Company's business covers key stages of the lithium industry chain, including the development of hard rock lithium mineral resources, the processing and sales of lithium concentrates, and the production and sales of lithium chemical products. The Company has strategically deployed lithium resources in China, Australia and Chile, and has established partnerships with international customers by virtue of its vertically integrated global industrial chain advantages to jointly support the long-term sustainable development of lithium-ion battery technologies in the electric vehicle and energy storage industries.

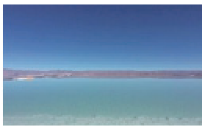
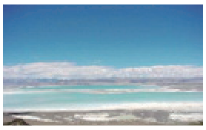
During the Reporting Period, after a series of mining and processing technics, the Company continued to transport Greenbushes high-quality spodumene concentrates to the Company's five domestic and overseas lithium compound production bases for further processing into lithium products and then for sale. The spodumene project at Greenbushes under Windfield was controlled by TLEA, the Company's investment platform in Australia. Benefiting from the vertically integrated operation model, the Company has achieved complete self-sufficiency in raw lithium materials and lower lithium product processing costs. According to the latest data from Fastmarkets in the fourth quarter of 2023, the global cash cost curve for lithium carbonate production showed a ladder-style growth trend, while the Company processed the spodumene concentrates from Greenbushes through the vertically integrated operation model which resulted in average production cost of lithium carbonate at the lower end of the global cost curve for lithium extraction from hard rock lithium mines. At the same time, in order to increase the Company's market share of lithium chemical products, the Company continued to transform some surplus chemical-grade lithium concentrates into lithium compounds for external sales by outsourcing processing.

During the Reporting Period, the revenue of the Group increased from RMB40,168,923 thousand in 2022 to RMB40,448,303 thousand in 2023, representing an increase of 0.70%. Gross profit of the Group increased from RMB34,154,295 thousand in 2022 to RMB34,347,819 thousand in 2023, representing an increase of 0.57%. The profit for the year attributable to equity shareholders of the Company decreased from RMB23,944,590 thousand in 2022 to RMB7,278,343 thousand in 2023, representing a decrease of 69.60%. Total assets of the Group increased from RMB72,558,017 thousand in 2022 to RMB74,969,069 thousand in 2023, representing an increase of 3.32%. Net assets increased from RMB54,758,242 thousand in 2022 to RMB55,955,603 thousand in 2023, representing an increase of 2.19%.

(I) Upstream Lithium Resources Layout

The Company strategically deployed on the world's highest quality hard rock and salt lake lithium resources. With the spodumene mine at Greenbushes owned by Talison, a wholly-owned subsidiary of Windfield, controlled by the Company in Australia, and the Yajiang Cuola Mine in Sichuan, China, which is controlled by the Company, as resource bases, and through investing part of the equity interests in SQM and Shigatse Zabuye, the Company further expanded its layout of high-quality salt lake lithium resources both domestically and internationally. With its high-quality and multi-dimensional lithium resources layout, the Company has now realized 100% self-sufficiency in lithium resources. As at the date of this Annual Report, the Company's key global lithium resources are as follows:

Global Distribution of the Company's Key Lithium Resources

				
Lithium resources project	Greenbushes mine	Cuola mine	Atacama salt lake	Zabuye salt lake
Category of resources	Spodumene mine	Spodumene mine	Lithium salt lake	Lithium salt lake
Geographic location	Australia	Sichuan, China	Chile	Tibet, China
Total resources	1,600 10,000 tons of LCE	63.20 10,000 tons of LCE	1,080 10,000 tons of contained metallic lithium	179 10,000 tons of LCE
Operation status	Under production	Preparation for construction	Under production	Under production

Notes:

1. The resource data of Atacama Salt Lake is the total resource amount of lithium resources that can be extracted by SQM before 2030. This data comes from the 2022 Annual Report disclosed by SQM, the Company's investee;

2. The resource data of Zabuye Salt Lake comes from the 2022 Social Responsibility Report & ESG Report disclosed by its controlling shareholder, Tibet Mineral Development Co., Ltd.

1. Greenbushes mine in Australia

Wood Mackenzie's latest data shows that the Greenbush lithium mine operated by the Company's indirectly controlled subsidiary, Talison, is currently the world's largest lithium mining project under production in terms of both capacity and output. In 2022, Greenbush's lithium concentrates production capacity accounted for approximately 30% of the global total capacity, while its output accounted for around 40% of the global total production. Based on the 2023 production output, the Company ranks as the fifth largest producer for lithium chemical products globally and the second largest in Asia, with its lithium chemical products output accounting for approximately 5% of the global total production.

The Company indirectly obtained the control over the spodumene mine at Greenbushes in Talison, the largest lithium mine project under production with the highest grade in the world, through the acquisition in May 2014. Currently, the project is under mining stage. During the Reporting Period, the total mined spodumene at Greenbushes reached 3.49 million tons and the average grade of ores was 3.18%, including technical grade ores and chemical grade ores. Lithium resources at Greenbushes mine are mainly located at the Central Lode and Kapanga areas. The Central Lode is currently the major source for lithium mining operation while Kapanga is currently still under exploration stage as a mineral resource base. In addition to the above mineral resources, Talison also conducts secondary lithium processing of remaining tailings from previous tantalum mineral operations contained within the Tailing Storage Facility No.1 (TSF1), which existed even before lithium operation in Greenbushes.

Chemical-Grade Plant No. 2 of the spodumene mine project at Greenbushes

In 2023, the total mineral resources were further enhanced with the continuous and intensive exploration and development of the Central Lode and Kapanga areas of the spodumene mine at Greenbushes.

In 2023, Talison updated the its mineral resources and reserves estimates of the spodumene mine at Greenbushes in Australia, which has been assessed by AMC Consultants, a professional organization. As of 31 December 2023, the updated mineral resources of the spodumene mine at Greenbushes increased to 447 million tons in total, with an average grade of lithium oxide of 1.5%, equivalent to approximately 16 million tons LCE; the updated reserves of the spodumene mine at Greenbushes increased to 179 million tons in total, with an average grade of lithium oxide of 1.9%, equivalent to approximately 8.5 million tons LCE.

Aerial view of Greenbushes Mine area

The updated data of mineral resources and reserves of the spodumene mine at Greenbushes was estimated based on Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (the "JORC Code") are as follows:

Items	Classification	As of 31 December 2023		
	Classification of resources	**Tonnage (Mt)**	**Grade of lithium oxide (%)**	**LCE (Mt)**
Mineral resources	Measured resources	0.7	3.0	0.1
	Indicated resources	397	1.5	15
	Inferred resources	49	1.1	1.3
	Total mineral resources	**447**	**1.5**	**16**
	Classification of reserves	**Tonnage (Mt)**	**Grade of lithium oxide (%)**	**LCE (Mt)**
Ore reserves	Proved ore reserves	0.7	3.0	0.1
	Probable ore reserves	178	1.9	8.4
	Total proved and probable ore reserves	**179**	**1.9**	**8.5**

Wood Mackenzie's latest data shows that Greenbushes lithium mine is currently the world's largest lithium mining project under production in terms of both capacity and output. The mine currently has an established capacity of lithium concentrates production of 1.62 million tons per year. With the Chemical-Grade Plant No.3 expected to be put into operation in 2025, its planned production capacity will reach over 2.1 million tons per year. In the mid-term future, Greenbushes also plans to construct the Chemical-Grade Plant No. 4 to further expand the production capacity on lithium concentrates. Lithium concentrates at Greenbushes have been the quality benchmark for the global lithium mining with its excellent and stable product quality for many years.

In 2023, the total output of lithium concentrates at Greenbushes was 1.522 million tons, of which the total output of chemical grade products amounted to 1.447 million tons, and the total output of technical grade products amounted to 75,000 tons. The total output of lithium concentrates was further improved as compared to last year, mainly due to the high grade of raw ores and increased recovery rate benefited from the continuous implementation of business improvement projects of each plant. According to the latest data from Fastmarkets in the fourth quarter of 2023, the spodumene mine at Greenbushes was the lithium mine project with the highest output of lithium concentrates in 2023, accounting for 27% of the total output of global hard rock lithium mine in 2023. Meanwhile, the spodumene mine at Greenbushes was also the mine with the lowest cash cost among the major spodumene mines under production in 2022.

2. *Sichuan Cuola mine*

Cuola Spodumene Mine is located in Xinwei Village, Murong Township, Yajiang County, Ganzi Prefecture, Sichuan Province, which is part of the largest hard rock lithium mine Jiajika ore field in Asia. In December 2008, the Company obtained the exploration rights of the Cuola Spodumene Mine in Yajiang through the acquisition of Shenghe Lithium and obtained the mining rights of the mine in April 2012. At present, the project is under the stage of updating feasibility study and continuing with the relevant work in the preliminary stage of construction. Calculated on the data in the "Competent Person's Report" issued by Behre Dolbear Australia Pty Limited in May 2022, as of 31 December 2021, the Cuola Spodumene Mine had lithium resources of 632,000 tons LCE with a resource grade of 1.3%. The mineral resource details of the project are as follows:

Classification of mineral resources (JORC Code)	Tonnage (Mt)	Grade of lithium oxide (%)	Lithium oxide equivalent (kt)	LCE (kt)
Indicated mineral resources	14.2	1.3	186	461
Inferred mineral resources	5.5	1.3	69	171
Total mineral resources	19.7	1.3	256	632

Note: Relevant data and classification are reported and classified under the JORC Code.

The Company is actively and orderly promoting the relevant work in the feasibility study on the mining and processing project at the Cuola Spodumene Mine in Yajiang. In May 2023, Shenghe Lithium, a former wholly-owned subsidiary of the Company, introduced Zijin Mining Group Co., Ltd. ("Zijin Mining") as its strategic investor by means of capital increase and share capital expansion. According to the "Capital Increase and Share Capital Expansion Agreement" entered into by them, in this capital increase, Zijin Lithium (Hainan) Co., Ltd. ("Hainan Zijin Lithium"), a wholly-owned subsidiary of Zijin Mining, proposed to contribute cash to subscribe for the newly registered share capital of Shenghe Lithium. The Company and its wholly-owned subsidiary Shehong Tianqi waived all the pre-emptive rights for capital contribution to Shenghe Lithium. Upon completion of this capital increase, the Company holds 39.20% equity interest in Shenghe Lithium, Shehong Tianqi, the wholly-owned subsidiary of the Company, holds 40.80% equity interest in Shenghe Lithium, and Hainan Zijin Lithium holds 20% equity interest in Shenghe Lithium. Upon completion of the capital increase and share capital expansion, the Company still has control over Shenghe Lithium, and Shenghe Lithium is still included in the consolidated statements of the Company. As of 27 October 2023, the transaction was completed. Introducing the strategic investor is conducive to optimizing the shareholding structure of Shenghe Lithium, giving full play to the resource advantages owned by the Company, leveraging on the strengths of the strategic investor in mineral development and construction, promoting the construction of the Company's Cuola Spodumene Mine project, further accelerating the conversion of the Company's existing resources into actual production capacity/output supply.

Cuola Spodumene Mine project in Yajiang, Sichuan

In addition, Shenghe Lithium has completed the filing of the Tebaigou Tailing Storage Facility Project of the Cuola Spodumene Mine by the Yajiang County Development and Reform Bureau on 9 January 2024. In the future, the Company will focus on building a world-class green and intelligent mine, and make full effort to promote the construction of the mining and processing project of the Cuola lithium mine in Yajiang.

Upon completion of the project, it will be conducive to further strengthening the Company's resource guarantee capacity, enhancing the stability of the Company's supply chain of raw material for production, especially the supply of raw material for domestic lithium chemical products. Along with the Greenbushes Mine in Australia, the project enables the Company to have dual resource guarantees for its existing and future planned lithium compound production capacity, which helps the Company to achieve a dual-cycle system of integrated supply of lithium concentrates and lithium compounds domestically and internationally in the future.

3. *Other strategic layout*

The Company is one of the few companies in the world that deploy both in high-quality lithium mines and salt lake brine-based mines.

In August 2014, the Company acquired 20% of the equity interests in Shigatse Zabuye to realize its strategic layout in domestic lithium salt lake resources, i.e. Zabuye salt lake in Tibet. Zabuye salt lake in Tibet is a large comprehensive special salt lake deposit featured with solid-liquid coexistence, and is rich in lithium, boron, potassium, with reserved resources for its principal mineral (lithium carbonate) of 1.79 million tons. According to the "2023 Interim Report" of Tibet Mineral Development Co., Ltd., the controlling shareholder of Shigatse Zabuye, Zabuye salt lake in Tibet is the third largest lithium salt lake in the world and the largest lithium salt lake in Asia. The lithium concentration in the brine of Zabuye salt lake in Tibet is second only to the Atacama salt lake in Chile, ranking the second in the world in terms of lithium grade. The Zabuye salt lake in Tibet has the advantages of large lithium carbonate reserves with high grade and low magnesium to lithium ratio.

Zabuye salt lake mine

In December 2018, the Company obtained partial rights in the Atacama lithium salt lake through purchasing of a portion of equity in SQM in Chile. SQM operates the Atacama lithium salt lake project which is the largest brine-based lithium reserve in the world. As one of the world's most high-quality lithium salt lake resources, Atacama salt lake has an extremely high lithium ion concentration and an extremely low magnesium to lithium ratio. The project has resources of approximately 10.80 million tons containing metallic lithium with a lithium ion concentration of 1,840mg/L and a magnesium to lithium ratio of only 6.4, ranking among the top in the world in terms of the resource and grade. As of 31 December 2023, according to the dividend distribution plan announced by SQM, the total amount of dividend received and to be received by the Company in proportion to the shareholding ratio is RMB7.9 billion.

According to Fastmarkets data in the fourth quarter of 2023, Atacama salt lake is also the project with the highest output in the world's lithium salt lakes under production in 2023, accounting for 44% of the overall global supply of salt lakes and its production cost is also at an extremely low level among the global lithium salt lake projects.

4. *Exploration, development and mining production activities for mineral properties*

Currently, the main raw materials for lithium compounds production of the Group come from lithium concentrates of Greenbushes Spodumene Mine, the capacity of which can ensure the Group's access to a stable supply of low-cost and high-quality raw materials, as well as improve the operational efficiency, stability and flexibility of lithium compounds production.

During the Reporting Period, the total mine movements reached 7.99 million cubic meters, in which 3.49 million tons of spodumene ore were mined. Total mining expenses were approximately A$149.8 million. Total spodumene concentrate production was 1,522,297 tons.

Meanwhile, the Greenbushes Mine continued to carry out exploration and other activities. During the Reporting Period, 56,020 meters of drilling has been completed from five core rigs with core returned from 142 holes, with an average size of 98.9mm, across areas including the Central Lode and Kapanga deposits. This led to the continuous upgrade of resource level, which is conducive to the further increase of lithium reserves in Greenbushes. During the Reporting Period, the capital expenditure for mineral exploration of Greenbushes Mine was A$19.4 million.

Central Lode of the spodumene mine at Greenbushes

The spodumene mine project at Greenbushes during the Reporting Period had a total of four construction projects which were being undertaken in the site, including Chemical Grade Plant 3 (CGP3), Mine Services Area (MSA), Accommodation Permanent Village (APV) and Tailings Storage Facility 4 (TSF4), with a total capital expenditure of approximately A$557.9 million during the Reporting Period. By the end of the Reporting Period, construction of the MSA is almost complete with only minor remaining works to be done before handover to relevant team. During the Reporting Period, the CGP3 project was undergoing well with main focus on structural concrete and bulk earthworks and in 2024 the project will be progressing into completing concrete, piping and electrical stage. The project is targeted to be completed with the first ton of ore being processed in mid-2025. The current capital expenditure for this project approved by the Board is A$632 million and A$200.6 million capital cost has been expensed during the Reporting Period. By the end of the Reporting Period, the accumulated incurred capital expenditure of this project has reached approximately A$352.5 million.

(II) Production Capacity Expansion of Midstream Lithium Chemical Products

The lithium chemical products produced by the Company include battery-grade and industrial-grade lithium hydroxide, battery-grade and industrial-grade lithium carbonate, lithium chloride and lithium metal, which are widely used in a number of end markets, mainly including new energy vehicles, electric vessels, energy storage systems, aircraft, ceramics and glass, etc. Over the years, the Company's processing business of lithium products has been developing and expanding, and now has a long-term and proven operation performance which is high-efficient and successful. With its professional knowledge and strong strength, the Company has gradually established a leading position in the domestic lithium chemical industry.

At present, there are five production bases under production and two production bases under construction for lithium chemical products. The production bases for lithium chemical products under production are located in Shehong, Sichuan, Tongliang, Chongqing, Zhangjiagang, Jiangsu, Kwinana, Australia, and Anju, Suining, Sichuan, China.

The Company's current nameplate capacity of lithium chemical products is 88,800 tons per annum. When aggregated with the announced planned capacity of lithium chemical products, the Company's nameplate capacity of lithium chemical products will exceed 140,000 tons per annum.

Sichuan Shehong Production Base is the earliest production base of the Company with various types of products and established operation management. It has an annual capacity of comprehensive lithium chemical products of approximately 24,200 tons with the respective annual capacity of lithium carbonate, lithium hydroxide, lithium chloride and lithium metal of 14,500 tons, 5,000 tons, 4,500 tons and 200 tons.

According to Wood Mackenzie's industry report, Jiangsu Zhangjiagang Production Base stands as the first fully automated battery-grade lithium carbonate production plant under reliable operation worldwide. Currently, it has an annual capacity of 20,000 tons.

Chongqing Tongliang Production Base, as a lithium metal production plant of the Company, is of great significance to the Company's layout in the field of solid-state battery. Currently, it has an annual capacity of 600 tons.

A battery-grade lithium carbonate project with an annual capacity of 20,000 tons under the Sichuan Suining Anju plant was officially completed on 26 October 2023. After that, the first bag of battery-grade lithium carbonate products was produced and passed the sampling test by the Company's internal laboratory on 21 December 2023 through commissioning and optimization in less than two months. The project is currently in the stage of production ramp-up.

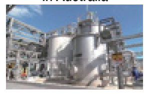
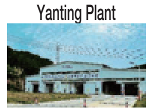
The Company's Train I battery-grade lithium hydroxide project in Kwinana Plant, Australia was the first lithium hydroxide project under production in Australia and also the first overseas lithium hydroxide production line operated by a Chinese enterprise, with a nameplate annual capacity of 24,000 tons and in the capacity ramp-up process now. The lithium hydroxide products from the Train I Project in Kwinana Plant, Australia passed the sampling test by SK On Co., Ltd and Northvolt ETT AB, both as our customers, and started to arrange for delivery from January 2024. The plant was adjacent to the spodumene mine project at Greenbushes, where 100% of the raw materials required for the production of lithium hydroxide were provided by the Greenbushes Lithium Mine project, making the Company the first entity to have a complete and independent production and supply system from lithium concentrates to lithium compounds in Australia. The system helped the Company better cope with the current complex and ever-changing international trade situation.

In addition, the Company initiated a lithium hydroxide project in Jiangsu Zhangjiagang Production Base, aiming to achieve an annual capacity of 30,000 tons. At the same time, the feasibility study for construction of 1,000-ton lithium metal and supporting raw materials project in Chongqing is in progress, and the 24,000-ton battery-grade lithium hydroxide project at the Train II Kwinana Plant is planned to be restarted to further increase the Company's medium-term production capacity of lithium chemical products to over 140,000 tons per year.

Jiangsu Zhangjiagang Base

In addition, the Company has a plant in Mianyang, Sichuan, which is mainly engaged in the comprehensive recycling of bulk industrial solid waste (lithium residues), and the processing and production of high-quality non-metallic new materials – silicon-aluminum powder. The plant of the Company has the world's first production line of silicon-aluminum powder with independent intellectual property rights and with an annual output of 30,000 tons. It is an innovative platform and incubation base for the comprehensive utilization of resources.

Details of the Company's global production bases are as follows:

Production base	Sichuan Shehong Production Base 	Jiangsu Zhangjiagang Production Base 	Chongqing Tongliang Production Base 	Kwinana Plant in Australia 	Sichuan Suining Anju Plant 	Sichuan Mianyang Yanting Plant 
Equity proportion	100%	100%	86.38%	51%	100%	100%
Operation status	Under production	Under production	Under production	Under production	Under production	Under production
Product(s)	Lithium carbonate, lithium hydroxide, lithium chloride and lithium metal	Battery-grade lithium carbonate and battery-grade lithium hydroxide	Lithium metal	Battery-grade lithium hydroxide	Battery-grade lithium carbonate	Silicon-aluminum powder
Established capacity	24,200 tons/year	20,000 tons/year	600 tons/year	24,000 tons/year	20,000 tons/year	30,000 tons/year
Capacity under construction/planned capacity	/	30,000 tons/year	1,000 tons/year	24,000 tons/year	/	/
Total future capacity	24,200 tons/year	50,000 tons/year	1,600 tons/year	48,000 tons/year	20,000 tons/year	30,000 tons/year
Applications	• Cathode materials and electrolyte materials for lithium-ion battery, and solid-state batteries • End-users: new energy vehicles, electric vessels, energy storage, two-wheelers, 3C digital products, etc.	• Cathode materials and electrolyte materials for lithium-ion battery • End-users: new energy vehicles, electric vessels, energy storage, two-wheelers, 3C digital products, etc.	• Solid-state batteries, aerospace, alloy materials, pharmaceuticals, etc.	• Cathode materials for lithium-ion battery • End-users: new energy vehicles, electric vessels, energy storage, two-wheelers, 3C digital products, etc.	• Cathode materials and electrolyte materials for lithium-ion battery, and solid-state batteries • End-users: new energy vehicles, electric vessels, energy storage, two-wheelers, 3C digital products, etc.	• Special glass, glass fiber, functional ceramics, super-hard materials, green new refractory materials and high-end building materials, etc.
Highlights	• Wide range of products • Boasting a mature production, governance and cost management system	• The first fully automated battery-grade lithium carbonate production plant under reliable operation worldwide • Boasting a high level of production technology and processing flow and being considered as a benchmark in the domestic lithium carbonate market in terms of cost control and product quality • Adjacent to the marine terminal with major chemical raw materials being supplied nearby	• Integration of research and development, production and sales of lithium metal • Being expected that the demand for lithium metal in the future market will continue to increase with the gradual maturity, application and popularization of solid-state battery technology	• The Train I Lithium Hydroxide Project in Kwinana Plant, Australia stands as the world's first fully automated battery-grade lithium hydroxide processing plant in operation	• First self-built global automated battery-grade lithium carbonate plant • Boasting a high level of factory automation, process level, emission control indicators, EHS and ESG management level	• The world's first production line with independent intellectual property rights and with an annual output of 30,000 tons of silicon-aluminium powder

(Source: according to the Company's information)

(III) Upstream and Downstream Customers and Cooperation in the Industrial Chain

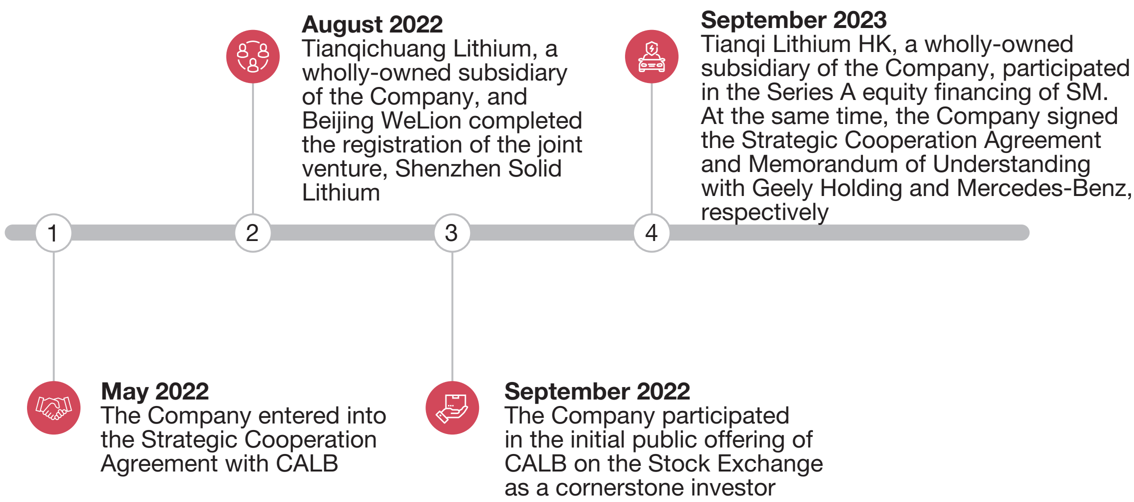
Throughout over 30 years of history in the lithium industry, the Company has currently developed long-term relationships with many preeminent lithium end users globally and in China, through dedicated sales forces and sales landscape coverage. With the continuous growth in the Company's production capacity and the rapid development of the industry, the Company has embarked on an integrated upstream and downstream cooperation model in the industrial chain. The Company's customer structure has become increasingly diverse, with a focus shifting from cathode material industry to the entire industry chain, penetrating cathode materials, batteries and automobiles. During the Reporting Period, the Company started its first cooperation with EV OEMs, becoming a part of the supply chain system of leading companies in the global new energy vehicle industry. The mutual recognition among leading companies in all sectors of the industry chain has been greatly enhanced, and the mutual dependence and stickiness are gradually increasing. The Company has always maintained stable relationships with the majority of customers. The Company has also integrated itself into much of its customers' R&D work, including developing batteries with long-life, high-energy density and high reliability and safety, and has become one of the critical suppliers for many of the customers. The importance of the Company's products within the supply chain of the customers and the products' track record of high quality and consistency have enabled the Company to develop and maintain long-term customer relationships.

The Company has a stable and high-quality customer group primarily consisting of global top-tier battery producers, battery materials producers, new energy vehicle manufacturers, multinational electronics companies and glass producers. In 2022, the Company signed long-term supply agreements with a number of lithium battery materials and lithium battery manufacturers, and established long-term strategic cooperation relationships to strengthen the close connection between the upstream and downstream industrial chains.

In addition, the Company actively promotes the cooperation between the upstream and downstream industrial chains, in order to provide new fields and updated feedback for the Company's business expansion, which is conducive to the implementation of vertically integrated development strategy while exploring the opportunities for development in the industrial chain circle by the Company. In September 2023, Tianqi Lithium HK, a wholly-owned subsidiary of the Company, intended to participate in the Series A equity financing of smart Mobility Pte. Ltd. ("SM"), a new energy vehicle company, by means of subscribing for the newly registered capital. As of the date of this Annual Report, the project has been completed.

The Company will continue to strategically deploy new energy materials and next-generation battery technology manufacturers, including solid-state batteries, in the new energy value chain, and deepen the partnerships with them in such areas as precursor production, battery recycling, etc., pay attention to investment opportunities in electric vehicles and energy storage sectors and actively participate in downstream investment deployment to prepare for the future trend of better utilization of lithium in new battery applications.

Actively Promote the Cooperation Between the Upstream and Downstream Industrial Chains



(IV) R&D Innovation and Improvement in Process Technology

Technological R&D capability is not only the core pillar of the Company's development, but also a solid guarantee to ensure the sustainable business growth. The Company is equipped with a highly skilled R&D team, mature scalable production technology, and extensive innovative experience, offering robust support for the production of high-quality lithium chemical products. During the Reporting Period, the Company further strengthened its management system, refined technical processes and expanded the scope of industry-academic-research cooperation, thereby further enhancing the Company's innovative R&D capability.

The Company has built a strong and stable R&D team over the years, continuously solidifying its traditional core business through research and innovation. While focusing on energy conservation, consumption reduction, and enhancing product quality, it has been actively developing core new products and technologies in the industry, striving for diversified business operations and achieving dual-core drive of both resources and technology. The Company's core R&D team comprises carefully selected experts with balanced expertise, advanced degrees and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy, and other scientific fields crucial to lithium product development. The Company fosters an environment of open and constructive competition internally, with research teams located in Chengdu, Shehong, Zhangjiagang, Tongliang, and Australia. The Company has been honored with several prestigious platforms including National Intellectual Property Demonstration Enterprise (國家知識產權示範企業), National High-tech Industrialization Base for Magnesium and Lithium New Materials (國家鎂鋰新材料高新技術產業化基地), National Enterprise Technology Center (國家企業技術中心), National Technological Innovation Demonstration Enterprise (國家技術創新示範企業), Sichuan Provincial Key Laboratory (四川省重點實驗室), and Sichuan Provincial Engineering Technology Research Center (四川省工程技術研究中心), etc. It has established the "Tianqi Lithium Corporation – Chengdu University of Technology Joint Laboratory for Low-carbon Resource Comprehensive Development and Utilization", participating in the research on innovative technologies for green and efficient separation of salt lake resources, lithium resource extraction and separation, and comprehensive recycling of low-carbon resources.

Laboratory Operation

During the Reporting Period, the Company completed the construction and commissioning of the kilogram-level demonstration line for lithium sulfide products, the key raw material for the next-generation sulfur-based solid-state electrolytes. This achievement enabled stable production of battery-grade lithium sulfide products and the completion of multiple batches of customer sampling. The products were highly rated by target customers. In 2023, the Company's R&D team further enhanced the overall quality of the 20μm ultra-thin lithium metal strips through material refinement control and equipment modularization upgrades. Currently, the ultra-thin lithium strips have passed CNAS certification, and assisted the Institute of Physics, Chinese Academy of Sciences in developing lithium metal batteries with a world record-breaking energy density of over 700Wh/kg; at the same time, the Company also actively engaged in cooperation with downstream players, and has developed anisotropic lithium-copper composite strips for well-known domestic lithium battery companies with a supply capacity at the kilogram level.

In terms of the comprehensive recycling and utilization of lithium residues, the Company completed the output of the laboratory-scale to pilot-scale (60t/dry basis) processing flow packages and the deployment on patents; unveiled and addressed difficulties in the efficient preparation of silicon-aluminum powder with lithium residues and provided basis for the design and construction of plants for the high-value and comprehensive recycling of lithium residues for the preparation of silicon-aluminum powder. In October 2022, the Company established a wholly-owned subsidiary, Yanting New Lithium, mainly engaged in the comprehensive recycling of bulk industrial solid waste (lithium residues), and the processing and production of high-quality non-metallic new materials – silicon-aluminum powder. It now has the world's first production line with independent intellectual property rights and with an annual output of 30,000 tons of silicon-aluminum powder. The production line is of great significance for the Company to unblock the high-value utilization chain of the industrial chain, build an innovative platform and incubation base for the comprehensive utilization of resources, and improve the comprehensive utilization rate of bulk industrial solid waste (lithium residues).

In terms of technological process improvement, the Company adheres to enhancing efficiency, environmental optimization, quality assurance, and safety reliability on existing production lines through technological innovation and transformation, and established goals for technological R&D and technical improvement under the guidance of the Company's strategy and market demand, initiated special projects to address difficulties, and built a production and technology talent team, in order to achieve the strategic objective of "technology-oriented transformation". The Company attaches importance to automation construction of its production subsidiaries, which can help improve both its quality control ability and labor productivity. The subsidiaries, namely Jiangsu Tianqi, Chongqing Tianqi and Shehong Tianqi have all obtained the Automobile Quality Management System Certification issued by TÜV Rheinland. As of 31 December 2023, the Company has applied for 425 patents in total globally and 241 authorized patents were still valid. It has also received one Golden Award for Outstanding Chinese Patented Invention and published 30 high-quality papers, with 20 papers being included in SCI/EI. The Company has been honored with 2 awards for scientific and technological progress at or above provincial and ministerial level, and has undertaken 3 national projects along with 9 provincial scientific and technological projects.

Lithium concentrate production line

Meanwhile, the Company has strengthened the incubation of innovative projects by identifying synergistic models among its strategic, R&D, and external cooperation efforts. It has selected applied projects that align with the Company's strategic development, integrated them systematically, and laid a solid foundation for achieving the Company's development strategy and sustainable growth. Currently, the Company has collaborated with many universities and research institutions in terms of scientific research and talent development. These collaborations cover a spectrum of themes along the lithium resource industry chain, spanning from lithium resource development, basic lithium material, next-generation key battery materials, battery recycling and the high-value and comprehensive recycling and utilization of solid waste resources, providing a driving force for technological innovation breakthroughs. Additionally, the Company has propelled the construction of a world-class R&D platform and established the Tianqi Lithium Innovation and Experiment Research Institute in March 2023, aiming to enhance the Company's applied technology innovation research and international testing and certification capabilities, while serving as an incubator for nurturing talent and facilitating technological transformation.

(V) Overseas Equity Management

In 2023, the Company further enhanced its corporate governance and operations management on overseas controlling subsidiaries. Building upon previous efforts, it continued to expand the scope of governance and control over its controlling subsidiaries, and strengthened the communication and participation between the Company and overseas controlling subsidiaries in daily operations.

As a major investment platform and significant overseas controlling subsidiary of the Company in Australia, TLEA possesses two main overseas assets, Windfield and TLK. In 2023, the Company further exerted governance and control over TLEA and continuously deployed multiple teams of technical experts from various domestic production bases of the Company to Australia. An operational support team has been formed to assist Kwinana in operations management and lithium hydroxide production technology. Additionally, the Company's headquarters also actively organized visits for TLEA management and technical team of TLK to domestic production bases, facilitating the exchange of mature and advanced operational management systems and production technology experiences while further accelerating the commissioning and ramp-up process of the Kwinana Plant.

Production line of Train I Project in Kwinana Plant, Australia

As of the date of this Annual Report, the ramp-up process of the Kwinana Plant has been carrying out in an orderly manner and its battery-grade lithium hydroxide samples were certified by SK On Co., Ltd and Northvolt ETT AB, respectively.

In 2023, the corporate governance of Windfield was further improved. Directors were actively involved in board meetings and strategic discussions at the Windfield's board level, where they performed relevant decision-making responsibilities. In-depth communication was made at the management level of Windfield, and the Company also jointly established a number of special committees with the shareholder representatives of Windfield to regularly discuss special work of Windfield, including production operation, major projects, annual budget, technological upgrading and strategic development, enabling the shareholders to have a better understanding of the operations at Windfield. Furthermore, the Company leveraged shareholder resources to assist Windfield in enhancing its operational management through complementary advantages and facilitate rapid development, effectively safeguarding shareholders' interests at Windfield.

Visited Greenbushes Mine

During the Reporting Period, in face of the current market condition, the Company launched an adjusted product pricing method in line with the market logic and trend in due course, pursuant to which the price of Talison chemical-grade lithium concentrate products was no longer calculated on the basis of the quarterly average price of four major price reporting agencies (Fastmarkets, Benchmark Mineral Intelligence, S&P Global Platts and Asian Metal) and certain shareholders' discount, but on the basis of monthly average price of the above four major price reporting agencies for the previous month and certain shareholders' discount. The adjusted pricing strategy aligns better with market spot prices, thereby enhancing the Company's adaptability to market fluctuations, bolstering its market competitiveness, and further optimizing its business strategy.

(VI) Capital Market and Sustainable Development

In terms of governance structure, the Company is committed to achieving a diversified board composition. In terms of gender, the Board consists of eight Directors, with independent non-executive Directors accounting for 50% and female members accounting for 50%. In terms of professional and industry background, the members of the Board possess extensive experience in one or more areas including lithium industry, corporate governance, finance/accounting, risk management, ESG and strategy. The Board has established five special committees, namely the Audit and Risk Committee, the Remuneration and Appraisal Committee, the Strategy and Investment Committee, the Nomination and Governance Committee and the ESG and Sustainable Development Committee, as internal standing bodies to assist the Board in exercising its powers. These committees are chaired by independent non-executive Directors, with the Audit and Risk Committee's chairperson being an expert in the financial field.

In terms of sustainable development, the Company linked the remuneration performance of senior management with a total of 22 ESG indicators in 2023, ensuring a 100% coverage of ESG indicators in the Company's executive compensation performance. In May 2023, the Company cooperated with a syndicate of banks to complete a structural change to a three-year US$400 million loan linked to sustainability, and obtained dual certification. This linkage involved two ESG-related indicators, aiming at reducing the carbon emission intensity and improving water recycling efficiency, demonstrating that the Company stayed at the forefront of sustainable finance in the country while reducing financial costs. In July 2023, the Company officially issued the White Paper on Sustainable Lithium Industry in Achieving Net Zero, started the "Changing the World with Lithium – Net Zero" initiative, and invited value chain participants to achieve net zero emissions in their business operations by no later than 2050 and strive to reduce other emissions in the value chain.

Thanks to the Company's efforts in environmental, social, and governance (ESG), its ESG rating was upgraded from BB to BBB by Morgan Stanley Capital International (MSCI) in August 2023. In addition, according to the 2023 S&P Global ESG score released by S&P Dow Jones Indices LLC, the Company was also included in the S&P China A300 ESG Tilted Index.

In the meanwhile, the Company actively participated in various capital market and investor relations activities, demonstrating a sincere commitment to investors of all types and protection over the rights and interests of small and medium investors. The Company's recognition and influence in both international and domestic capital markets continue to increase. As of the date of this Annual Report, the Company's A-share stocks have been included in SZSE 50 Index, SZSE Component Index, CSI A50 Index and MSCI China Index, while its H-share stocks have been included in Hang Seng Composite Index and FTSE Russell's Flagship Index, reflecting the recognition for the Company in terms of market value, corporate governance and industry representativeness in the capital market. According to the 2023 "Top 500 Market Capitalization of Chinese Listed Companies" released by Wind, the Company was ranked 165th among the overall listed companies in China and 134th among A share listed companies in terms of market value of the Company in 2023. In 2023, the Company was honored with approximately 40 awards within various categories of the capital market. Leveraging its outstanding practices in the industry, the Company was invited by the SZSE to a collective exchange activity for listed companies themed "Industry Benchmark Laying the Foundation" held at SZSE's Western Base in October 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

(I) Continuously adhere to the development strategy of "consolidating the upstream industrial advantages, enhancing business development in the midstream, and expanding to downstream sectors"

The Company is a new energy material enterprise with lithium at its core. With the commitment to its long-term development strategy of "consolidating the upstream industrial advantages, enhancing business development in the midstream, and expanding to downstream sectors", the Company takes "changing the world with lithium" as its guiding principle, focuses on its core business, and actively deploys global lithium material resources and processing capacity.

1. Continuously consolidate the deployment on upstream lithium resources

The Company has currently deployed high-quality hard rock lithium mines and lithium salt lakes at the same time. With a high-quality and multi-dimensional lithium resources portfolio, the Company has achieved 100% self-sufficiency in lithium resources, ensuring the stability of the supply chain and long-term autonomy in business development.

Resource guarantee is the cornerstone of the Company's operations. The Company will continue to implement the concept of global industrial deployment and expand the portfolio and development on upstream lithium resources in the future. Currently, the Company is actively and orderly promoting the relevant work of the processing plant of the mining and processing of Cuola Spodumene Mine in Yajiang. The Company's holding subsidiary Shenghe Lithium obtained the filing of the Tebaigou tailings storage project of the Cuola Spodumene Mine by the Yajiang County Development and Reform Bureau on 9 January 2024. On 18 March 2024, Shenghe Lithium, along with other lithium industry enterprises in the Jiajika mine area, jointly invested to establish a joint venture company to construct a 220kV power transmission and transformation project to meet the electricity needs of all parties. The establishment of the joint venture company will provide infrastructure support for the subsequent development of the Cuola project. In the future, the Company will focus on building a world-class green and smart mine, and make every effort to promote the work related to the construction of the mining and processing project of Cuola Spodumene Mine in Yajiang. Once completed, the project will further strengthen the Company's ability to guarantee resources and enhance the stability of the Company's supply chain of raw material for production, especially the supply of raw material for domestic lithium compounds production. With the Greenbushes Mine in Australia, the Company has boasted dual resource guarantees for its existing and future planned lithium compounds production capacity, thereby helping the Company to achieve a dual-cycle system of integrated lithium compounds supply for domestic and overseas lithium mines in the future.

In the future, the Company will continue to adopt an open and cooperative attitude, actively scout for high-quality lithium resource projects worldwide, solidify and enhance the Company's leading position in the lithium resource industry. The Company will further strengthen its long-term and stable self-sufficiency in resources through continuous exploration and development, ensuring a solid resource guarantee for the Company's business development.

2. *Focus on increasing production capacity and advance project construction in a stable and orderly manner*

The Company will continue the established business model of "vertical integration", leveraging solid resource security from high-quality resource bases. It will steadily implement and orderly advance the capacity expansion plan on basic lithium chemical products in light of the market condition to further exploit synergies within the industry chain. In terms of production technology, the Company will fully leverage and improve the technical advantages and experience in automatic production to maximize resource utilization, continuously promote the global level of automated production in lithium chemical product plants. The Company has deeply explored in the processing sector of lithium chemical products for years, and currently has a total of five in-production and three under-construction or planned lithium chemical products production base projects.

In the future, the Company will further exploit synergies within the industry chain and expand the lithium chemical products capacities to better achieve the balance of lithium concentrates and lithium chemical products processing capacities.

3. *Establish various forms of strategic partnerships with leading companies upstream and downstream of the value chain*

The Company has a stable and high-quality customer group primarily consisting of global top-tier battery producers, battery materials producers, new energy vehicle companies, multinational electronics companies and glass producers. In 2022, the Company signed long-term supply agreements with a number of downstream manufacturers of lithium battery materials and lithium batteries, and established long-term strategic cooperation relationships to strengthen the close connection between the upstream and downstream industrial chains. In September 2023, Tianqi Lithium HK, a wholly-owned subsidiary of the Company, intended to participate in the Series A equity financing of SM, a new energy vehicle company, by means of subscribing for the newly registered capital. As of the date of this Annual Report, the project has been implemented.

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

(II) Continue to expand the Company's global business and broaden global customer bases

The Company, as an established leader in the global lithium industry, has built up its first-class customer network and become a critical partner in the supply chain of several key battery producers, Electrical Vehicle Original Equipment Manufacturers and new energy vehicle manufacturers around the world. During the Reporting Period, the Company maintained stable relationships with a majority of customers, and signed long-term sales agreements with reputable customers to further develop and maintain stable customer relationship by continuously meeting customers' requirement for high quality and consistency. At the same time, the Company will rely on global economic development, the development of the dynamics of international relations and so on, actively optimize the deployment of overseas businesses, establish a new developing model for the interaction between domestic and overseas businesses, and promote integrated development for domestic and overseas businesses.

(III) Accelerate the pace of transforming into a science and technology based company, build a platform for talent attraction, and improve the Company's core competitiveness

The Company has long attached importance to technology R&D, insisted on building and improving the overall R&D capabilities of its R&D team, and endeavored to build a highly efficient R&D platform. The Company is accelerating the allocation of leading R&D professionals in key areas and planning the direction and implementation path of scientific research in line with the Company's strategic requirements, in order to accelerate the pace of the Company's transformation from a resource-based enterprise to a technology and innovation based enterprise.

The Company has been working on "resources-materials-renewable resources", from the development and comprehensive utilization of lithium ore and lithium brine-based resources to the research on basic lithium materials such as basic lithium salts, special lithium salts, lithium metals and their alloys and lithium strips and their derivative products, and the cutting-edge development of key materials for the next generation of lithium batteries, and further to the recycling of waste lithium batteries and the high-value and comprehensive recycling of lithium residues, to create and form a brand of circular economy in the lithium industry chain. The Company has extensive research and expertise in lithium resources and lithium materials, with rich practical experience especially in the field of the recycling, reduction, harmless treatment and high-value and comprehensive recycling of lithium residues. At the same time, the Company strengthened the incubation of innovative projects, selected applied technology projects in line with the strategic development of the Company by seeking a good synergy model of the strategy, research and development and external cooperation of the Company, and carried out orderly integration, laying a solid foundation for the achievement of the development strategy and sustainable development of the Company. At present, the Company has established a cooperation model with a number of universities and scientific research institutions such as Chinese Academy of Sciences, Tsinghua University and Sichuan University for scientific research and talent cultivation, which covered the upstream, midstream and downstream of the lithium resources industry chain and involved the whole life cycle of "lithium resources development – basic lithium battery materials – key materials for the next generation of batteries – battery recycling – high-value and comprehensive recycling of solid waste resources", which provided the driving force for technological innovation and breakthroughs in the entire lithium resources industry chain.

In the future, the Company will continue its technological innovation and promote the transformation of its technical achievements. In terms of new energy-saving lithium metal extraction technology, the Company will continue to explore the comprehensive utilization of mineral resources and new lithium extraction technology, and complete the establishment of production lines to support the key raw materials for next-generation solid-state batteries. The Company will also optimize the existing battery recycling process, and set up a high-value utilization path for the recycling of batteries. At the same time, the Company will continue to strengthen the transformation and practical application of existing scientific and technological achievements, seek new breakthroughs, actively conduct the market expansion, and evaluate and incubate the achievements in the light of market demand.

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the Group's revenue was RMB40,448,303 thousand, representing an increase of RMB279,380 thousand or 0.70% from RMB40,168,923 thousand in 2022.

The Group's gross profit was RMB34,347,819 thousand, representing an increase of RMB193,524 thousand or 0.57% from RMB34,154,295 thousand in 2022. The basic earnings per share of the Group were RMB4.44.

During the Reporting Period, the profit for the period attributable to equity shareholders of the Company was RMB7,278,343 thousand, representing a decrease of RMB16,666,247 thousand or 69.60% from RMB23,944,590 thousand in 2022. This decrease was primarily due to the following reasons: (1) due to the fluctuation in the market of lithium chemical products, the selling price of the Group's lithium compounds and derivatives decreased compared to last year, resulting in a decrease in the gross profit of lithium compounds and derivatives; (2) the increase in the selling price of lithium concentrates compared to last year led to an increase in the net profit of the Group's holding subsidiary Windfield, and the income tax expenses and the profit attributable to non-controlling interests during the Reporting Period increased accordingly; (3) the share of profits less losses of associates decreased compared to last year; (4) in the last year, SES, an investee of the Group, was listed on the New York Stock Exchange. The Company lost its significant influence on SES due to passive dilution of its shareholding in SES, resulting in other income as the interests in associates were designated from interests in associate into financial assets at FVOCI (non-recycling). There was no such item during the Reporting Period, and other income decreased by approximately RMB1.1 billion compared to last year; (5) taking into account the market conditions, the Company's operating performances and other factors, and in accordance with the relevant accounting policies, the Company performed an impairment test on assets displaying indications of impairment at the date of the 2023 balance sheet and made provisions for impairment losses on the assets with impairment.

2. Analysis of revenue and cost

During the Reporting Period, the Group generated revenue from the sales of lithium concentrates and lithium compounds and derivatives. The total revenue increased by RMB279,380 thousand to RMB40,448,303 thousand in 2023 from RMB40,168,923 thousand in 2022. The growth in total revenue was primarily because the sales volume and average selling price of the Group's lithium concentrates increased during the Reporting Period compared to last year.

(1) Main business by products and regions

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

Unit: RMB'000

	2023		2022		Year-on-year
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	increase or decrease
Revenue	**40,448,303**	**100%**	40,168,923	100%	0.70%
By products					
Lithium concentrates	**27,196,479**	**67.24%**	15,414,461	38.37%	76.43%
Lithium compounds and derivatives	**13,251,824**	**32.76%**	24,754,462	61.63%	-46.47%
By regions					
Mainland China	**34,284,424**	**84.76%**	33,612,173	83.68%	2.00%
Overseas	**6,163,879**	**15.24%**	6,556,750	16.32%	-5.99%

(2) Analysis of cost of sales by products

Unit: RMB'000

	2023		2022		Year-on-year
		Proportion		Proportion	increase
	Amount	of revenue	Amount	of revenue	or decrease
Cost of sales	**6,100,484**	**100%**	6,014,628	100%	1.43%
By products					
Lithium concentrates	**2,599,756**	**42.62%**	2,477,165	41.19%	4.95%
Lithium compounds and derivatives	**3,500,728**	**57.38%**	3,537,463	58.81%	-1.04%
By regions					
Mainland China	**5,107,335**	**83.72%**	4,971,341	82.65%	2.74%
Overseas	**993,149**	**16.28%**	1,043,287	17.35%	-4.81%

3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 84.92%, representing a decrease of 0.11 percentage point from 85.03% in 2022, mainly due to a decrease in the sales prices of lithium compounds and derivatives as a result of changes in market conditions compared to last year, resulting in a decrease in the Group's consolidated gross profit margin.

Gross profit and gross profit margin by products

Unit: RMB'000

	2023		2022	
		Gross		Gross
	Gross profit	profit margin	Gross profit	profit margin
Lithium concentrates	**24,596,723**	**90.44%**	12,937,296	83.93%
Lithium compounds and derivatives	**9,751,096**	**73.58%**	21,216,999	85.71%
Total	**34,347,819**	**84.92%**	34,154,295	85.03%

Gross profit and gross profit margin by regions

Unit: RMB'000

	2023		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Mainland China	**29,177,089**	**85.10%**	28,640,832	85.21%
Overseas	**5,170,730**	**83.89%**	5,513,463	84.09%
Total	**34,347,819**	**84.92%**	34,154,295	85.03%

4. Major customers and suppliers

During the Reporting Period, total sales to the top 5 customers of the Group was RMB31,048,426 thousand (2022: RMB24,303,919 thousand), which accounted for 76.76% of the total sales for the Reporting Period (2022: 60.50%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB1,493,881 thousand (2022: RMB1,250,058 thousand), which accounted for 16.57% of the total purchases for the Reporting Period (2022: 21.34%).

5. Other net income

The other net income of the Group mainly included interest income from bank deposits, net foreign exchange gains and government grants. During the Reporting Period, the other net income of the Group amounted to RMB702,918 thousand, representing a decrease of RMB584,054 thousand from RMB1,286,972 thousand in 2022, which was mainly due to a decrease in the Company's gains on deemed disposal of an associate and gains on partial disposal of an associate during the Reporting Period.

6. Expenses

	For the year ended 31 December 2023	For the year ended 31 December 2022	Changes	Explanations of material changes
Selling and distribution expenses	**33,772**	29,034	16.32%	
Administrative expenses	**641,175**	409,372	56.62%	Primarily due to the increase in employee's salaries, consulting expenses for professional parties, share-based payment expenses and office expenses compared to last year
Research and development expenses	**30,375**	26,703	13.75%	
Finance costs	**550,102**	1,082,721	-49.19%	Primarily due to 1) the decrease in interest expenses compared to last year; 2) the increase in interest income compared to last year

7. Research and development expenses

During the Reporting Period, the research and development expenses of the Group amounted to RMB30,375 thousand, representing an increase of 13.75% from RMB26,703 thousand in 2022, and accounting for 0.08% of the Group's revenue, which was mainly due to the increase in remuneration of the R&D staff and the increase in depreciation and amortization of assets of the R&D department during the Reporting Period.

8. Cash flows

	For the year ended 31 December 2023 RMB'000	For the year ended 31 December 2022 RMB'000	Changes %	Explanations of material changes
Net cash flows generated from operating activities	**22,688,074**	20,297,583	11.78	
Net cash flows (used in)/ generated from investing activities	**(2,022,702)**	744,009	-371.87	Primarily due to the increase in the payment for the purchase of property, plant and equipment and intangible assets during the Reporting Period compared to last year
Net cash flows used in financing activities	**(23,437,996)**	(10,570,625)	121.73	Primarily due to the increase in the cash dividend distributions and dividends paid to non-controlling interests and the decrease in proceeds from issuance of ordinary H shares during the Reporting Period compared to last year
Net (decrease)/increase in cash and cash equivalents	**(2,772,624)**	10,470,967	-126.48	Resulting from the changes of the above-mentioned capital activities

9. Financial position

The non-current assets increased by RMB8,762,882 thousand from RMB46,597,759 thousand as at 31 December 2022 to RMB55,360,641 thousand as at 31 December 2023, mainly due to the increase in the property, plant and equipment, interest in associates, and deferred tax assets during the Reporting Period.

The current assets decreased by RMB6,351,830 thousand from RMB25,960,258 thousand as at 31 December 2022 to RMB19,608,428 thousand as at 31 December 2023, mainly due to the decrease in the trade and other receivables and cash and cash equivalents.

The current liabilities decreased by RMB895,240 thousand from RMB7,555,107 thousand as at 31 December 2022 to RMB6,659,867 thousand as at 31 December 2023, mainly due to the decrease in the current tax resulting from a decrease in profit before taxation during the Reporting Period.

The non-current liabilities increased by RMB2,108,931 thousand from RMB10,244,668 thousand as at 31 December 2022 to RMB12,353,599 thousand as at 31 December 2023, mainly due to the increase in the bank loans and other borrowings and lease liabilities during the Reporting Period.

As at 31 December 2023 and 31 December 2022, the net current assets of the Group amounted to RMB12,948,561 thousand and RMB18,405,151 thousand, respectively, and the net assets amounted to RMB55,955,603 thousand and RMB54,758,242 thousand, respectively.

As at 31 December 2023 and 31 December 2022, the cash and cash equivalents of the Group amounted to RMB9,330,480 thousand and RMB12,289,948 thousand, respectively.

10. Interests in associates and a joint venture

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

	Name of the companies	Group's effective interest	Carrying amounts as at the end of the Reporting Period (RMB'000)	Reversals of impairment losses during the Reporting Period (RMB'000)	Impairment provision (RMB'000)
Associates	SQM	22.16%	27,804,183	–	2,951,938
	Shanghai Aerospace	9.91%	32,557	–	–
	Shigatse Zabuye	20.00%	532,124	–	–
A joint venture	SALA	50.00%	245,348	–	10,990

For the details of the accounting treatments and valuation methods of the associates and a joint venture of the Group, please refer to note 16 and note 17 to the consolidated financial statements in this annual report.

11. Income tax expenses

During the Reporting Period, the income tax of the Group amounted to RMB10,618,195 thousand, representing an increase of RMB1,804,521 thousand from RMB8,813,674 thousand in 2022, which was mainly due to the increase in the taxable income caused by the increase in profit before taxation of Windfield, an overseas subsidiary of the Company, for the Reporting Period.

12. Capital expenditure

During the Reporting Period, the capital expenditure of the Group was RMB6,061,816 thousand, representing an increase of RMB3,839,147 thousand from RMB2,222,669 thousand in 2022. The capital expenditure mainly consisted of expenditures incurred for the purchase of property, land and equipment (including right-of-use assets) and intangible assets. Funds used as capital expenditure of the Group were mainly sourced from cash flows generated from operating activities of the Group, bank borrowings and proceeds from share issuance.

13. Interest-bearing bank and other borrowings

As at 31 December 2023, the interest-bearing bank and other borrowings of the Group amounted to RMB10,481,025 thousand. The interest-bearing bank and other borrowings of the Group that would be due within one year, due within one to two years and due within two to five years amounted to RMB936,267 thousand, RMB2,951,171 thousand, and RMB6,593,587 thousand, respectively. As at 31 December 2023, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 5.22% (31 December 2022: 8.35%) of such outstanding loans was 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 took appropriate financial control measures to reduce financing risks and maintain the debt-to-asset ratio within a reasonable range.

14. Restricted assets

As at 31 December 2023, assets with a total carrying value of RMB55,847,163 thousand of the Group were used as collaterals for bank loans and other banking facilities. Such assets mainly included Windfield's total assets in Australia of RMB21,433,821 thousand, 100% equity interest in TLAI 1 of RMB23,809,761 thousand, and equity investment in SQM of RMB10,541,028 thousand.

15. Gearing ratio

As at 31 December 2023, the Group's gearing ratio, defined as total liabilities divided by total equity, was 33.98%, increased by 1.47 percentage points as compared to that as at 31 December 2022.

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

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

17. Contingent liabilities

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

18. Employees and remuneration system

As at 31 December 2023, the Group had a total of 2,864 employees. In accordance with the PRC Labor Contract Law (中華人民共和國勞動合同法) and other laws and regulations, the Group followed the principles of professionalism, differentiation and unification, established and continuously improved the remuneration management system, actively built the remuneration and welfare system taking into account both external competitiveness and internal fairness, and provided employees with a comprehensive remuneration and welfare consisting of fixed wages, short-term incentives, long-term incentives and employee benefits.

19. Capital commitments

Capital commitments of the Group as at 31 December 2023 were as follows:

	As of 31 December	
	2023	2022
	RMB'000	RMB'000
Contracted for	**1,850,572**	1,477,053

20. Share capital

As of 31 December 2023, the total issued share capital of the Company is 1,641,221,583 shares at the nominal value of RMB1 each; the structure of the Company's share capital was set out as follows:

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

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INFORMATION

Significant investment, material acquisition and disposal

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

The existing significant investments of the Group include the Group's equity interest in SQM, its associate, representing more than 5% of the total assets of the Group as at 31 December 2023. The initial investment of the Group in SQM totalled US$4,115 million (the initial investment amount of the B shares in SQM which had been disposed of was excluded). As at 31 December 2023, the Group held 748,490 Series B shares of SQM and 62,556,568 Series A shares of SQM, which together accounted for 22.16% of the total share capital of SQM, and the carrying amount of the Group's equity interest in SQM was approximately RMB27,804,183 thousand, representing approximately 37.09% of the total assets of the Group as at 31 December 2023. The accumulated impairment of equity interest of the Group in SQM was approximately RMB2,951,938 thousand. As at 31 December 2023, the publicly quoted fair value of the Group's equity investment in SQM amounted to RMB25,799,264 thousand. During the Reporting Period, the investment income recognised by the Group in SQM was approximately RMB2,931,042 thousand, and the dividends received from SQM were equivalent to approximately RMB2,276,088 thousand.

SQM is based in Santiago, Chile. It was founded in 1968 and is currently listed on the New York Stock Exchange and the Santiago Stock Exchange (New York Stock Exchange stock code: SQM; Santiago Stock Exchange stock code: SQM-B, SQM-A). SQM is committed to developing and producing diverse products for several industries essential for human progress, such as health, nutrition, renewable energy and technology through innovation and technological development. SQM aims to maintain its leading world position in the lithium, potassium nitrate, iodine and thermo-solar salts markets. SQM has mining exploitation rights in the Atacama salt lake. The Atacama salt lake is the largest salt marsh in Chile, containing high concentrations of lithium and potassium as well as significant concentrations of sulfate and boron, and is also the world's largest and purest source of active lithium.

The Board of Directors considers that the investment in SQM will enable the Group to benefit from the manufacture and sales of lithium products by SQM and to generate consistent and attractive benefits to us financially.

For further details of SQM's business and interests, please refer to the section headed "Management Discussion and Analysis—Business Review—Upstream Lithium Resources Layout" and note 16 to the financial statements.

Save as disclosed above, the Group did not have any significant investment held, or any material acquisition or disposal of subsidiaries, associates and joint ventures involving an amount exceeding 5% of the total assets of the Group as of 31 December 2023.

For details of other acquisitions and disposals of the Group during the Reporting Period, please refer to the section headed "Other Significant Events during the Reporting Period" below.

Final Dividend

The Board proposed to distribute cash dividend of RMB13.5 (tax inclusive) for every 10 shares to all Shareholders, based on the total share capital as at the record date of shareholding (deducting the number of shares held in the repurchase account of the Company). If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. The above proposal will be put forward at the forthcoming annual general meeting (the "AGM") of the Company for consideration and approval. Upon approval by the Shareholders, it is expected that the final dividend will be distributed within 2 months after the convention of the AGM. The specific arrangements regarding the final dividend and its distribution and the arrangement of the closure of register of members of H Shares will be disclosed separately in the circular for the AGM. The Company will announce separately the expected dividend payment date.

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

1. **Promotion of the election of the new sessions of the Board of Directors and the Board of Supervisors according to laws and regulations**

   The Company held the thirty-fourth meeting of the fifth session of the Board of Directors, the twenty-fourth meeting of the fifth session of the Board of Supervisors and the first extraordinary general meeting of 2023 on 10 March 2023 and 14 April 2023, respectively, at which the following proposals concerning the election of the new sessions of the Board of Directors and the Board of Supervisors were considered and approved, including the election of Mr. Jiang Weiping, Ms. Jiang Anqi, Mr. Ha, Frank Chun Shing and Mr. Zou Jun as executive Directors of the sixth session of the Board of Directors, Mr. Xiang Chuan, Ms. Tang Guoqiong, Ms. Huang Wei and Ms. Wu Changhua as independent non-executive Directors of the sixth session of the Board of Directors, and Ms. Wang Dongjie and Ms. Chen Zemin as non-employee representative Supervisors of the sixth session of the Board of Supervisors. Meanwhile, Mr. Hu Yi was elected as the employee representative Supervisor of the sixth session of the Board of Supervisors at the employee representative meeting held by the Company. On 14 April 2023, the Company held the first meeting of the sixth session of the Board of Directors to elect Mr. Jiang Weiping as the chairman and Ms. Jiang Anqi as the vice chairlady of the sixth session of the Board of Directors, as well as members of each special committee of the Board. Moreover, Mr. Ha, Frank Chun Shing was appointed as the president (general manager) of the Company, Mr. Zou Jun was appointed as the chief financial officer (officer in charge of finance) and executive vice president of the Company, Mr. Guo Wei and Ms. Liu Ying were appointed as executive vice presidents (vice general managers) of the Company, Ms. Xiong Wanyu, Mr. Zhang Wenyu and Mr. Li Guo were appointed as vice presidents (vice general managers) of the Company, and Mr. Zhang Wenyu was appointed as the secretary to the sixth session of the Board of Directors. At the first meeting of the sixth session of the Board of Supervisors held by the Company on the same date, Ms. Wang Dongjie was elected as the chairlady of the sixth session of the Board of Supervisors. The terms of office of the above-mentioned persons are three years and shall expire on the dates of expiration of the terms of office for the sixth session of the Board of Directors and the Board of Supervisors, respectively. Besides, on 13 July 2023, the fifth meeting of the sixth session of the Board of Directors agreed to appoint Ms. Xiong Wanyu (vice president of the Company) as the senior vice president of the Company, and the term shall expire on the date of expiration of the term of office for the sixth session of the Board of Directors.

2. **Release of the strategic plan for the next five years (2023-2027)**

The Proposal on the Strategic Plan for the Next Five Years (2023-2027) of the Company was considered and approved at the thirty-fifth meeting of the fifth session of the Board of Directors held by the Company on 30 March 2023. In the next five years, by fully leveraging the capacity and advantages of existing lithium resources and processing plants, the Company plans to constantly develop the upstream high-quality lithium resources, expand the processing capacity of lithium chemical products, promote partnerships across the downstream industrial chain and relevant opportunities, and strive to increase its market share in related fields. Guided by the application of electric vehicles and energy storage, the Company aims to establish a strong presence across whole industrial chain and proactively connect upstream and downstream operations to achieve synergies that reduce pollution, lower carbon emissions, and to help to cope with climate change. Ultimately, the Company will grow towards a high value-added and technology-driven enterprise.

3. **Completion of the profit distribution for 2022 as an effective means for Shareholders' returning**

At the thirty-fifth meeting of the fifth session of the Board of Directors and the 2022 annual general meeting convened on 30 March 2023 and 16 June 2023, respectively, the 2022 Profit Distribution Plan was considered and approved, pursuant to which the Company proposed to distribute cash dividends of RMB30.00 (tax inclusive) for every 10 shares to all Shareholders on the basis of the share capital entitled to profit distribution as registered on the record date of shareholding of the profit distribution, with no profit distribution in the form of conversion of capital reserve into share capital or distribution of bonus shares. In accordance with the Self-Regulatory Guidelines No.9 for Companies Listed on Shenzhen Stock Exchange – Share Repurchase, the shares in the repurchase account are not entitled to profit distribution. Therefore, the total number of shares of the Company entitled to profit distribution is the total share capital after deducting the number of shares held in the repurchase account of the Company. As of the record dates of shareholding of the profit distribution to the Company's A Shares and H Shares, after deduction of 467,966 A Shares repurchased by the Company, the total number of the Company's A Shares and H Shares entitled to profit distribution is 1,476,631,417 and 164,122,200, respectively. The Company completed the profit distribution regarding A Shares and H Shares on 30 June 2023 and 16 August 2023, respectively, in which total cash dividends paid for A Shares and H Shares amounted to RMB4,429,894,251.00 (tax inclusive) and RMB492,366,600.00 (tax inclusive), respectively. As of the date of this Annual Report, the Company's profit distribution plan for 2022 had been completed.

4. **The Company's capital increase to wholly-owned subsidiaries**

As the implementing body for the acquisition of the equity interest in SQM, Tianqi Xinlong, a wholly-owned subsidiary of the Company, generated a certain amount of internal related recurrent loans during the equity acquisition and repaying syndicated loans of overseas merger and acquisition. To improve Tianqi Xinlong's capital strength, the Company convened the thirty-fifth meeting of the fifth session of the Board of Directors and the twenty-fifth meeting of the fifth session of the Board of Supervisors on 30 March 2023, considering and approving the "Proposal on Capital Increase to the Wholly-Owned Subsidiary" to inject capital into Tianqi Xinlong with the monetary capital of RMB5.7 billion which was included in its registered capital. As of the date of this Annual Report, the Company has completed the capital increase to Tianqi Xinlong.

5. **The Company applied for the registration and issuance of debt financing instruments**

In order to further broaden the Company's financing channels, optimize the debt financing structure, and diversify its debt financing instruments to ensure the stability of cash flows, the thirty-fifth meeting of the fifth session of the Board of Directors and the 2022 annual general meeting were convened by the Company on 30 March 2023 and 16 June 2023, respectively, which considered and passed the "Proposal on the Application for Registration and Issuance of Debt Financing Instruments". The Company intended to file an application to the National Association of Financial Market Institutional Investors (the "NAFMII") for the registration and issuance of debt financing instruments of no more than RMB6.0 billion (including RMB6.0 billion), which would be issued in several tranches according to the actual capital needs. The maturity period for the debt financing instruments registered and issued shall be no more than five years. The specific term of issuance will be determined with reference to the capital needs of the Company and the market conditions. The Company applied to the NAFMII for registration of short-term financing bonds and medium-term notes in December 2023. As of the date of this Annual Report, the Company has received the "Notice of Acceptance for Registration" issued by NAFMII, pursuant to which, the registration of the Company's short-term financing bonds and medium-term notes was approved and accepted by NAFMII. The registered amount for short-term financing bonds is RMB2.0 billion, and the registered amount for medium-term notes is RMB4.0 billion. The Company will disclose the progress of the issuance of short-term financing bonds and medium-term notes in a timely manner in accordance with relevant laws and regulations.

6. **The Company applied for the designated warehouse for lithium carbonate delivery of Guangzhou Futures Exchange**

The sixth meeting of the sixth session of the Board of Directors was convened by the Company on 30 August 2023, which considered and passed the "Proposal on the Application for Designated Warehouse for Lithium Carbonate Delivery of Guangzhou Futures Exchange". The Company was agreed to apply to the GFEX for the qualification of the designated delivery warehouse for lithium carbonate, and the management of the Company was authorized to submit the application materials and handle other relevant matters. The GFEX issued the "Announcement on Adjusting the Designated Delivery Warehouses and Quality Inspection Institutions for Lithium Carbonate Futures" (GFEX [2023] No. 268) on 27 November 2023, adding the Company as a delivery warehouse for lithium carbonate futures effective from the date of the announcement published by the GFEX. The designation of the Company as the delivery warehouse for lithium carbonate futures of the GFEX is conducive to further expanding the Company's reputation and influence in the industry and improving the standard management of the Company.

7. **Progress of battery-grade lithium hydroxide monohydrate project with an annual capacity of 24,000 tons in Kwinana, Australia**

At the 31st meeting of the third session of the Board of Directors convened by the Company on 5 September 2016, the "Proposal on Construction of the Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons" was considered and approved, pursuant to which the Company proposed to invest and construct the Battery-grade Lithium Hydroxide Monohydrate Project in Kwinana, Australia with an annual capacity of 24,000 tons (the "Lithium Hydroxide Project (Train I)" or "the Project"). The Project was carried out by TLK, a controlling subsidiary of the Company incorporated in Australia. The Company disclosed the announcements in relation to the progress of the Lithium Hydroxide Project (Train I) in May and December 2022 respectively. As disclosed in those announcements, after multiple times of commissioning and optimization of the Project, the first batch of approximately 10 tons of lithium hydroxide products passed our internal laboratory's sampling test, and on 19 May 2022, all parameters were confirmed to meet the battery-grade lithium hydroxide standard. Subsequently, samples of this batch of lithium hydroxide products were sent by TLK to SGS-CSTC Standards Technical Services Co., Ltd. in China for independent inspection, and this third-party laboratory confirmed such samples met the GB/T26008-2020 standard in November 2022. TLK has gradually distributed samples of such lithium hydroxide products to potential purchasers for the purpose of customer certification as planned, which is expected to take four to eight months. TLK's management reasonably estimated that the output of the Project was expected to grow steadily from December 2022. Therefore, the Company was of the view that the capacity of the Lithium Hydroxide Project (Train I) would have been up to the standard of commercialized production since 30 November 2022. The Train I Lithium Hydroxide production line has been in stable production from January to April 2023 since its commercial production realized in December 2022, and is in the stage of capacity ramp-up; the Project started equipment maintenance in April 2023 as scheduled, and then encountered some technical problems; it has resumed production on 19 June 2023 and is in the stage of capacity ramp-up as of the date of this Annual Report.

Besides, the Lithium Hydroxide Monohydrate Project in Kwinana ("Train II"), with an annual production capacity of 24,000 tons, is currently in the construction and design stage. In September 2023, the board of directors of TLEA, a subsidiary controlled by the Company, approved the front-end engineering design contract for the project. In November 2023, Kwinana plant formally signed the contract with the contractor. It is expected that the front-end engineering design of Kwinana Train II project will be completed in the second half of 2024.

In addition, TLK distributed the products to the potential purchasers for the purpose of certification in December 2022, January and September 2023, respectively. Up to now, the lithium hydroxide samples distributed by the Company to SK On and Northvolt ETT AB have been certified by them and started shipping in January 2024.

8. **Progress of lithium carbonate project with an annual capacity of 20,000 tons in Anju, Suining**

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

In July 2022, the Company's management reviewed the progress and budget usage of this Project as well as the construction bidding process and agreed to increase the Project's budget to RMB1,484,192,800. In October 2022, the Company's budget management team finally approved the budget of this Project to be RMB1,477,807,100. This Project was completed and started load commissioning as of 27 October 2023. After multiple times of commissioning and optimization, the first batch of battery-grade lithium carbonate products of Anju Project passed our internal laboratory's sampling test, and on 21 December 2023, all parameters were confirmed to meet the battery-grade lithium carbonate standard.

This Project successfully produced the first batch of battery-grade lithium carbonate products, laying the foundation for subsequent continuous mass production of the plant. After achieving continuous and stable production, products will be provided to different customers for quality certification. After the customer's certification is passed, the production capacity will be gradually increased to reach the designed production capacity. The production commencement of this Project will further expand the Company's lithium chemical products processing capacity and enhance Company's profitability and stability of profit growth.

9. Progress of construction of battery-grade lithium hydroxide monohydrate project with an annual capacity of 30,000 tons in Jiangsu Zhangjiagang Production Base

At the 3rd meeting of the sixth session of the Board of Directors convened by the Company on 12 May 2023, the Board of Directors considered and approved the "Proposal on the Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 30,000 Tons and Signing of the Investment Agreement". It was agreed that the Company would construct a battery-grade lithium hydroxide production base in Zhangjiagang Free Trade Zone, Suzhou, Jiangsu Province, and the "Investment Agreement" was signed with Jiangsu Zhangjiagang Free Trade Zone Administrative Committee, pursuant to which, Chengdu Tianqi would inject capital into Suzhou Tianqi, which would make relevant project investment in Zhangjiagang Free Trade Zone. The proposed total investment in the project is approximately RMB3 billion, with the train I project having an annual capacity of 30,000 tons of battery-grade lithium hydroxide monohydrate, including battery grade lithium hydroxide monohydrate (main product) with annual capacity of 30,000 tons and anhydrous sodium sulfate (by-product) with annual capacity of 60,000 tons. The total investment of the train I project will not exceed RMB2 billion (including the amount for land acquisition and reserved land construction, subject to the amount in the final feasibility study report), and will be self-raised. As of the date of this Annual Report, the project commenced construction and the train I project is expected to be completed in two years.

10. Capital increase and share capital expansion of the wholly-owned subsidiary of the Company and introduction of strategic investors

On 30 May 2023, Shenghe Lithium, a former wholly-owned subsidiary of the Company, introduced a strategic investor Zijin Mining, by means of capital increase and share capital expansion. According to the "Capital Increase and Share Capital Expansion Agreement" entered into by them, in this capital increase, Hainan Zijin Lithium, a wholly-owned subsidiary of Zijin Mining, proposed to contribute cash to subscribe for the newly registered capital of Shenghe Lithium. The Company and its wholly-owned subsidiary Shehong Tianqi waived all the pre-emptive rights for capital contribution to Shenghe Lithium. Upon completion of this capital increase, the Company holds 39.20% equity interest in Shenghe Lithium, Shehong Tianqi, a wholly-owned subsidiary of the Company, holds 40.80% equity interest in Shenghe Lithium, and Hainan Zijin Lithium holds 20% equity interest in Shenghe Lithium. Upon completion of the capital increase and share capital expansion, the Company still has control over Shenghe Lithium, and Shenghe Lithium is still included in the consolidated statements of the Company. As of 27 October 2023, the transaction has been completed. In addition, Shenghe Lithium has obtained the filing of the Tebaigou tailings storage facility project of Cuola Spodumene Mine by the Yajiang County Development and Reform Bureau on 9 January 2024. On 18 March 2024, Shenghe Lithium entered into the "Agreement on Co-construction and Sharing of the 220kV Power Transmission and Transformation Project of the Jiajika Mine Area" in Chengdu with Yajiang Sinuowei Mining Development Co., Ltd. (雅江縣斯諾威礦業發展有限公司) and Yajiang Huirong Mining Co., Ltd. (雅江縣惠絨礦業有限責任公司). The three parties were going to jointly establish a joint venture company, which will invest in the construction of the 220kV power transmission and transformation project to meet the electricity needs of all parties.

11. External investment in new energy vehicles by the wholly-owned subsidiary of the Company and participation in the series A equity financing of SM

In line with the development strategy, the Company held the fifth meeting of the sixth session of the Board of Directors on 13 July 2023 to consider and approve the "Proposal on External Investment by the Wholly-Owned Subsidiary and Signing the Share Subscription Agreement". Tianqi Lithium HK, a wholly-owned subsidiary of the Company, intended to participate in the Series A equity financing of SM by means of subscribing for the newly registered capital, and to sign the "Share Subscription Agreement" (the "Subscription Agreement") with SM. According to the Subscription Agreement, the Company planned to, as the lead investor, participate in SM's Series A equity financing with its own funds of US$150 million, and subscribe for 17,605,633 Class A ordinary shares issued by SM. The aggregate financing amount for this round of financing of SM ranges from US$250 million to US$300 million. Prior to this investment of the Company, the substantial shareholders of SM were Zhejiang Geely Holding Group Co., Ltd. and Mercedes-Benz Group AG. After this investment, the Company will hold 17,605,633 Class A ordinary shares of SM, accounting for 2.83% of the total share capital of SM after the investment. On 13 September 2023, the Company signed the "Share Subscription Agreement" with SM in Chengdu and signed the "Strategic Cooperation Agreements" and the "Memorandum of Understanding" with Geely Holding Group and Mercedes-Benz Group AG on the same day as to jointly explore new growth opportunities and bring more innovation and development to the new energy sector. The Strategic Cooperation Agreements and the Memorandum of Understanding are intent documents, some of the terms are not legally binding and will not have significant impact on the Company's current and future operation results. There is uncertainty as to whether the relevant intention content can be implemented and what specific content is to be implemented. Investors are advised to invest rationally and pay attention to the investment risks. As of the date of this Annual Report, the transaction in relation to the investment and share subscription of SM by the Company has been completed.

12. Sale of its Salt Lake assets in Chile by Talison, a wholly-owned subsidiary of Windfield, a majority-owned subsidiary of the Company

Previously, Talison, a wholly-owned subsidiary of Windfield, a majority-owned subsidiary of the Company, established a joint venture SALA with San Antonio Sociedad Contractual Minera in Chile on a 50:50 basis through the Chilean shareholding platform SLI. SALA held 100% equity in Salares 7 salt lake. The exploration and development work for the project has been temporarily suspended.

In 2022, both of the shareholders of SALA, the joint venture, collectively decided to sell the salt lake assets. Through negotiations with the other shareholder of the joint venture and by open bidding, Windfield's board of directors approved the sale of the entire equity in Salares 7 salt lake to Eramet Group for US$95 million on 10 November 2023. Following further negotiations, Eramet Group agreed to pay an additional US$10 million to the shareholders of the joint venture upon obtaining lithium resource mining rights from the Chile government, bringing the total transaction amount to US$105 million. Talison was entitled to receive 50% of this transaction amount according to its 50% shareholding in the joint venture. As at the date of this Annual Report, Talison has received A$50.7 million net of tax for its 50% shareholding of this asset.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

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

Mr. Jiang has over 20 years of experience in the lithium industry. He set up Tianqi Group Company in December 2003, and has acted as the chairman of Tianqi Group Company since its incorporation. Mr. Jiang acquired Shehong Lithium, the predecessor of our Company, through Tianqi Group Company in October 2004, and has been a Director and the chairman of the Board since then. He also served as the general manager of our Company from August 2011 to December 2012. Further, Mr. Jiang has been the vice president of the lithium branch of China Non-Ferrous Metals Industry Association since September 2011. Mr. Jiang has been concurrently serving as the general manager of Tianqi Group Company since June 2023.

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

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

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

Ms. Jiang has nearly 10 years of experience in the lithium industry. She has been serving as the vice general manager and a director of Tianqi Group Company since February 2016 and July 2018, respectively, and served as the general manager from August 2021 to June 2023. She holds various positions in Tianqi Group Company and its subsidiaries. Further, Ms. Jiang currently serves as the directors of TLH and other subsidiaries of the Company.

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

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

Prior to joining the Group, Mr. Ha worked at Olip Italia S.p.A. from August 1997 to May 2002 and Swarovski (Austria). He also worked at Steyr Motors GmbH from November 2011 to December 2020, in which he acted as the CEO and the managing director of Steyr Motors GmbH from November 2018 to August 2019, and the head of the Asia-Pacific region of Steyr from August 2019 to December 2020. Mr. Ha currently also serves as the directors of Chengdu Tianqi, TLEA and other subsidiaries of the Company.

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

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

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

Mr. Zou currently also serves as the directors of various subsidiaries of the Company.

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

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

Independent Non-executive Directors

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

Prior to joining the Group, Mr. Xiang served as a deputy factory director at Daxian Lixin Iron Factory (達縣立新鐵廠) from July 1976 to July 1986, the staff member, the principal staff member and the chief deputy of the Daxian People's Government Office (達縣人民政府辦公室) from August 1986 to October 1991, the chairman of the Daxian Economic Association (達縣經協委) from October 1991 to September 1997, and later joined Tongwei Co. Ltd (通威股份有限公司) (600438.SH) in November 1997 where he served as a director and secretary to the board until October 2004. He also acted as a vice president and secretary to the board of directors of New Hope Liuhe Co., Ltd. (新希望六和股份有限公司) (000876.SZ) from October 2004 to October 2018. Mr. Xiang acted as an independent non-executive director of Xi'an Triangle Defense Co., Ltd. (西安三角防務股份有限公司) (300775. SZ) from March 2017 to September 2022, and served as the chairman and general manager of Chengdu Shucai Business Consulting Center (成都蜀採商務諮詢中心) from November 2018 to January 2024, an independent non-executive director at Lonten Semiconductor Co., Ltd. (龍騰半導體股份有限公司) since October 2019, an independent director of Sichuan Qiangshan Agriculture and Animal Husbandry Technology Co., Ltd. (四川省羌山農牧科技股份有限公司) since April 2020, an independent director of Shanghai Meinong Biotechnology Co., Ltd. (上海美農生物科技股份有限公司) (301156.SZ) since October 2020, an independent director of Ya'an Baitu High New Materials Co., Ltd. (雅安百圖高新材料股份有限公司) since September 2022, and an independent non-executive director of XJ International Holdings Co., Ltd. (希教國際控股有限公司) (01765.HK) since January 2023.

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

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

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

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

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

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

Prior to joining the Group, Ms. Huang worked at the Foreign Economics Affairs office of the Guangzhou Municipal Government from July 1995 to July 1996, Centaline (China) Property Consultants Limited from October 2002 to April 2004 and Grant Sherman Advisory Limited (中證評估有限公司) from May 2005 to April 2015. She also established Hong Kong Appraisal Advisory Limited (香港評值國際有限公司) and has been serving as its managing director since May 2015. Further, Ms. Huang currently serves as the director of Hong Kong branch of China United Assets Appraisal Group (中聯資產評估集團香港分所) and the independent non-executive director of Tenfu (Cayman) Holdings Company Limited (天福(開曼)控股有限公司) (SEHK stock code: 06868) and Beijing Capital Grand Limited (首創鉅大有限公司) (SEHK stock code: 01329). She is also the vice president of the Hong Kong Independent Non-Executive Director Association and the Hong Kong Association of Overseas-Returned Scholars, a director of the Chinese Financial Association of Hong Kong and a founding member and a senior advisor of the HK Bio-Med Innotech Association.

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

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

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

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

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

Supervisors

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

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

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

Ms. Wang holds the legal professional qualification certificate issued by the Ministry of Justice of the People's Republic of China and the senior economist qualification issued by the Ministry of Human Resources of the People's Republic of China.

Ms. Chen Zemin (陳澤敏) ("Ms. Chen"), Chinese, was born in 1973. Ms. Chen is a Supervisor appointed in September 2021. She is primarily responsible for supervising the performance of duties by the Directors and the senior management. Ms. Chen served as a financial director and then a financial manager at Chengdu Tianqi Machinery, Metals & Minerals Import & Export Co., Ltd. (成都天齊機械五礦進出口有限責任公司) from 2001 to 2013. Ms. Chen has successively served as a manager of the funding department, a manager of the financial department, a financial director and a senior vice president of Tianqi Group Company since 2013 and has been a director of Tianqi Group Company since August 2021.

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

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

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

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

Senior Management

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

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

Mr. Guo has over 17 years of experience in the lithium industry. Mr. Guo held various positions at Chengdu Machinery, Hardware and Mineral Import and Export Co., Ltd (成都市機械五金礦產進出口公司), Chengdu Tianqi Machinery, Metals & Minerals Import & Export Co., Ltd. (成都天齊機械五礦進出口有限責任公司) and Tianqi Group Company respectively. Mr. Guo joined our Company in September 2004 where he served as the head of supply department of our Company from September 2004 to November 2006, the assistant to general manager of our Company from November 2006 to May 2009, the vice president (deputy general manager) from May 2009 to February 2021, and the senior vice president (deputy general manager) from February 2021 to April 2022.

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

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

During December 2004 to April 2012, Ms. Liu served various roles at Walmart Inc. including human resources manager, regional personnel manager, senior regional personnel manager and human resources director of the Western China region. She then acted as a human resources director at the Coca Cola Company (Sichuan) between May 2012 to October 2017 (可口可樂(四川)飲料有限公司). Subsequently, Ms. Liu joined our Company as a human resources director in November 2017 and served as a vice president of the Company from February 2021 to April 2022. Ms. Liu resigned as an executive vice president of the Company on 12 April 2024 and ceased to hold any position in the Company since then.

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

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

Ms. Xiong worked at Chengdu Tianqi Import and Export Co., Ltd (成都天齊進出口公司) and Chengdu Tianqi Machinery, Metals & Minerals Import & Export Co., Ltd. (成都天齊機械五礦進出口有限責任公司) during April 2008 to August 2014. Subsequently, she joined our Company in August 2014 and acted as head and director of administration department till February 2021.

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

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

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

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

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

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

Mr. Li has 8 years of experience in the lithium industry. He joined our Company as an investment and development manager in June 2015. Subsequently, Mr. Li served as a manager of the strategic development department from October 2016, and has been the director of strategic development since January 2021. Mr. Li served as the director of the strategic development department of the Company from January 2021 to April 2022, and has been a vice president of the Company since April 2022, responsible for the strategy development, and the investment and M&A matters of the Company. Further, Mr. Li has been a director of Shanghai Aerospace since January 2016. His role as a director of Shanghai Aerospace is of a non-executive nature and is therefore not a full-time role.

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

Joint Company Secretaries

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

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

Ms. Wong Hoi Ting has over 10 years of work experience in the corporate secretarial field and is currently responsible for providing corporate secretarial and compliance services to listed companies.

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

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2023.

MAIN BUSINESS

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

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 150 of this annual report.

DIVIDEND DISTRIBUTION POLICY

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

FINAL DIVIDEND

The Board proposed to distribute cash dividend of RMB13.5 (tax inclusive) for every 10 shares to all Shareholders, based on the total share capital as at the record date of shareholding (deducting the number of shares held in the repurchase account of the Company). If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. The above proposal will be put forward at the forthcoming annual general meeting of the Company for consideration and approval.

The Company will publish an announcement, circular and notice regarding the forthcoming annual general meeting in accordance with the Listing Rules and the Articles of Association. The Company will also make a separate announcement regarding the record date and date of closure of register of members for the payment of the final dividend to the holders of H Shares. It is expected that the final dividend will be distributed within 2 months after the convention of the annual general meeting.

The final dividend will be denominated and declared in RMB. The holders of A Shares will be paid in RMB and the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollar to RMB as announced by the People's Bank of China during the five business days prior to the date of the annual general meeting for approving the declaration of dividend. During the Reporting Period, none of the Shareholders has waived or agreed to waive any dividends.

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

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

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

BUSINESS REVIEW

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

The major risks and coping measures of the Group

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

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

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

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

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

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

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

Coping measures: Generally speaking, lithium resources have certain industry particularity as compared to other resources in non-ferrous metal industry. Despite the cyclical risks of price fluctuations of lithium, the high growth expectations of downstream end-users, especially in the new energy vehicle and energy storage industries, along with strong government support, are objectively present. Therefore, in the medium and long term, the Company believes that the fundamentals of the lithium industry will continue to improve in the next few years. In addition, on 7 July 2023, CSRC approved the registration of lithium carbonate futures and options to be traded on the GFEX. On 21 July 2023, lithium carbonate futures were officially listed for trading on the GFEX. The listing of lithium carbonate futures and options is conducive to improving the lithium carbonate pricing mechanism, increasing price transparency of the lithium market and promoting the long-term development of the lithium industry. On 30 August 2023, during the sixth meeting of the sixth session of the Board of Directors convened by the Company, the "Proposal on the Application for Designated Warehouse for Lithium Carbonate Delivery of Guangzhou Futures Exchange" was considered and passed. The Company agreed to apply to the GFEX for the qualification of the designated delivery warehouse for lithium carbonate, and the management of the Company was authorized to submit the application materials and handle other relevant matters. The GFEX issued the "Announcement on Adjusting the Designated Delivery Warehouses and Quality Inspection Institutions for Lithium Carbonate Futures" (GFEX [2023] No. 268) on 27 November 2023, adding the Company as a delivery warehouse for lithium carbonate futures, effective from the date of the announcement published by the GFEX. The application for warehouses designated by the GFEX for lithium carbonate delivery is conducive to the integration of spot market, futures market and delivery warehouse, thus enhancing risk resistance capacity, market competitiveness and profitability of the Company. In the future, the Company will continue to leverage on its resource and cost advantage, increase investment in research and development, and accelerate innovation based on introduction, digestion and absorption, steadily improve the level of process technologies, increase cooperation with the lithium industry chain upstream and downstream, and strengthen the Company's market competitiveness through continuously enhancing the Company's intrinsic value and innovation capabilities to cope with the adverse effects of cyclical fluctuations in lithium prices.

2. *Risks relating to the capacity ramp-up progress lower than expected, which results in the delay of project income, thus affecting the Company's operating performance*

In November 2022, the product samples of the Train I Lithium Hydroxide Project in Kwinana Plant of the Company had been inspected by SGS-CSTC Standards Technical Services Co. Ltd. in China, a third-party product certification institution, and the product samples met the GB/T26008-2020 standard. To date, the products from the Kwinana Plant passed the sampling test by SK On Co., Ltd and Northvolt ETT AB, both as our customers, and started to arrange for delivery from January 2024.

The Train I Lithium Hydroxide Project in Kwinana Plant of the Company has been in stable production from January to April 2023 since its commercial production realized in December 2022, and is in the stage of capacity ramp-up; the project started equipment maintenance in April 2023 as scheduled, and then encountered some technical problems; it has resumed production on 19 June 2023 and remains in the capacity ramp-up phase at present. On 27 October 2023, a battery-grade lithium carbonate project with an annual capacity of 20,000 tons of Suining Tianqi, a wholly-owned subsidiary of the Company, was completed and started load commissioning. After multiple times of commissioning and optimization, the first batch of battery-grade lithium carbonate products of Anju Project passed our internal laboratory's sampling test, and on 21 December 2023, all parameters were confirmed to meet the battery-grade lithium carbonate standard. Subsequently, the Company will continue to adjust and optimize Anju Project to achieve continuous and stable production of products.

For the above project, it is necessary to gradually improve the load rate for capacity ramp-up before reaching the designed production capacity; in the process of capacity ramp-up, if there are any problems affecting the quality and yield, local process optimization and technical transformation are required to gradually reach the designed production capacity. If the price of the lithium reduces and the above steps are implemented later than expected, the realization of the project income will be delayed and the results of operations of the Company will be adversely affected for a certain period. In addition, the Company has invested capital expenditure in the related project, and the increase in the investment may lead to a lower return on investment than expected, as well as the corresponding capital cost, depreciation after the conversion into fixed assets and other operating costs will be increased.

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

3. *Risks of geopolitical factors and anti-globalization*

Under the background of the global clean energy transition, all countries gradually realized the strategic significance of lithium as an energy metal and successively specified plans on the protection of key metals. Countries like Chile and Mexico started proposing nationalization of lithium resources. On the other hand, major countries with lithium resources in the world tend to promote the integrated construction in the upstream and downstream of local lithium industrial chains to further enjoy the value-added in the processing of lithium resources. Some countries turned to trade protectionism, supporting the development of local enterprises with subsidies and high tariffs to a certain extent. Australian lithium mining enterprises generally released plans on the construction of local lithium chemical products smelting capacity. The United States implemented the "Inflation Reduction Act" to support investment in domestic energy production and manufacturing. It also released explanatory guidance on the definition of "foreign entity of concern", aiming at limiting the involvement of certain foreign entities of concern in the U.S. battery supply chain. Through amendments to its foreign investment law, Canada paid more attention to reviewing foreign investors' investment in specific fields, such as critical minerals and artificial intelligence, etc. Chinese companies in the lithium battery industrial chains may face challenges from the international market, which requires the Company to improve its long-term strategic layout, coping strategy and adaptability.

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

4. *Safety and environmental protection risk*

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

Coping measures: The Company has established the EHS (Environment, Health and Safety) department with professional personnel in place currently as considered and approved at the 32nd meeting of the fifth session of the Board of Directors. The Company will continue to adhere to the project construction and operation management policy of "high-quality, high-standard and high-efficiency", fully demonstrate the safety and environmental protection risk factors in the feasibility study and project design in accordance with the latest regulatory standards, and give priority attention to and conduct forward-looking design; continue to carry out full automation modification of the existing production lines to increase the stability and reliability of operation, minimize manual operation and reduce safety and environmental protection risks; purchase production equipment provided by top suppliers with high safety standard, environmental friendly, energy-efficient and high efficiency to equip all new projects, make the production lines fully automated, intelligent, networked, and timely eliminate hidden problems by real-time monitoring, early warning, transmission and collecting feedback. Meanwhile, the Company will continue to purchase accidental injury insurance for employees, strengthen training and assessment for all employees on safe and clean production, attach great importance to the standardization of production operations of employees, and insist on the continuous improvement of safety and environmental protection contingency plans and preventive drills for employees to fundamentally prevent and control safety and environmental protection problems. In November 2023, the Company established a

Safety Production Committee, which is the highest leadership and decision-making body of the Company in terms of safety production and is responsible for organizing, coordinating, supervising, inspecting, guiding, evaluating and leading works in relation to the Company's safety production and management, covering production safety, fire safety, occupational health and labor protection, emergency rescue and environmental protection. In the future, the Company will ensure stable operation and promote sustainable development by fulfilling the duties of the safety production committee. At the same time, the Company will organize EHS management training on a regular basis and hold a series of activities in EHS Promotion Week in November to December each year to increase awareness and skills of employees of the Company on EHS. Moreover, the Company completed the change of session of the Board of Directors and newly appointed a Director with ESG and sustainable development background as considered and approved at the 1st meeting of the sixth session of the Board of Directors. By enhancing the diversity of the professional background of the Board of Directors, the Company will identify potential environmental protection and green development related risks in advance and improve the standards of environmental protection and sustainable development of the Company from the perspective of ESG and sustainable development strategy.

5. *Potential tax risks in IGO transaction*

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

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

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

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

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

Environmental policies

The Group adheres to the concept of co-existence with ecology and environment and strictly complies with environmental laws and regulations released by the government of the jurisdictions where it operates. It has established corresponding internal management systems, carries out environmental impact assessment and environment monitoring in accordance with laws and continuously upgrades and transforms pollution prevention and control facilities and equipment to ensure their efficient and stable operation, thereby reducing the impact of its operations on the environment. Meanwhile, it pays environmental protection related taxes in full and develops an operation model of sustainable development. As of 31 December 2023, all of the Group's domestic bases and Talison have obtained the ISO14001 environmental management system certification and are subject to internal and external audits each year. For potential issues identified in self-inspections and supervisions, the Group conducts closed-loop rectifications based on the principle of "five determinings" (namely, determining the staff for rectification and acceptance, determining the time for rectification and acceptance, determining the responsibilities and responsible persons, determining rectification standards and determining rectification measures) to increasingly improve the environmental management standards. In addition, the Group sets the annual environmental targets based on the targets of previous years and their achievement and has established the target and performance evaluation systems to further improve the environmental performance of the Group and set up the image of green brands.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board attaches great importance to compliance of the Company's policies and practices with applicable legal and regulatory requirements. As of 31 December 2023, to the best of knowledge and belief of the Board, the Company did not have any material breach of or non-compliance with the laws and regulations applicable to the Company. Neither was there any event that has had significant effect on the business and operation of the Company.

Relationship with employees

The Group provides training opportunities for employees, empowering them in all aspects like professional skills, product knowledge, and comprehensive quality to promote their career and personal development. We pay attention to employees' welfare and regularly review policies on employees' remuneration. We have established and continuously improved the remuneration management system, actively built the remuneration and welfare system taking into account both external competitiveness and internal fairness and provided employees with a comprehensive remuneration and welfare consisting of fixed wages, short-term incentives, long-term incentives and employee benefits. In the future, we will continue to promote long-term employee incentive plans to further enhance their sense of belonging and cohesion and cultivate an employee team with high loyalty.

Employee training by the Company

Relationship with customers and suppliers

The Group adheres to the integrity-oriented principle and opposes unfair competitions, and is committed to conducting business with a high standard of business ethics. It strictly complies with laws and regulations of the PRC and the countries where it operates and prohibits commercial bribery in procurement and sales processes. The Group attaches great importance to the business ethics and capacity building, leads internal and external stakeholders to an integrity culture and actively carries out publicity campaigns and training in business ethics for all senior management and frontline employees. Meanwhile, the Group strives to build a supply chain with integrity and transparency. The Group includes terms of anti-commercial bribery, anti-money laundering and counter-terrorist financing in sales contracts with customers and terms of legitimate procurement commitment in contracts with suppliers and contractors. In addition, the Company is a member of "Corporate Anti-fraud League", continues to exchange ideas on business ethics and anti-corruption with renowned enterprises and works together with them to build a business environment with integrity.

The Group strives to build and maintain long-term and strong relationships with customers. The Group, as an established leader in the global lithium industry, has built a stable and high-quality customer group which consists of global top-tier battery producers, battery materials producers, new energy vehicle manufacturers, multinational electronics companies and glass producers. During the Reporting Period, the Group signed long-term supply agreements with a number of lithium battery materials and lithium battery manufacturers, and established long-term strategic cooperation relationships to strengthen the close connection between the upstream and downstream industrial chains. The Group has further developed and maintained stable customer relationship by continuously meeting customers' requirement for high quality and consistency. At the same time, the Company attaches great importance to the communication with customers. Customers can give their feedback through various channels, such as telephone, email and Wechat official account. The Company specifies requirements for investigation and analysis, processing and feedback in its management system, ensuring that opinions and feedback from customers can be responded to in time and processed properly. In addition, the Group conducts a satisfaction survey among customers on a regular basis each year, makes a root cause analysis of products or services with low satisfaction and makes improvements to them in a timely manner. During the Reporting Period, the customer satisfaction on all domestic production bases of the Group was above 95%.

For suppliers, regarding establishing a green, safe and responsible supply chain as its responsibility, the Group has built a sophisticated procurement management system, integrates the concept of sustainable development into the supply chain management and increases suppliers' awareness of fulfilling responsibilities in clean production, safety and environmental protection, striving to create a mutually beneficial and all-win ecosystem for the industrial chain. The Group has built a system which primarily consists of seven parts, namely responsible mineral supply chain, supplier management, procurement management, consigned processing management, tender management, project procurement management and procurement emergency management, and has developed comprehensive standards and requirements for suppliers' performance through a series of documents. The Group also strictly and systematically manages the screening, admission, audit, assessment and other aspects of suppliers, and conducts due diligence, review and evaluation to reduce various management risks in the supply chain. Meanwhile, the Group is committed to promoting the construction of a responsible mineral supply chain. We have issued and implemented the Responsible Mineral Supply Chain Management Manual, the Responsible Mineral Supply Chain Due Diligence and Risk Identification and Control Procedures, and the Code of Conduct for Responsible Mineral Suppliers, strictly prohibit mining, trading, processing, and exporting of mineral resources in conflict-affected and high-risk areas. We fully respect the rights and interests of workers in mining areas, pay attention to possible environmental and social impacts actively and develop corresponding mitigation measures.

MAJOR CUSTOMERS AND MAJOR SUPPLIERS

For the year ended 31 December 2023, sales from the top five customers and the largest customer of the Group were RMB31,048,426 thousand and RMB26,174,195 thousand, accounted for 76.76% and 64.62% of the total sales of the Company, respectively.

For the year ended 31 December 2023, purchases from the top five suppliers and the largest supplier of the Group were RMB1,493,881 thousand and RMB354,999 thousand, accounted for 16.57% and 3.94% of the total purchases of the Company, respectively.

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

RESERVES

Particulars on changes on the reserves of the Company and the Group during the year ended 31 December 2023 are set out in the consolidated statement of changes in equity on page 153.

CHARITABLE DONATIONS

During the Reporting Period, the total donations made by the Company and its subsidiaries were RMB26,615 thousand.

PROPERTY, PLANT AND EQUIPMENT

Particulars on changes on the property, plant and equipment of the Company and the Group during the year ended 31 December 2023 are set out in note 12 to the consolidated financial statements.

SHARE CAPITAL

Particulars on changes on the share capital of the Company during the Reporting Period are set out in note 29 to the consolidated financial statements.

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

RETAINED PROFITS

For the retained profits of the Company as at 31 December 2023, please refer to note 29 to the consolidated financial statements.

BANK BORROWINGS AND OTHER BORROWINGS

Particulars on bank borrowings and other borrowings of the Company and the Group as at 31 December 2023 are set out in note 24 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

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

FIVE-YEAR FINANCIAL SUMMARY

The following presented the summary of the results and the balance sheets for the past five financial years prepared by the Group in accordance with IFRSs, which is set out below:

	For the year ended 31 December (RMB thousand)				
	2023	2022	2021	2020	2019
Revenue	**40,448,303**	40,168,923	7,597,863	3,215,231	4,816,361
Gross profit	**34,347,819**	34,154,295	4,687,884	1,326,992	2,697,277
Profit/(loss) attributable to the equity shareholders of the Company	**7,278,343**	23,944,590	3,649,185	(1,830,920)	(5,981,435)
Earning/(loss) per share	**4.44**	15.41	2.47	(1.24)	(4.41)

	For the year ended 31 December (RMB thousand)				
	2023	2022	2021	2020	2019
Total assets	**74,969,069**	72,558,017	45,800,308	42,287,895	46,665,888
Total liabilities	**19,013,466**	17,799,775	26,007,356	34,860,069	37,759,569
Net assets	**55,955,603**	54,758,242	19,792,952	7,427,826	8,906,319

DIRECTORS AND SUPERVISORS

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

EXECUTIVE DIRECTORS:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Xiang Chuan
Ms. Tang Guoqiong
Ms. Huang Wei
Ms. Wu Changhua
Mr. Pan Ying (resigned)

SUPERVISORS:

Ms. Wang Dongjie
Ms. Chen Zemin
Mr. Hu Yi
Ms. Yan Jin (resigned)

DIRECTORS' REPORT

Changes to the Information of the Directors, Supervisors and Senior Management

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

Name	Position	Type	Date
Mr. Yan Dong	Senior vice president	Resigned	14 April 2023
Mr. Pan Ying	Independent non-executive Director, chairman of the Nomination and Governance Committee, chairman of the Strategy and Investment Committee, member of the Remuneration and Appraisal Committee, member of the Audit and Risk Committee	Resigned	14 April 2023
Ms. Yan Jin	External Supervisor, chairlady of the Board of Supervisors	Resigned	14 April 2023
Ms. Jiang Anqi	Chairlady of the ESG and Sustainable Development Committee	Resigned	14 April 2023
	Member of the ESG and Sustainable Development Committee	Elected	14 April 2023
Mr. Xiang Chuan	Chairman of the Strategy and Investment Committee	Elected	14 April 2023
	Member of the Nomination and Governance Committee, member of the ESG and Sustainable Development Committee	Resigned	14 April 2023
Ms. Tang Guoqiong	Member of the Nomination and Governance Committee, member of the Remuneration and Appraisal Committee	Elected	14 April 2023
	Member of the Strategy and Investment Committee	Resigned	14 April 2023
Ms. Huang Wei	Member of the Audit and Risk Committee, chairlady of the Nomination and Governance Committee	Elected	14 April 2023
Ms. Wu Changhua	Independent non-executive Director, member of the Strategy and Investment Committee, chairlady of the ESG and Sustainable Development Committee	Elected	14 April 2023
Ms. Wang Dongjie	External Supervisor, chairlady of the Board of Supervisors	Elected	14 April 2023
Ms. Xiong Wanyu	Senior vice president	Appointed	13 July 2023

Note: Mr. Pan Ying, an independent non-executive Director, ceased to serve as a Director and on the relevant Board committees on 14 April 2023 due to the expiration of his term of office. Ms. Yan Jin, a Supervisor, ceased to serve as a Supervisor and the chairlady of the Board of Supervisors from 14 April 2024 due to the expiration of her term of office.

Detailed biographies of the Directors, Supervisors and senior management of the Company are set out in the section headed "Directors, Supervisors and Senior Management" in this annual report. Save as disclosed above, to the best knowledge of the Company, there were no other changes to the information of the Directors, Supervisors and senior management of the Company which were required to be disclosed pursuant to the 13.51B(1) of the Listing Rules during the year ended 31 December 2023 and up to the date of this Annual Report.

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

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

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

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

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

During the year ended 31 December 2023 and up to the date of this Annual Report, none of the Directors, Supervisors or entities connected with Directors or Supervisors has a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, any of its subsidiaries or fellow subsidiaries was a party.

CONFIRMATION ON INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company received from each of its independent non-executive Directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that all independent non-executive Directors are independent during the year ended 31 December 2023 and up to the date of this Annual Report.

REMUNERATION POLICY

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

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

During the Reporting Period, taking into account the actual development and the strategic goals of the Company and with reference to the salary level of the listed peers, the Board considered and approved the Remuneration Plan for Senior Management of the Year 2023. In 2023, the basic salary of the senior management was paid monthly and merit pay was calculated based on the results of annual performance appraisal and their actual term of office and was paid to them after the completion of year-end performance appraisal.

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

DIRECTOR'S REMUNERATION

The Company has formulated the Remuneration Plan for Directors and Supervisors and the Remuneration Plan for Senior Management, and published the same on the website of the SZSE on 30 April 2022 and 14 July 2023, respectively.

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

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

Details of Directors' remuneration is set out on page 197 of this annual report.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 31 December 2023, the interests and short positions of our Directors, Supervisors and chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be separately notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were set out as follows:

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

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at 31 December 2023, Tianqi Group Company had pledged 9,600 thousand A Shares in total to two financial institutions in the PRC, namely China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行) and Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行). As at 6 March 2024, all pledged Shares above have been released from pledge.

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

Save as disclosed above, as at 31 December 2023, none of our Directors, Supervisors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Tianqi Group Company[(3)]	Interest of controlled corporation	A Shares	416,316,432 (L)	28.18%	25.37%
Ms. Zhang Jing[(4)]	Beneficial owner	A Shares	68,679,877 (L)	4.65%	4.18%
	Interest of spouse	A Shares	416,316,432 (L)	28.18%	25.37%
Jiang Jinzhi (蔣錦志)	Interest of controlled corporation	H Shares	9,269,600 (L)	5.65%	0.56%
China International Capital Corporation Hong Kong Securities Limited	Underwriter	H Shares	9,354,916 (L)	5.70%	0.57%
		H Shares	24,618,200 (S)	15.00%	1.50%

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Gold Mountains (Hong Kong) International Mining Company Limited	Beneficial owner	H Shares	9,573,400 (L)	5.83%	0.58%
Zijin Mining Group Co., Ltd.	Interest of controlled corporation	H Shares	9,573,400 (L)	5.83%	0.58%
Morgan Stanley Hong Kong 1238 Limited	Interest of controlled corporation	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Limited	Underwriter	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Holdings Limited	Interest of controlled corporation	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley (Hong Kong) Holdings Limited	Interest of controlled corporation	H Shares	11,324,372 (L)	6.90%	0.69%
China International Capital Corporation (International) Limited	Interest of controlled corporation	H Shares	14,013,716 (L)	8.54%	0.85%
		H Shares	29,277,000 (S)	17.84%	1.78%
LG Chem, Ltd.	Beneficial owner	H Shares	14,360,200 (L)	8.75%	0.87%
HWABAO TRUST CO., LTD	Trustee	H Shares	14,360,200 (L)	8.75%	0.87%
Pacific Asset Management Co., Ltd.	Other	H Shares	14,504,600 (L)	8.84%	0.88%
Morgan Stanley Investments (UK)	Interest of controlled corporation	H Shares	17,245,690 (L)	10.50%	1.05%
		H Shares	8,014,032 (S)	4.88%	0.49%
Morgan Stanley International Limited	Interest of controlled corporation	H Shares	17,245,690 (L)	10.50%	1.05%
		H Shares	8,014,032 (S)	4.88%	0.49%

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Morgan Stanley & Co. International plc	Interest of controlled corporation	H Shares	17,245,690 (L)	10.50%	1.05%
		H Shares	8,014,032 (S)	4.88%	0.49%
Morgan Stanley International Holdings Inc.	Interest of controlled corporation	H Shares	28,570,062 (L)	17.40%	1.74%
		H Shares	8,014,032 (S)	4.88%	0.49%

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at 31 December 2023, Tianqi Group Company had pledged 9,600 thousand A Shares in total to two financial institutions in the PRC, namely China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行) and Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行). As at 6 March 2024, all pledged shares above have been released from pledge.

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

Save as disclosed above, as at 31 December 2023, so far as is known to the Directors, none of any other persons (other than the Directors, Supervisors and chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register referred to in section 336 of the SFO.

PERMITTED INDEMNITY

The Company has maintained appropriate liability insurance for Directors and senior management of the Company and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 31 December 2023. Save for the foregoing, during the Reporting Period and up to the date of this Annual Report, the Company had no other permitted indemnity in force.

MANAGEMENT CONTRACTS

During the Reporting Period and up to the date of this Annual Report, the Company did not enter into any contract in respect of the management or administration of the entire or any significant part of the business.

NON-COMPETITION UNDERTAKINGS

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

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

Among the non-competition undertakings, the validity term of the non-competition undertaking made by Tianqi Group Company to the Company on 25 June 2019 shall be five years from the date of issuance of such undertaking. Therefore, the undertaking will expire on 24 June 2024. The Board has received from Tianqi Group Company the Letter of Chengdu Tianqi Industrial (Group) Co., Limited in relation to the Application for Extension of the Term of Non-Competition Undertaking, in which Tianqi Group Company intends to extend the term of the undertaking to 36 months commencing from the date of considering and approving such issue at the annual general meeting of the Company. The Board has convened a Board meeting on 27 March 2024 to consider and approve the Proposal on the Extension of the Term of Non-competition Undertaking of Tianqi Group Company, which is proposed to be submitted to the forthcoming annual general meeting of the Company for consideration. For details, please refer to the circular of the forthcoming annual general meeting of the Company.

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

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in this annual report, as at 31 December 2023, neither the Directors nor any of their associates had any interests in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

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

UTILIZATION OF THE PROCEEDS FROM H SHARE OFFERING OF THE COMPANY

Upon approval by the CSRC in accordance with the Reply on the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) issued on 2 June 2022, the Company issued its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022. A total of 164,122,200 H Shares (before any exercise of the over-allotment option) were issued at the price of HK$82 per share through both public offering and international placement. After deducting underwriting fees and other issuance expenses, the net proceeds from the global offering were approximately HK$13.062 billion, which will be used for the purpose and proportion as set out in the Prospectus. The table below sets out the proposed purposes of the net proceeds and summary of usage as of 31 December 2023:

Unit: HK$ million

Proposed use of proceeds	Planned use of the net proceeds	Utilized net proceeds as of 31 December 2023	Utilized net proceeds during the Reporting Period	Balance as of 31 December 2023	Expected timeline of use of proceeds
Repay the outstanding balance of the SQM Indebtedness	8,865	8,865	0	0	
Fund the construction of Phase I of the Anju Plant	1,170	1,002	638.29	168	From January 2024 to June 2024
Repay certain PRC domestic bank loans	1,721	1,721	0	0	
Working capital and general corporate purposes	1,306	1,306	0	0	
Total	13,062	12,894	638.29	168	

EMPLOYEE STOCK OWNERSHIP PLAN

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

Summary of the Employee Stock Ownership Plan

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

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

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

	Name of participants	Position	Maximum number of units (10 thousand)	Maximum proportion to the Plan
1	Ha, Frank Chun Shing (夏浚誠)	Executive Director/President	190	0.95%
2	Zou Jun (鄒軍)	Executive Director/Executive Vice President/Chief Financial Officer	161	0.81%
3	Guo Wei (郭維)	Executive Vice President/Chief Operating Officer	161	0.81%
4	Liu Ying (劉瑩)[(1)] (resigned in April 2024)	Executive Vice President/Chief Strategic Integration Officer	161	0.81%
5	Yan Dong (閻冬) (resigned in April 2023)	Senior Vice President	137	0.69%
6	Xiong Wanyu (熊萬渝)	Vice President	99	0.50%
7	Zhang Wenyu (張文宇)	Secretary to the Board/Vice President/Joint Company Secretary	24	0.12%
8	Li Guo (李果)	Vice President	84	0.42%
9	Hu Yi (胡軼)	Employee Representative Supervisor/Audit Director	57	0.29%
Other employees of the Company (not more than 231 people)			11,432	57.16%
Subtotal			12,506	62.53%
Reserved			7,494	37.47%
Total			20,000	100.00%

Note:

(1) Ms. Liu Ying resigned as an executive vice president and the chief strategic integration officer of the Company on 12 April 2024.

Shares Granted during the Reporting Period

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

	Number of participants	Total number of units (10 thousand)	Total number of underlying Shares	Approximate percentage of total issued share capital of the Company
Proposed to grant	240	20,000	Approximately 1,780,366 shares	0.11%
Granted	230	11,177	995,000 shares	0.06%

Notes: (1) During the Reporting Period, a total of 10 employees who participated in the Employee Stock Ownership Plan left the job, and therefore 67,400 shares originally granted to them were recovered by the Company. As a result, the number of shares granted as of the end of the Reporting Period decreased as compared to the end of the last year.

(2) From the end of the Reporting Period and up to the date of this Annual Report, there were two employees who participated in the Employee Stock Ownership Plan left the job, and therefore 6,200 shares originally granted to them were recovered by the Company. Besides, the Company granted 257,800 reserved shares to 153 employees. Thus, as of the date of this Annual Report, the actual number of participants and shares granted under the Employee Stock Ownership Plan have been updated to 381 and 1,246,600, respectively.

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

	Outstanding as of 1 January 2023	Number of locked-up shares as of 1 January 2023	Number of shares granted during the Reporting Period	Closing price of the shares immediately before the grant date [1] (RMB per share)	Value of shares granted [2] (RMB)	Unlocked during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Number of locked-up shares as of 31 December 2023	Outstanding as of 31 December 2023
Five highest paid individuals (including Directors) (in aggregate)	45,500	45,500	0	83.98	3,753,750	0	0	0	45,500	45,500
Directors										
Ha, Frank Chun Shing (夏浚誠)	16,900	16,900	0	83.98	1,394,250	0	0	0	16,900	16,900
Zou Jun (鄒軍)	14,300	14,300	0	83.98	1,179,750	0	0	0	14,300	14,300
Other employees	1,016,900	1,016,900	(67,400)	83.98	78,333,750	0	0	0	949,500	949,500

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

(2) The fair value of the shares granted was based on the closing price per A Share on the date of grant. Details of basis for fair value information are disclosed in note 30 to the consolidated financial statements.

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

Source of Shares

The source of shares in the Plan is ordinary A Shares of Tianqi Lithium repurchased through the Company's designated repurchase account. On 21 December 2022, the Company received the Confirmation of Transfer Registration issued by China Securities Depository and Clearing Corporation Limited. 1,312,400 shares of the Company held in the designated account for share repurchase (securities account: 0899990607) have been transferred to the "Tianqi Lithium Corporation – Employee Stock Ownership Plan of the Year 2022" (securities account: 0899357438) by means of non-transaction transfer on 21 December 2022 and the transfer price was RMB0 per share. As of the date of this Annual Report, there were 1,312,400 shares of the Company in the account for the Employee Stock Ownership Plan of the Year 2022 of the Company, accounting for 0.08% of the total share capital of the Company, 1,246,600 Shares of which had been granted, accounting for approximately 0.076% of the total share capital of the Company as at 31 December 2023. The total number of Shares available for grant under the Employee Stock Ownership Plan as at 1 January 2023 and 31 December 2023 is 250,000 and 65,800 respectively.

Transfer Price of Shares

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

Term and Lock-up Period of the Plan

The term of the Plan is 48 months, starting from the date when the Company announced the registration of the last tranche of the target shares under the Plan, i.e., 21 December 2022. The Plan will be automatically terminated if it is not extended upon expiry. If not extended, the remaining validity period of the Plan as at the date of this Annual Report is approximately 33 months. The lock-up period for the shares subscribed/granted under the Plan is 36 months, starting from the date when the Company announced that the last tranche of target shares has been transferred to the Plan, i.e., 21 December 2022; the shares will be unlocked once after the lock-up period expires.

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

1. *Corporate Performance Assessment*

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

2. *Individual Performance Assessment*

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

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2023, the Group did not enter into any connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Albemarle Agreements

During the year ended 31 December 2023, the Group carried out continuing connected transactions with Albemarle Germany. Albemarle Germany is the controlling shareholder of RT Lithium and an associate of RT Lithium. As RT Lithium is a substantial shareholder of Windfield and a connected person of our Company at the subsidiary level, Albemarle Germany is a connected person of our Company at the subsidiary level. As such, the transactions between the Group and Albemarle Germany constituted continuing connected transactions of the Company.

On 28 May 2014, Talison Lithium Australia, a subsidiary of the Company, entered into an off-take agreement and a distribution agreement with Albemarle Germany to set out the terms and conditions under which concentrates to be produced from the Greenbushes Mine would be distributed to the shareholders of Windfield. The off-take agreement and the distribution agreement between Talison Lithium Australia and Albemarle Germany (the "**Albemarle Off-take Agreement**" and "**Albemarle Distribution Agreement**" respectively, and collectively, the "**Albemarle Agreements**") and between Talison Lithium Australia and Tianqi Group HK (the "**Tianqi Lithium Off-take Agreement**" and "**Tianqi Lithium Distribution Agreement**" respectively, and collectively, the "**Tianqi Lithium Agreements**") are on materially identical terms. Tianqi Group HK assigned its rights, benefits and obligations under the Tianqi Lithium Agreements to our Company in October 2014.

On 28 June 2021, our Company, Tianqi Group HK, TLEA and Talison Lithium Australia entered into a novation deed (the "**Talison Novation Deed**"), pursuant to which TLEA was entitled to the rights and benefits of our Company and Tianqi Group HK under the Tianqi Lithium Off-take Agreement and assumed the obligations and liabilities of Tianqi Group HK and our Company under the Tianqi Lithium Off-take Agreement. IGO does not have any rights in the Tianqi Lithium Off-take Agreement. The term of the Talison Novation Deed became effective on the date on which the transaction between the Company and IGO in relation to TLEA was completed, being 2 July 2021.

The Tianqi Lithium Distribution Agreement was not novated to TLEA along with the Tianqi Lithium Off-take Agreement. The Tianqi Lithium Off-take Agreement governs the distribution of chemical grade products while the Tianqi Lithium Distribution Agreement governs the distribution of technical grade products (for further details, please refer to the section headed "**Products and off-take allocation**" below). Since Albemarle Germany takes up the sales of technical grade products outside of the China region, while our Company takes up the sales of technical grade products within the China region, it is not commercially useful for the Tianqi Lithium Distribution Agreement to be novated to TLEA as TLEA does not have presence in the China region. Therefore, the Tianqi Lithium Distribution Agreement has not been novated to TLEA after the transaction conducted between the Company and IGO in relation to TLEA.

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

During the Reporting Period, Talison Lithium Australia has sold concentrates to Albemarle and our Company on materially identical terms including price.

PRODUCTS AND OFF-TAKE ALLOCATION

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

The annual production volume of the Greenbushes Mine is determined with reference to the expected demand of our Company (through TLEA) and Albemarle Germany (through RT Lithium) respectively, taking into account factors such as market demand and the production plans for further product processing. Windfield will devise a production plan based on such expected demand as well as its inventory level and production capacity. Despite the foregoing, given that we are the controlling shareholder of Windfield, we have ultimate control over the production plan of the Greenbushes Mine by exercising our rights through the applicable governance procedures of Windfield.

PRICING POLICY OF THE ALBEMARLE OFF-TAKE AGREEMENT

According to the terms of the Albemarle Off-take Agreement (and the Tianqi Lithium Off-take Agreement), Talison Lithium Australia, our Company, TLEA (pursuant to the Talison Novation Deed) and Albemarle Germany shall negotiate in good faith annually to agree the export price of concentrate payable under the Albemarle Off-take Agreement and the Tianqi Lithium Off-take Agreement, which shall be (i) if there are sales to any person other than Albemarle Germany and our Company (or their respective related body corporate) during that relevant year, the prevailing market price payable by such third party buyer(s); or (ii) if there are no sales to third party(ies) during that relevant year, the last third party price as adjusted to reflect the changes in the global lithium carbonate price from time to time. Separately, the difference in delivery costs will be taken into account in determining the price for domestic deliveries of concentrate (at the specified delivery place in Western Australia). Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and TLEA will bear the subsequent delivery cost from the loading port to the place of delivery.

From 1 January 2016 to 31 December 2023, as we and Albemarle Germany have taken up all of the main production of lithium concentrates from our Greenbushes mine, Talison Lithium Australia did not sell lithium concentrates to any third parties. Since September 2019, the directors of Windfield have resolved at the board meeting that the sales price in the next three years should be updated every six months based on the FOB price (US$/t) published by Fastmarkets, Benchmark Mineral Intelligence, and Asian Metal (collectively referred to as price reporting agencies) for the previous quarter. In December 2022, the board of directors of Windfield resolved that for the next three years from January 2023, the sales price of chemical-grade lithium concentrate products should be updated quarterly with reference to the FOB price (US$/t) published by four price reporting agencies (Fastmarkets, Benchmark Mineral Intelligence, S&P Platts and Asian Metal) in the lithium product market for the previous quarter. In January 2024, the board of directors of Windfield further resolved that the pricing shall be updated based on the prices of the above four price reporting agencies monthly instead of quarterly so as to align better with market spot prices.

As mentioned above, Talison Lithium Australia sold its products to us and Albemarle Germany on materially identical terms, including price.

According to the terms of the Albemarle Distribution Agreement (and the Tianqi Lithium Distribution Agreement), the price of products payable under both agreements is updated annually and is calculated based on the prevailing market price for that product, which will be determined with reference to the import prices of the various lithium products, and also taking into consideration factors including the estimated costs to be incurred in connection with the production of the type of product in the relevant contract year as set out in the approved annual budget (which include, amongst others, packaging costs), the average price received by Talison Lithium Australia from third parties for the type of product, the expected sales volumes, and the grade and specifications of the relevant products. During the Reporting Period, the price of each technical grade product under both agreements was calculated as follows: our Company and Albemarle shall provide their forecast weighted average technical grade product price respectively in the first half and second half of a year (taking into account a reasonable distributor's margin), then the weighted average of the two prices will be taken into account and calculated along with the relative pricing (based on 2018 pricing) of each technical grade product. As such, the price of products under the Distribution Agreement is updated semiannually. In June 2023, the board of directors of Windfield resolved that the pricing of technical-grade products in the Distribution Agreement should be updated quarterly. As mentioned above, Talison Lithium Australia sells its products to us and to Albemarle Germany on materially identical terms, including price. In terms of delivery costs, Talison Lithium Australia will bear the cost of delivery from the Greenbushes Mine to the loading port and Albemarle Germany and the Company will bear the subsequent delivery cost from the loading port to the place of delivery. The Company anticipates that a similar approach will continue to be taken and similar factors will continue to be considered in the future to determine the prices under the Albemarle Distribution Agreement and the Tianqi Lithium Distribution Agreement.

TERM OF THE ALBEMARLE AGREEMENTS

Consistent with common co-investment practice, the Albemarle Agreements will end on the later of (i) 20 years after 28 May 2014; and (ii) the end of the term of the shareholders agreement in respect of Windfield entered into by, among others, our Company, TLEA, RT Lithium and Windfield. It is expected that the term of the Albemarle Agreements will cover the mine life of the Greenbushes Mine, which is expected to be approximately 21 years from 2022 based on the current production plan.

Our Directors, including our independent non-executive Directors, are also of the view that each of the Albemarle Agreements requires a period corresponding to the cooperation term of our Group and RT Lithium and exceeding three years as stipulated in Rule 14A.52 of the Hong Kong Listing Rules, due to the following reasons:

(i) the Albemarle Agreements were agreed in connection with, and as a condition of Albemarle's acquisition of the interest in Windfield in 2014, reflecting the basis upon which the respective shareholder's investments into Windfield were made, and it will be difficult for us to renegotiate and amend the terms of the Albemarle Agreements;

(ii) the ability to sell and distribute lithium concentrates produced from the Greenbushes Mine is the core of our Group's business. Considering the nature of our Group's business and our co-investment relationship with RT Lithium, any disruption to this relationship or the need to renegotiate terms every three years would have a detrimental impact on the business continuity and successful operation of our Group; and

(iii) it is a common practice in the mining industry that such off-take and distribution agreements in co-investment arrangements are usually fixed with a term of more than three years, and in this case it is expected to cover the mine life of the Greenbushes Mine.

Hence, our Directors, including our independent non-executive Directors, are of the view that it is normal business practice for such agreements in the industry such as the Albemarle Agreements to be of relatively long duration corresponding to the mine life of the Greenbushes Mine.

APPLICATION FOR WAIVERS

Under Rule 14A.53(1) of the Hong Kong Listing Rules, an annual cap expressed in monetary terms must be set for continuing connected transactions. Taking into account the unpredictability of price fluctuations in the global lithium market, fluctuations in foreign exchange rate and other factors as stated in the Prospectus, the Company has applied to the Hong Kong Stock Exchange during the Listing of H Shares, and the Hong Kong Stock Exchange has granted a waiver to us from strict compliance with Rule 14A.53(1) of the Hong Kong Listing Rules in respect of the annual caps of the transactions under the Albemarle Agreements to be expressed as the volume of concentrates to be sold under the Albemarle Agreements on the condition that the Company separately discloses the actual transaction volume under the Albemarle Agreements in its future interim and annual financial statements.

EXCEEDED THE 2023 ANNUAL CAP AND UPDATED THE 2024 ANNUAL CAP

As disclosed in the Prospectus, the Group continued the transactions contemplated under the Albemarle Agreements after the listing within the term of the Albemarle Agreements. The estimated annual cap of the transaction volume under the Albemarle Agreements for each of the three years ended/ending 31 December 2022, 2023 and 2024 are 700,000 tons, 740,000 tons and 740,000 tons, respectively. In the course of preparing the Group’s annual results for the year ended 31 December 2023 and reviewing the Group’s continuing connected transactions, the Company noted that the actual transaction volume of continuing connected transactions under the Albemarle Agreements for the year ended 31 December 2023 was approximately 810,000 tons (corresponding to a transaction amount of approximately RMB26.174 billion), which exceeded the estimated annual cap of 740,000 tons for 2023.

	For the year ended 31 December 2023		
	Actual transaction volume (tons)	Actual transaction amounts (RMB’000)	Annual cap (tons)
Albemarle Agreements	**811,710**	**26,174,195**	**740,000**

Given that the actual transaction volume in 2023 has exceeded the 2023 annual cap under the Albemarle Agreements, and taking into account (i) the expected annual production volume and inventory strategy of the Greenbushes Mine in 2024 (determined with reference to existing production capacity, inventory strategy and the capacity increases due to technical process upgrades); (ii) the rapid development of new energy industry in recent years, with an expectation of further increased demand for lithium products; and (iii) the assumption that Albemarle Germany will choose to take up its full primary entitlement of up to 50% of the annual production volume of the Greenbushes Mines, and the procurement volume may be increased accordingly based on the demand for lithium products from its downstream customers, upon review and approval by the Board on 8 March 2024, the estimated annual cap under the Albemarle Agreements for the year ending 31 December 2024 was increased to not exceeding 810,000 tons. The Company will adopt a series of measures to ensure the compliance with the 2024 annual cap under the Albemarle Agreements, or fulfil the relevant requirements as stipulated in 14A.54(1) of the Hong Kong Listing Rules in due course if there is a necessity to exceed the cap.

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

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

(ii) on normal commercial terms or better; and

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

The auditor of the Company has performed certain agreed-upon audit procedures for the above continuing connected transactions entered into by the Group for the year ended 31 December 2023, and concluded that such transactions:

(1) have been approved by the Board;

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

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

(4) have an aggregate amount exceeding the annual cap set by the Company.

For details of the Albemarle Agreements, please refer to the section headed "Connected Transactions" in the Prospectus and the announcement of the Company dated 8 March 2024.

Related party transactions as described in note 34 to the consolidated financial statements do not constitute disclosable connected transactions or continuing connected transactions as defined in the Listing Rules.

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

MAJOR LITIGATION AND ARBITRATION

During the year ended 31 December 2023, the major litigation and arbitration involved in by the Group were as follows:

Case	Amount involved (RMB0'000)	Whether constitutes an expected liability	Progress	Trial results and impact	Enforcement of judgment
Dispute over service contracts between Tianqi Xinlong, Tianqi Lithium and CLSA	3,364.28	No	The second instance of the case came to trial on 13 July 2023, and the hearing was held on 25 December 2023, pending for judgement.	As of 28 April 2021, the Company has provided monetary capitals of RMB328,000 as well as 100% equity interests of Chengdu Tianqi and Shehong Tianqi held by the Company (the specific shareholding proportions subject to the actual preservation by the court) as litigation preservation within the scope of RMB31,123,784.10. Subsequently, the Company requested the court to lift the freezing of equity interests exceeding the amount involved in the case. With the approval of CLSA, the applicant, the Chengdu Intermediate People's Court issued the Civil Verdict on 29 April 2021, ruling that 5% equity interests of Chengdu Tianqi (with a registered capital of RMB2.5 billion) held by Tianqi Lithium shall be frozen for a period of three years and the freezing of equity interests in Shehong Tianqi was lifted. Furthermore, the Company was not involved in circumstance where its equity interests were frozen due to the above appeal.	N/A

SIGNIFICANT EVENTS AFTER THE REPORT PERIOD

After 31 December 2023, the Group did not have any major subsequent events.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has reviewed the accounting principles and practices adopted by the Group, and its audited consolidated financial statements for the year ended 31 December 2023 with the management and external auditor of the Company.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high level of corporate governance practices. Information about the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 119 to 143 of this annual report.

PUBLIC FLOAT

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

AUDITOR

On 18 November 2022, ShineWing Certified Public Accountants LLP (信永中和會計師事務所(特殊普通合夥)) ceased to serve as the domestic auditor of the Company, and KPMG Huazhen LLP and KPMG were appointed as the domestic and overseas auditors of the Company respectively for the year ended 31 December 2022. On 17 November 2023, KPMG Huazhen LLP and KPMG were re-appointed as the domestic and overseas auditors of the Company respectively for the year ended 31 December 2023. Both KPMG Huazhen LLP and KPMG are Public Interest Entity Auditors registered/recognized in accordance with the Accounting and Financial Reporting Council Ordinance. The Company will discuss the appointment of the Company's domestic and overseas auditors for the year ending 31 December 2024 at the forthcoming annual general meeting. Save as disclosed above, the Company did not change its auditor in the past three years.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company as of 31 December 2023.

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

Chengdu, the PRC
27 March 2024

Dear Shareholders,

In 2023, the Board of Supervisors has actively implemented the authorities and duties as prescribed by the Articles of Association and the Rules of Procedure for the Board of Supervisors. By attending or sitting in at the Shareholders' General Meetings, the Board meetings, the meetings of Board committees, reviewing the financial statements and participating in discussions, the Board of Supervisors understood and effectively supervised corporate governance, production and operation, progress of projects under construction, financial conditions, the deposit and use of raised proceeds, internal control as well as the performance of authorities and duties by Directors and senior management, playing an active role in the normative operation of the Company and protecting the legitimate rights and interests of the Company and the Shareholders.

I. COMPOSITION OF THE BOARD OF SUPERVISORS

During the Reporting Period, the term of the fifth session of the Board of Supervisors expired. The 24th meeting of the fifth session of the Board of Supervisors and the first extraordinary general meeting of 2023 were held by the Company on 10 March 2023 and 14 April 2023, respectively, at which relevant resolutions on the election of the new session of Supervisors were considered and passed and non-employee representative Supervisors of the sixth session of the Board of Supervisors were elected. Meanwhile, the employee representative Supervisor of the sixth session of the Board of Supervisors was elected at the employee representative meeting held by the Company. In accordance with the Articles of Association, the Board of Supervisors comprises 3 Supervisors. The members of the sixth session of the Board of Supervisors include: Ms. Wang Dongjie as an external Supervisor, Ms. Chen Zemin as a shareholder representative Supervisor and Mr. Hu Yi as an employee representative Supervisor.

II. CONVENING OF MEETINGS

During the Reporting Period, the Board of Supervisors convened a total of 7 meetings and considered a total of 19 proposals, mainly involving major events such as the election of the new session of the Board of Supervisors and the election of non-employee representative Supervisor candidates of the sixth session of the Board of Supervisors, periodical reports, the application to financial institutions for credit lines in 2023 by the Company and its controlled subsidiaries and the provision of related guarantee, the special report on the deposit and use of raised proceeds, self-assessment report on internal control for 2022, renewal of the appointment with the accounting firm, capital increase in wholly-owned subsidiaries, profits distribution, and commencement of foreign exchange hedging business. All Supervisors participated in the Board meetings and the Shareholders' General Meetings by attending or sitting in at the meetings during their terms of office. Members of the Board of Supervisors were present at meetings of the Board committees for multiple times, gaining insight into the decision-making progress of the Company, actively participated in discussions on topics at the meetings and performed the functions of the Board of Supervisors of being informed, supervising, and inspecting.

In addition, the Supervisors learned about relevant information of the Company through various forms and channels, proposed relevant opinions and suggestions to the compliance operation, the prevention of risks and the sustainable and healthy development of the Company. During the Reporting Period, members of the Board of Supervisors participated in the investigation of Shehong Base and Chongqing Base, and conducted on-site investigations together with independent non-executive Directors in Australia and Zhangjiagang, Jiangsu. They communicated with the financial department, procurement department, ESG and sustainability department, sales team and other functional departments of the Company's head office, and proposed relevant suggestions and opinions to the production operation and governance structure of the Company, so as to continuously optimize the operation and governance system of the Company. For example: (1) it is suggested that the Company optimize the weighting of key performance assessment indicators for senior management and the management of production bases, and take into account indicators such as strict control of safety risks and acceleration of production capacity; (2) due to the leading technological advantages of Chinese enterprises in lithium smelting and processing, it is suggested to continue to improve the management intensity of Chinese forces in overseas lithium project construction and broaden the control between parent and subsidiary companies; (3) when the market price of lithium products fluctuates significantly, the financial department should conduct stress tests under various circumstances.

III. PERFORMANCE OF DUTIES BY THE BOARD OF SUPERVISORS

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

(I) Operation of the Company in accordance with laws

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

(II) Inspection on the financial conditions of the Company

During the Reporting Period, the Board of Supervisors attached great importance to the financial conditions of the Company, fully exerted the functions of the audit department of the Company and continuously carried out supervision and inspection. It was concluded that the recognition and measurements of revenue, fees and profit of the Company were truthful and accurate, the periodical reports reflected the financial conditions, operating results and cash flows of the Company in a truthful, accurate and complete manner and no false records, misleading statements or significant omissions were identified. Meanwhile, on the premise of guaranteeing normal production and operation, the Company actively improved the capital use efficiency, controlled fees and stabilized the asset-liability ratio of the Company at a normal level. The Company conducted risk control based on the resolutions of the Board, the Board of Supervisors as well as the internal control systems of the Company, regularly reported to the Board and accepted inspection by the audit department.

During the Reporting Period, based on the 2022 Audit Report issued by KPMG Huazhen LLP (Special General Partnership), the Board of Supervisors believed that the financial reports of the Company fairly and truthfully reflected the financial conditions and operating results of the Company in 2022 in all material aspects.

(III) Use of proceeds

During the Reporting Period, the Board of Supervisors continuously supervised the use of proceeds by the Company. The management and use of the proceeds of the Company complied with the Company Law, the Securities Law, Shenzhen Listing Rules, the Rules on the Management and Use of Proceeds and other relevant provisions. During the Reporting Period, there were no circumstances that would change the use of proceeds and harm the interests of Shareholders, and the use of proceeds was in compliance with relevant rules of the relevant laws and regulations, listing rules and securities regulatory authorities of the place where the Company's shares are listed.

(IV) Connected transactions of the Company

Upon verification, the connected transactions between the Company and its connected parties during the Reporting Period were conducted for legitimate commercial purpose, met the needs of the business and asset management of the Company and were carried out on the basis of fair and mutual benefits without harming the interests of the Company and its Shareholders, the legitimate interests of minority Shareholders in particular. The connected transactions of the Company were carried out in compliance with market rules at fair transaction prices. The implementation of connected transactions was in strict compliance with the resolutions of the Board and the Shareholders' General Meetings and relevant systems. No violation of laws and regulations was identified. Regarding the issue that the volume of the Company's continuing connected transactions under the Albemarle Agreements in 2023 exceeded the original expected cap under the Hong Kong Listing Rules, the Company timely identified and adjusted the cap for 2024. The above matter did not have any material impact on the business and operations of the Company, nor would it have a material financial impact on the Company.

During the Reporting Period, there was no appropriation of the Company's funds by the Company's controlling shareholder and its connected parties. KPMG Huazhen LLP issued the Special Explanation on the Occupation of Non-operating Funds and the Transfer of Other Related Funds in 2022.

(V) Self-assessment report on internal control

During the Reporting Period, the Board of Supervisors reviewed the 2022 Self-Assessment Report of the Board on Internal Control and believed that the Company has established complete internal control systems which were effectively implemented. The 2022 Self-Assessment Report on Internal Control truthfully and objectively reflected the establishment, improvement and operation of the internal control systems of the Company that met the needs of the Company on internal control. The construction of the internal control systems is an important and continuous work of the Company. The Board of Supervisors advised the Company to continuously improve and enhance the construction of the internal control systems, monitor the effectiveness of internal control and constantly reinforce the supervision and inspection on the effects and efficiency of implementation. In 2022, no material or key defects in the violation of the Basic Systems on Internal Control of the Company were identified and the Board of Supervisors has no objections to the 2022 Self-Assessment Report on Internal Control of the Company.

(VI) Guarantees of the Company

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

(VII) Establishment and implementation of insider management systems

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

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

The Board of Supervisors carried out supervision and verification on the implementation of Shareholders' returns plan by the Company and believed that: during the Reporting Period, the Company formulated the profit distribution plan in strict compliance with the Notice on Further Implementing Matters concerning Cash Dividends of Listed Companies, the Guidelines No. 3 on the Supervision and Administration of Listed Companies – Distribution of Cash Dividends of Listed Companies, the Articles of Association, the Plans on Shareholders' returns of the Company for the Following Three Years (2021-2023) and other relevant regulations and requirements after fully considering the opinions of independent non-executive Directors and Shareholders, minority Shareholders in particular, and the decision-making procedures were in compliance with laws and regulations. At the thirty-fifth meeting of the fifth session of the Board of Directors and the 2022 annual general meeting convened on 30 March 2023 and 16 June 2023, respectively, the 2022 Profit Distribution Plan was considered and approved, pursuant to which the Company proposed to distribute cash dividend of RMB30.00 (tax inclusive) for every 10 shares to all Shareholders on the basis of the share capital entitled to profit distribution as registered on the record date of shareholding of the profit distribution, with no profit distribution in the form of conversion of capital reserve into share capital or distribution of bonus shares. The Company completed the profit distribution regarding A Shares and H Shares on 30 June 2023 and 16 August 2023, respectively, in which total cash dividends paid for A Shares and H Shares amounted to RMB4,429,894,251.00 (tax inclusive) and RMB492,366,600.00 (tax inclusive). The cash dividend ratio of the Company in recent three years complied with relevant regulations and the profit distribution policy under the Articles of Association, which was conducive to the sustainable development of the Company, enhancing the overall competitiveness of the Company and was in line with the interests of all Shareholders.

(IX) Information disclosure

During the Reporting Period, the Board of Supervisors continuously and actively supervised the truthfulness, accuracy and completeness of the information disclosure of the Company and promoted the Company to disclose periodical reports and other matters with significant influence on the Company in a timely and fair manner. In 2023, the Company released a total of 4 periodical reports of A Shares and 8 periodical reports of H Shares both in Chinese and English, a total of 145 disclosure documents on CNINFO (www.cninfo.com.cn), approximately 145 disclosure documents on the website of the Hong Kong Stock Exchange and 73 announcements in English during the Reporting Period. The information disclosure was in compliance with Shenzhen Listing Rules, Hong Kong Listing Rules, the Self-regulatory Guideline of the SZSE and the Management Systems on Information Disclosure of the Company.

(X) Employee stock ownership plan

The Company launched the A Share Employee Stock Ownership Plan in 2022. During the Reporting Period, the Company timely made adjustments according to the employment status of employees, and the relevant adjustments did not involve the Directors, Supervisors and senior management. During the Reporting Period, the Board of Supervisors reviewed the supplementary grant list of reserved shares. The Board of Supervisors is of the view that: the Company's A Share Employee Stock Ownership Plan complied with the principles of compliance with laws and regulations, voluntary participation and risk-bearing, and there was no compulsory employee participation in the Employee Stock Ownership Plan by means of apportionment, forced allocation, etc. It further helped create a shared long-term incentive and restraint mechanism, fully mobilized the enthusiasm of managers and employees, enhanced the attractiveness and cohesion of the Company, achieved the consistency of interests of the Company, Shareholders and employees, and improved the Company's core competitiveness, which is conducive to the stability, health and long-term development of the Company, and there was no harm to the interests of the Company and all Shareholders.

IV. WORK PLAN OF THE BOARD OF SUPERVISORS FOR 2024

In 2024, the Board of Supervisors will take the sustainable and healthy development of the Company as the top priority, undertake the mission of protecting the legitimate rights and interests of all Shareholders, adhere to the independence, loyalty, diligence, responsible performance of duties conscientiously in strict compliance with the Company Law, the Securities Law and other relevant laws and regulations as well as the Articles of Association, the Rules of Procedure for the Board of Supervisors and other relevant provisions. Based on the self-construction and focus on the overall development of the Company, the Board of Supervisors will focus on compliance requirements on information disclosure and corporate governance, to ensure that the Board and the operation management of the Company carry out operation in accordance with the law, so as to achieve high-quality development of the Company and safeguard the interests of the Shareholders and the majority of small and medium-sized investors.

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

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

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

By order of the Board of Supervisors
Wang Dongjie
Chairlady of the Board of Supervisors

Chengdu, the PRC
27 March 2024

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the annual report of the Company for the year ended 31 December 2023.

CORPORATE GOVERNANCE PRACTICES

Focusing on building a world-class model in corporate governance and realizing high-quality development of the Company as a listed company, the Group is committed to maintaining high standards of corporate governance through good corporate governance, accurate and timely information disclosure and the establishment of a sound investor communication platform to fully protect the interests of Shareholders and to enhance corporate value. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions as set out in the Corporate Governance Code during the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

CORPORATE CULTURE

The Company is committed to fostering a healthy and good corporate culture. We take "Changing the World with Lithium" as the core of development and purpose, and regard six aspects, namely creating unique value, pursuing high efficiency and excellence, seeking truth and pragmatism, insisting on fighting hard, sincerely treating stakeholders, and leading changes as the core values of the Company's development, together as the Company's guiding philosophy of development. The Company's purpose and core values enable employees at all levels to carry out their work in a legal, ethical and responsible manner, giving full play to their potential. This allows the Company to achieve sustainable high-quality development and operate in a way that is beneficial to the environment, society, and stakeholders.

The Company's purpose and core values provide guidance for employees' conduct. We integrate the Company's purpose and core values into the Company's business operations, work practices and relationships with stakeholders.

In order to further promoting the corporate culture among employees, the Company has planned and conducted a series of initiatives. In respect of the awareness, new and existing employees' recognition towards the Company's values has been improved by means of induction training for new employees and amendments to and full publicity of reward and punishment system as set out in the Employee Handbook. In respect of behavioural manners, an excellent employee assessment activity with core values as the criteria is carried out on a quarterly basis while gathering of excellent cases taking place at the same time in an effort to thoroughly demonstrate corporate culture through specific behaviours. At the end of the year, the Long-term Contribution Award, which establishes cultural models, will be granted to indicate commitment of Tianqi's employees to hard working. We also launch the most beautiful workplace evaluation, creative department photos and other activities to give our employees a more immersive cultural experience and enhance cohesion among departments. In respect of employee care, we continue to improve our welfare policies and purchase the commercial insurance for our employees in addition to pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund, as well as offer them a wide range of vacation leaves and festive benefits to further improve employees' satisfaction.

BOARD

Responsibilities

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

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

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

COMPOSITION OF THE BOARD

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

During the year ended 31 December 2023, the Board has complied with the requirements of appointing at least 3 independent non-executive Directors (among whom at least one independent non-executive Director holds the appropriate professional qualifications or accounting or relevant financial management knowledge) set out in Rules 3.10(1) and 3.10(2) of the Listing Rules. As an expert in the finance and accounting domain, Ms. Tang Guoqiong provides professional advice on auditing, risk identification and prevention and strategy development for the Company. The proportion of independent non-executive Directors to all Directors reached 50%, which complied with the requirements of appointing independent non-executive Directors accounting for one-third of the members of the Board set out in Rule 3.10A of the Listing Rules.

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

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

BOARD DIVERSITY POLICY

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

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

The Board has a balanced mix of professional experiences and industry background. The Directors have a diverse education background including engineering, economics, law, accounting, business administration and management, as well as different industry backgrounds with extensive experience in one or more areas including lithium industry, corporate governance, finance/accounting, risk management, ESG and strategy development. We have four independent non-executive Directors with different industry backgrounds, representing more than one-third of the members of our Board. Furthermore, the Board has one female executive Director and three female independent non-executive Directors, and has a wide age range comprising members from 37 to 69. The Board has reviewed the implementation of the Board Diversity Policy during the Reporting Period and considered it effective. Taking into account the Company's business model and the backgrounds and abilities of the Directors, the composition of the Board satisfies the Board Diversity Policy. The Board recognizes the significance and benefits of gender diversity and will continue to identify appropriate candidates to maintain gender diversity of the Board.

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

The Company is committed to promoting gender diversity of the Board and throughout the workforce. As of the end of the Reporting Period, the total number of employees of the Group was 2,864, of which 758 were females, accounting for approximately 26.47% of the total number of employees. The number of female senior management of the Company accounted for 28.57% of all senior management. The Board considers that the Group has achieved gender diversity.

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

INDEPENDENT OPINIONS

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

All Directors, including the independent non-executive Directors, have brought a wide spectrum of invaluable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit and Risk Committee, the Remuneration and Appraisal Committee, the Nomination and Governance Committee, the Strategy and Investment Committee and the ESG and Sustainable Development Committee. The above Board Committees are chaired by independent non-executive Directors, with the Audit and Risk Committee's chairperson being an expert in the financial field.

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

During the Reporting Period, each of the independent non-executive Directors maintained their independence and professional ethics in strict compliance with the laws and regulations of the place where the shares were listed and the requirements of the rules of the securities regulatory authorities and stock exchanges, performed their duties as independent non-executive Directors diligently, faithfully and independently, exercised the rights of independent non-executive Directors in accordance with laws and regulations, and actively understood the production, operation and strategic development of the Company. They actively attended the Board meetings and Shareholders' General Meetings, carefully considered various proposals and practically safeguarded the interests of the Company and all Shareholders (especially the minority Shareholders). At the same time, they took the opportunity to visit the Company and its domestic and overseas production bases, actively and fully communicated with various functional departments and offered suggestions, discussed and exchanged with the Company's strategic partners, and considered excellent governance, management experience and strategic development plans that the Company could learn from.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

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

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

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

According to materials provided by the Directors, during the year ended 31 December 2023, the Directors received the following trainings:

Name of Directors	Nature of Continuous Professional Development Programmes
Executive Directors	
Jiang Weiping	A, C, D
Jiang Anqi	A, B, C, D
Ha, Frank Chun Shing	A, B, C, D
Zou Jun	A, C, D
Independent Non-executive Directors	
Xiang Chuan	A, B, C, D
Tang Guoqiong	A, B, C, D
Huang Wei	A, B, C, D
Wu Changhua (appointed on 14 April 2023)	A, B, C, D
Pan Ying (resigned on 14 April 2023)	D

Notes:

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

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

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

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

CHAIRMAN AND PRESIDENT

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

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

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

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

BOARD MEETINGS

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

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

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

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

During the Reporting Period, 12 Board meetings and 6 Shareholders' General Meetings were held. Attendance of individual Director at the Board meetings and Shareholders' General Meetings is listed below:

Name of Director	Position	Attendance/ Number of Board Meetings during term of office	Attendance/ Number of Shareholders' General Meetings during term of office
Jiang Weiping	Executive Director/Chairman of the Board	12/12	6/6
Jiang Anqi	Executive Director/Vice Chairlady of the Board	12/12	6/6
Ha, Frank Chun Shing	Executive Director/President	12/12	6/6
Zou Jun	Executive Director/Executive Vice President/Chief Financial Officer	12/12	6/6
Xiang Chuan	Independent Non-executive Director	12/12	6/6
Tang Guoqiong	Independent Non-executive Director	12/12	6/6
Huang Wei	Independent Non-executive Director	12/12	6/6
Wu Changhua (appointed on 14 April 2023)	Independent Non-executive Director	9/9	5/5
Pan Ying (resigned on 14 April 2023)	Independent Non-executive Director	3/3	0/0

DELEGATION BY THE BOARD

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

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

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

CORPORATE GOVERNANCE FUNCTION

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

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

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

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

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

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

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

BOARD COMMITTEES

Audit and Risk Committee

As at the end of the Reporting Period, the Audit and Risk Committee consists of three members, being Ms. Tang Guoqiong (chairlady), Mr. Xiang Chuan and Ms. Huang Wei, all of whom are independent non-executive Directors. Mr. Pan Ying resigned as a member of the Audit and Risk Committee on 14 April 2023.

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

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

During the year ended 31 December 2023, six meetings of the Audit and Risk Committee were held to discuss and consider the following matters:

It reviewed the Company's periodical reports (including the Group's annual results for the current financial year, the interim results for the six months ended 30 June 2023 and the quarterly results), the internal control self-assessment report, the nomination of the head of the Company's former audit department (now renamed as the supervision and audit department), the re-appointment of the Company's auditor for annual financial statements and internal control system, 2022 annual work summary and 2023 work plan of the supervision and audit department, prior communication in respect of the audit of 2023 annual report and other matters, and formed relevant advice and opinions such as strengthening the audit and management of overseas assets, further increasing the audit work of projects, establishing a blacklist mechanism for suppliers, accelerating the construction of the audit system, incorporating ESG evaluation in the annual internal control evaluation, and making recommendations on key aspects of the audit in 2023.

In the meantime, the Audit and Risk Committee actively carried out audit work for the annual report in strict compliance with the Terms of Reference of the Audit and Risk Committee and other regulations, communicated with and supervised the external auditor on the working schedule, progress and key concerns for the auditing work of 2023 annual report, and required the Company's management to ensure the truthfulness, accuracy and completeness of the financial information. The Audit and Risk Committee drew the attention of the external auditor to the results of the assessment of mineral resources by the third party and the impact of the results of the assessment on subsequent accounting, the audit of the Company's overseas assets, and the capacity ramp-up of the Lithium Hydroxide Project (Train I) in Kwinana, Australia.

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

Name of Directors	Actual attendance/ Required attendance
Tang Guoqiong	6/6
Xiang Chuan	6/6
Huang Wei (appointed on 14 April 2023)	5/5
Pan Ying (resigned on 14 April 2023)	1/1

Remuneration and Appraisal Committee

As at the end of the Reporting Period, the Remuneration and Appraisal Committee consists of three members, including two independent non-executive Directors, being Mr. Xiang Chuan (chairman) and Ms. Tang Guoqiong, and one executive Director, being Ms. Jiang Anqi. Mr. Pan Ying resigned as a member of the Remuneration and Appraisal Committee on 14 April 2023.

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

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

During the year ended 31 December 2023, two meetings of the Remuneration and Appraisal Committee were held to discuss, consider and make decisions on the following matters: performance appraisal structure for senior management team in 2022, remuneration plan for senior management team in 2023, performance appraisal indicators setting for senior management team in 2023. The Remuneration and Appraisal Committee provided professional and reasonable advice on the matters above. For example, appropriate consideration should be given to the construction of an evaluation system for Directors; future appraisals should include the portion of foreign management, especially the appraisal of senior management in charge, which should be appropriately tilted towards the portion of overseas management; cost control indicators should be included in the indicators for senior management. Under the effective supervision and decision-making control of the Remuneration and Appraisal Committee, the pertinence, scientificity and timeliness of the Company's performance appraisal and employee team building have been further improved.

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

Name of Directors	Actual attendance/ Required attendance
Xiang Chuan	2/2
Jiang Anqi	2/2
Tang Guoqiong (appointed on 14 April 2023)	1/1
Pan Ying (resigned on 14 April 2023)	1/1

Nomination and Governance Committee

As at the end of the Reporting Period, the Nomination and Governance Committee consists of three members, including two independent non-executive Directors, being Ms. Huang Wei (chairlady) and Ms. Tang Guoqiong, and one executive Director, being Mr. Jiang Weiping. Mr. Pan Ying and Mr. Xiang Chuan resigned as the chairman and a member of the Nomination and Governance Committee respectively on 14 April 2023.

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

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

During the Reporting Period, the Nomination and Governance Committee studied the Company's needs for new Directors and senior management, and conducted an extensive search through a wide range of channels, including within the Group and in the talent market, for qualified candidates for Directors and senior management, with the consideration of the Board Diversity Policy. The Human Resources Department of the Company put forward the annual talent training plan as required, collected the detailed work experience including occupation, academic qualifications and working skills, all part-time jobs and other information of the proposed candidates, and formed written materials. With the consent of the nominee on the nomination, the office of the Board cooperated with the Nomination and Governance Committee to convene meetings and conducted qualification examination of the candidates according to the office conditions of the Directors and senior management. The criteria include the academic qualifications, relevant experience and professional skills of the candidates. The recommendations and relevant materials for candidates for Directors and the appointment of new senior management personnel were made and provided by the Nomination and Governance Committee to the Board 7 days before the election of new Directors and the appointment of new senior management.

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

During the year ended 31 December 2023, three meetings of the Nomination and Governance Committee were held to discuss, consider and make decisions on matters such as the nomination of the Directors, Supervisors and senior management and corporate governance, and the election of the Board and management respectively, and provided opinions and suggestions for improving the Company's operation and management structure and enhancing the level of corporate governance, taking into account the Company's current situation. During the Reporting Period, the Nomination and Governance Committee reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

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

Name of Directors	Actual attendance/ Required attendance
Huang Wei (appointed on 14 April 2023)	2/2
Jiang Weiping	3/3
Tang Guoqiong (appointed on 14 April 2023)	2/2
Xiang Chuan (resigned on 14 April 2023)	1/1
Pan Ying (resigned on 14 April 2023)	1/1

Strategy and Investment Committee

As at the end of the Reporting Period, the Strategy and Investment Committee consists of five members, including two independent non-executive Directors, being Mr. Xiang Chuan (chairman) and Ms. Wu Changhua, and three executive Directors, being Mr. Jiang Weiping, Ms. Jiang Anqi and Mr. Ha, Frank Chun Shing. Mr. Pan Ying and Ms. Tang Guoqiong resigned as the chairlady and a member of the Strategy and Investment Committee respectively on 14 April 2023.

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

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

During the year ended 31 December 2023, two meetings of the Strategy and Investment Committee were held to consider the report and discussion about potential strategic investment projects and the proposal of its wholly-owned subsidiary's external investment in SM. The Strategy and Investment Committee maintains communication with the Company's management from time to time on the advance of the development strategies and the key information of the post-investment management of the projects, keeps informed of the actual situation and updates relevant information, verifies the implementation of Board resolutions, and puts forward appropriate suggestions. The Strategy and Investment Committee suggested the Company to include ESG in its due diligence list for investment and key concerns before investment and fully consider geopolitical factors, legal and ESG risks in its proposed investment plan.

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

Name of Directors	Actual attendance/ Required attendance
Xiang Chuan (appointed on 14 April 2023)	2/2
Jiang Weiping	2/2
Jiang Anqi	2/2
Ha, Frank Chun Shing	2/2
Wu Changhua (appointed on 14 April 2023)	2/2
Pan Ying (resigned on 14 April 2023)[1]	0/0
Tang Guoqiong (resigned on 14 April 2023)[1]	0/0

Note 1: During the period from 1 January 2023 to 14 April 2023 (i.e. the period when Mr. Pan Ying and Ms. Tang Guoqiong served as the chairman and a member of the Strategy and Investment Committee respectively), the Strategy and Investment Committee did not hold any meeting.

ESG and Sustainable Development Committee

As at the end of the Reporting Period, the ESG and Sustainable Development Committee consists of three members, including one independent non-executive Director, being Ms. Wu Changhua (chairlady), and two executive Directors, being Mr. Ha, Frank Chun Shing and Ms. Jiang Anqi. On 14 April 2023, Ms. Jiang Anqi resigned as the chairlady of the ESG and Sustainable Development Committee and Mr. Xiang Chuan resigned as a member of the ESG and Sustainable Development Committee.

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

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

During the year ended 31 December 2023, two meetings of the ESG and Sustainable Development Committee were held, at which 2022 Social Responsibility Report, 2022 Sustainability Report and External Donation System of the Company were considered and discussed, and practical and market-friendly opinions and suggestions on the content and ways of presentation of relevant reports were put forward. During the Reporting Period, the Company released a sustainability report in Chinese, English and Spanish, and issued the White Paper on Sustainable Lithium Industry in Achieving Net Zero, started the "Changing the World with Lithium – Net Zero" initiative, and invited value chain participants to achieve net zero emissions in their business operations by no later than 2050 and strive to reduce other emissions in the value chain.

The Company's 2023 Sustainability Report will be published on the websites of Cninfo (巨潮資訊網) (www.cninfo.com.cn), the HKEXnews (www.hkexnews.hk) and the Company (www.tianqilithium.com).

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

Name of Directors	**Actual attendance/ Required attendance**
Wu Changhua (appointed on 14 April 2023)	1/1
Jiang Anqi	2/2
Ha, Frank Chun Shing	2/2
Xiang Chuan (resigned on 14 April 2023)	1/1

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The remuneration of Directors, Supervisors and senior management of the Company, whose biographies are set out on pages 67 to 75 of this annual report, for the year ended 31 December 2023 are set out below:

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

50-200	1
200-400	3
400-600	3

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2023 which give a true and fair view of the conditions of the Company and the Group and of the Group's results and cash flows.

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

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

The statement by the auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on page 144 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board attaches great importance to the internal control and risk management of the Company. The Board is responsible for the establishment and implementation of sound risk management and internal control systems in an effective way. As a professional committee established under the Board, the Audit and Risk Committee supervises and inspects the establishment and implementation of the risk management and internal control systems of the Company, and regularly discusses with the management on the implementation of the risk management and internal control in order to ensure that the Company has established an effective risk management and internal control systems. The Board of Supervisors supervises the establishment and implementation of the risk management and internal control of the Board. The management is responsible for arrangement and leadership of the daily operation of the risk management and internal control of the Company. The legal and risk control department and the supervision and audit department of the Company carry out the specific implementation work as functional departments responsible for the risk management and internal control of the Company.

The Board conducted annual review over the risk management and internal control systems of the Company, and has reviewed the effectiveness of such systems during the Reporting Period. The Audit and Risk Committee assists the Board in performing its role in monitoring and corporate governance duties, covering financial management, operational management, compliance management, risk management and internal control and audit. The Board evaluates the effectiveness of the internal control system once a year. During the Reporting Period, the Company conducted self-assessment for internal control of 2023, which covered the major aspects of the Company's operation and management, and focused on high-risk areas, including related party transactions, external investments, decisions on external guarantees, the provision of external financial assistance, the use of large amounts of funds, and the management of emergencies. The Board has evaluated and validated the risk management and internal control systems of the Group and has not found any violation of laws, regulations and rules or any significant deficiency or any major inadequacy in compliance monitoring and risk management. The Board considers the risk management and internal control systems of the Group are effective.

The Company has established a set of internal control and risk management procedures to address and manage various potential strategies, financial, operations, legal and market risks identified in relation to our operations, including but not limited to procurement management, production and operation management, sales business, safety and environmental health, quality control, research and development management, investment management, information system management, capital activities, financial reporting, contract management, information disclosure, connected transactions, investor relations management and other various financial and operational controls and monitoring procedures. These risk management policies set forth procedures regarding risk identification, risk assessment, risk response and risk management in our operations. During the Reporting Period, the audit department of the Company was renamed as the supervision and audit department. Supervision-related functions were added to its audit function to further enhance the construction of an anti-corruption culture and strengthen the monitoring of internal personnel behavior. The Company actively promoted the development of a digital risk control system to further enhance its ability of early capture and warning against operational risks. Additionally, we aim to continuously cultivate a risk management culture within the Company and enhance the awareness of risk compliance among management and employees through various training and publicity methods. The Board is responsible for the internal control and risk management systems and has the responsibility to review the effectiveness of such systems. These systems are designed to manage, not eliminate, the risk of failure to achieve business objectives and can only provide reasonable, but not absolute, assurance that there will be no material misrepresentation or loss.

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

KPMG Huazhen LLP has been appointed to review the effectiveness of internal control in relation to the financial report of the Company for the year ended 31 December 2023 in accordance with relevant requirements under the Corporate Internal Control Audit Guidelines and the China Code of Ethics for Certified Public Accountants. Its responsibilities are to express an audit opinion on the effectiveness of internal control over the financial report after conducting an audit, and to disclose the material defects that have come to its attention in the internal control over non-financial reports. KPMG Huazhen LLP is of the view that the Company has maintained effective internal control over the financial report in all material aspects during the year ended 31 December 2023 in accordance with the Basic Rules for Corporate Internal Control and relevant requirements. Details of the Audit Report on Internal Control issued by KPMG Huazhen LLP and the Internal Control Self-Assessment Report for 2023 of the Company had been published on the websites of the SZSE, the Hong Kong Stock Exchange and the Company on 27 March 2024.

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

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

MODEL CODE FOR CONDUCTING SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for its Directors and Supervisors in conducting securities transactions of the Company and formulated the Management System for the Holding and Trading of the Company's Shares by Directors, Supervisors, Senior Management and Other Relevant Personnel of the Company, which serves as the code of conduct and procedural guideline for the Company's securities transactions by the Directors, Supervisors, senior management. Upon specific enquiries made by the Company to all of the Directors and Supervisors, each of the Directors and Supervisors has confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

During the year ended 31 December 2023, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting the standards as set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

REMUNERATION OF AUDITOR

The approximate emoluments of the audit and non-audit services provided by the auditor to the Company during the year ended 31 December 2023 are set out below:

Service category	Amount (RMB0'000)
Domestic audit services[1]	215
International audit services	195
Total	**410**

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

JOINT COMPANY SECRETARIES

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

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

During the year ended 31 December 2023, Mr. Zhang and Ms. Wong participated in relevant professional training of not less than 15 hours in accordance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company recognizes the significance of effective communication with Shareholders in strengthening investor relations and ensuring their understanding of the Group's business, performance and strategies. The Company also emphasizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To facilitate effective communications, the Company has adopted a Shareholders' communication policy aimed at fostering mutual relations and communications between the Company and the Shareholders. Additionally, the Company maintains a website (http://en.tianqilithium.com/) where up-to-date information on its business operations and development, financial information, corporate governance practices and other information are available for public access. The Board has reviewed and examined the Shareholders' communication policy for 2023. After considering the existing various communication channels and participation methods, the Board believed that the Shareholders' communication policy has been adequately implemented and effective. Meanwhile, pursuant to the amendments to the Hong Kong Listing Rules of the Hong Kong Stock Exchange regarding the expansion of the paperlessness listing regime, the Company issued a one-off notice to H Shareholders in relation to their choice of communication documents delivery method, aiming to further enhance the electronic means of communication with Shareholders and reduce the printing of paper-based communication documents.

The Company' annual general meetings provide an opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Board and the chairpersons of the Board Committees will attend the annual general meetings to address Shareholders' queries. During the Reporting Period, all Directors attended the annual general meeting and extraordinary general meetings of the Company either on-site or via communication means. The auditor will also attend the annual general meetings to answer questions related to audit procedures, the preparation and content of the auditor report, the accounting policies and auditor independence.

The Company prioritizes the interests of all Shareholders and undertakes various measures to fulfill responsibilities including Shareholder communications, Shareholder relationship maintenance, Shareholder services, and safeguarding Shareholder interests. For example, the Company provides convenience and high-quality services to Shareholders attending Shareholders' General Meetings, with Directors and management earnestly answering investors' questions during the Shareholders' General Meetings and investors' outreach activities, and engaging in thorough communication with them. Furthermore, the Company safeguards the rights and interests of minority Shareholders. For resolutions affecting the interests of minority investors at the Shareholders' General Meetings, votes from these investors are counted separately in accordance with relevant regulations of the CSRC and the SZSE and the results are disclosed publicly in a timely manner, maximizing their participation in the Company's decision-making and safeguarding their interests. Moreover, the Company attentively considers the feedback and suggestions from minority investors through diverse channels and earnestly implements feasible proposals after thorough deliberation.

Directors and senior management participated in investor communications

During the Reporting Period, the Company continued to place significant emphasis on investor relations management. The Chairman of the Board was explicitly designated as the first person responsible for investor relations management, with the Board secretary serving as the primary person responsible for overseeing daily investor relations management activities. Additionally, the Board office was designated as the specialized entity responsible for investor relations management, tasked with executing specific investor relations management functions.

In 2023, the Company maintained its practice of promptly disclosing updates on investor relations activities, updating the Company's information and showcasing important messages through the Company's self-media platforms such as the multilingual version of the official website's investor relations column, the bilingual investor relations WeChat mini program, the Company's official WeChat account, and the Company's official accounts on capital market-related platforms. This approach enabled A-share and H-share investors to gain a more intuitive and rapid understanding of key financial and operational information of the Company. Additionally, the Company diligently answered investor hotline calls, responded patiently to investor emails and questions on interactive platforms, and organized or participated in various meetings to facilitate efficient communication with investors, actively interacted with investors, promptly addressed their inquiries, gathered their suggestions, and responded to their demands. In 2023, the Company received an average of 8 to 12 calls from investors per business day, totalling over 2,370 calls throughout the year, and responded to over 3,500 inquiries via the IR hotline. Furthermore, the Company answered investors' questions in a timely and proactive manner through EasyIR (irm.cninfo.com.cn), the interactive platform for investor relations on the SZSE, responding to a total of 473 questions with a response rate of 100% in 2023. During the Reporting Period, the Company responded to over 4,300 investor inquiries through various channels including the IR hotline, the EasyIR, and daily Q&A sessions.

The Chairman of the Board, the Board and the management of the Company consider it essential to communicate with investors. Through activities such as regular performance briefings, Xinglong Lake talks on "Li", teleconferences with investors on significant matters, Shareholders' General Meetings, collective communication activities for listed companies on the SZSE, domestic and overseas brokerage strategy sessions, thematic seminars, etc., the Company engaged in timely and extensive communication with investors on its business performance, progress on significant matters, long-term strategic planning, and other related topics, which enabled investors to gain a more comprehensive understanding of the business fundamentals and long-term value of the Company. Additionally, the Company disclosed records of investor communications in a timely manner, proactively and simultaneously shared important information with investors, and seeked to mitigate any potential impact arising from information asymmetry between the Company and investors.

Participated in collective communication activity for listed companies on the SZSE

Participated in the broker conference – IR session

In 2023, the Company released a total of 9 records of investor relations activities, and received thousands of visits from A-share and H-share institutional/individual investors, analysts, media, and other stakeholders through online and offline channels. Following the disclosure of the 2022 A-share annual report and the H-share results announcement, the Company held the 2022 annual results briefing by means of live streaming, real-time online interaction and online text Q&A in the morning of next pre-opening session, and offered a replay feature to facilitate immediate access to relevant information for institutions and individual investors worldwide while allowing investors who were unable to participate in real-time to review the session afterward. The online attendance of this annual performance briefing session reached nearly 100,000 clicks, achieving widespread coverage among major institutional and individual investors, as well as A+H shares professional analysts. In addition, the Company held the 2023 interim results briefing using a combination of live text Q&A and visual aids such as video and infographics to highlight key points. The total number of visits during the briefing surpassed 170,000.

Reception for investors

CORPORATE GOVERNANCE REPORT

In 2023, with a focus on high-quality sustainable development, the Company aimed to further enhance its domestic and overseas investor relations management and capital market communication effort, which was pursued through initiatives spanning eight dimensions: compliance, institutionalization, internationalization, systematization, specialization, refinement, digitalization and diversification. The Company continued to deepen its proactive and two-way interactive communication with investors to ensure accurate, timely and efficient information transfer between the Company and the capital market, realizing comprehensive, accurate, clear and professional investor relations management for A+H shares.

AMENDMENTS OF THE ARTICLES OF ASSOCIATION

The Articles of Association were amended during the Reporting Period with details set out in the announcements published by the Company on 30 August 2023 and 11 December 2023, and the amendments came into effect on 27 September 2023 and 12 January 2024 respectively.

KPMG

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

OPINION

We have audited the consolidated financial statements of Tianqi Lithium Corporation (the "Company") and its subsidiaries (the "Group") set out on pages 149 to 250 which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

For the year ended 31 December 2023, the Group generated revenue from the sales of lithium products of RMB40,448,303,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG
Certified Public Accountants

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

27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023
(Expressed in Renminbi ("RMB"))

	Note	2023 RMB'000	2022 RMB'000
Revenue	3(a)	40,448,303	40,168,923
Cost of sales		(6,100,484)	(6,014,628)
Gross profit		34,347,819	34,154,295
Other net income	4	702,918	1,286,972
Selling and distribution expenses		(33,772)	(29,034)
Administrative expenses		(641,175)	(409,372)
Research and development costs		(30,375)	(26,703)
Provision for impairment losses	5	(650,315)	(61,895)
Profit from operations		33,695,100	34,914,263
Finance costs	6(a)	(550,102)	(1,082,721)
Share of profits less losses of associates		3,003,613	5,895,071
Share of profits of a joint venture		113,719	–
Profit before taxation	6	36,262,330	39,726,613
Income tax	7(a)	(10,618,195)	(8,813,674)
Profit for the year		25,644,135	30,912,939
Attributable to:			
Equity shareholders of the Company		7,278,343	23,944,590
Non-controlling interests		18,365,792	6,968,349
Profit for the year		25,644,135	30,912,939
Earnings per share	10		
Basic (RMB)		4.44	15.41
Diluted (RMB)		4.44	15.41

The notes on pages 157 to 250 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 29(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Profit for the year		**25,644,135**	30,912,939
Other comprehensive income for the year (after tax and reclassification adjustments)	11		
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		**(338,441)**	(880,657)
Share of other comprehensive income of associates		**200,823**	(7,244)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		**526,622**	1,747,089
Share of other comprehensive income of associates		**26,438**	29,948
Other comprehensive income for the year		**415,442**	889,136
Total comprehensive income for the year		**26,059,577**	31,802,075
Attributable to:			
Equity shareholders of the Company		**7,535,158**	24,726,926
Non-controlling interests		**18,524,419**	7,075,149
Total comprehensive income for the year		**26,059,577**	31,802,075

The notes on pages 157 to 250 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Property, plant and equipment	12	**21,399,541**	15,619,771
Intangible assets	13	**155,772**	116,295
Goodwill	14	**416,101**	416,101
Interests in associates	16	**28,368,864**	27,170,214
Interests in a joint venture	17	**245,348**	123,435
Financial assets measured at fair value	18	**1,583,174**	1,953,152
Deferred tax assets	27(b)	**3,171,228**	1,162,423
Restricted deposits	22(a)	**20,613**	29,522
Other non-current assets		**–**	6,846
		55,360,641	46,597,759
Current assets			
Inventories	19	**3,150,500**	2,143,943
Trade and other receivables	21	**6,484,148**	10,914,838
Financial assets measured at fair value	18	**14,824**	–
Prepaid tax	27(a)	**391,048**	469,991
Restricted deposits	22(a)	**237,428**	141,538
Cash and cash equivalents	22(a)	**9,330,480**	12,289,948
		19,608,428	25,960,258
Current liabilities			
Trade and other payables	23	**3,171,282**	3,558,019
Contract liabilities	20	**37,448**	351,227
Bank loans and other borrowings	24	**936,267**	127,335
Lease liabilities	25	**153,861**	46,041
Current taxation	27(a)	**2,361,009**	3,472,485
		6,659,867	7,555,107
Net current assets		**12,948,561**	18,405,151
Total assets less current liabilities		**68,309,202**	65,002,910

The notes on pages 157 to 250 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Non-current liabilities			
Bank loans and other borrowings	24	**9,544,758**	8,263,408
Deferred income	26	**56,344**	59,447
Deferred tax liabilities	27(b)	**1,249,078**	1,350,557
Lease liabilities	25	**1,122,100**	268,243
Provision	28	**323,975**	259,912
Other non-current liabilities		**57,344**	43,101
		12,353,599	10,244,668
NET ASSETS		**55,955,603**	54,758,242
CAPITAL AND RESERVES			
Share capital	29(c)	**1,641,221**	1,641,221
Reserves		**51,567,655**	48,514,552
Total equity attributable to equity shareholders of the Company		**53,208,876**	50,155,773
Non-controlling interests		**2,746,727**	4,602,469
TOTAL EQUITY		**55,955,603**	54,758,242

Approved and authorised for issue by the board of directors on 27 March 2024.

Jiang Weiping
Executive Director

Zou Jun
Executive Director

The notes on pages 157 to 250 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(Expressed in RMB)

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Capital reserves RMB'000	Treasury shares RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Fair value reserves (non-recycling) RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		1,477,099	7,178,777	–	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952
Changes in equity for 2022:													
Profit for the year		–	–	–	–	–	–	–	–	23,944,590	23,944,590	6,968,349	30,912,939
Other comprehensive income		–	–	–	–	–	22,704	(880,657)	1,640,289	–	782,336	106,800	889,136
Total comprehensive income		–	–	–	–	–	22,704	(880,657)	1,640,289	23,944,590	24,726,926	7,075,149	31,802,075
Issue of H shares		164,122	11,040,522	–	–	–	–	–	–	–	11,204,644	–	11,204,644
Purchase of own shares		–	–	(199,985)	–	–	–	–	–	–	(199,985)	–	(199,985)
Equity-settled share-based payments		–	–	–	–	–	800	–	–	–	800	–	800
Share of other reserves of an associate		–	–	–	–	–	(98)	–	–	–	(98)	–	(98)
Safety production fund	29(e)(ii)	–	–	–	2,598	–	–	–	–	(2,598)	–	9	9
Appropriation to statutory reserves	29(e)(iii)	–	–	–	–	365,562	–	–	–	(365,562)	–	–	-
Dividends paid to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(7,864,506)	(7,864,506)
Capital reduction of non-wholly owned subsidiaries		–	–	–	–	–	66,420	–	–	–	66,420	(44,069)	22,351
Amounts transferred from Other comprehensive income to Retained profits		–	–	–	–	–	(441)	–	–	441	–	–	-
Balance at 31 December 2022		1,641,221	18,219,299	(199,985)	39,270	831,954	5,078,318	(479,729)	605,632	24,419,793	50,155,773	4,602,469	54,758,242

The notes on pages 157 to 250 form part of these financial statements.

For the year ended 31 December 2023

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
		Share capital	Capital reserves	Treasury shares	Special reserves	PRC statutory reserves	Other reserves	Fair value reserves (non-recycling)	Exchange reserves	Retained profits	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		1,641,221	18,219,299	(199,985)	39,270	831,954	5,078,318	(479,729)	605,632	24,419,793	50,155,773	4,602,469	54,758,242
Changes in equity for 2023:													
Profit for the year		-	-	-	-	-	-	-	-	7,278,343	7,278,343	18,365,792	25,644,135
Other comprehensive income		-	-	-	-	-	227,261	(338,441)	367,995	-	256,815	158,627	415,442
Total comprehensive income		-	-	-	-	-	227,261	(338,441)	367,995	7,278,343	7,535,158	18,524,419	26,059,577
Equity-settled share-based payments		-	-	-	-	-	27,536	-	-	-	27,536	92	27,628
Share of other reserves of an associate		-	-	-	-	-	2,753	-	-	-	2,753	-	2,753
Safety production fund	29(e)(ii)	-	-	-	(18,972)	-	-	-	-	18,972	-	(61)	(61)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(20,529,136)	(20,529,136)
Dividends declared in respect of the previous year		-	-	-	-	-	-	-	-	(4,922,261)	(4,922,261)	-	(4,922,261)
Capital contribution from non-controlling shareholders		-	-	-	-	-	406,196	-	-	-	406,196	148,944	555,140
Others		-	3,721	-	-	-	-	-	-	-	3,721	-	3,721
Balance at 31 December 2023		1,641,221	18,223,020	(199,985)	20,298	831,954	5,742,064	(818,170)	973,627	26,794,847	53,208,876	2,746,727	55,955,603

The notes on pages 157 to 250 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

(Expressed in RMB)

	Note	2023 RMB'000	2022 RMB'000
Operating activities			
Cash generated from operations	22(b)	**36,433,609**	26,984,678
Corporate Income Tax paid		**(13,745,535)**	(6,687,095)
Net cash generated from operating activities		**22,688,074**	20,297,583
Payment for the purchase of property, plant and equipment and intangible assets		**(4,442,986)**	(1,716,033)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		**14,370**	5
Payment for investments in equity securities designated at FVOCI (non-recycling)		**–**	(823,200)
Dividend received		**2,404,363**	3,279,153
Others		**1,551**	4,084
Net cash (used in)/generated from investing activities		**(2,022,702)**	744,009

The notes on pages 157 to 250 form part of these financial statements.

	Note	2023 RMB'000	2022 RMB'000
Financing activities			
Payment for repurchase of ordinary A shares	29(d)	–	(199,985)
Proceeds from issuance of ordinary H shares		–	11,283,712
Capital contribution from non-controlling shareholders		550,330	–
Proceeds from bank loans and other borrowings	22(c)	10,900,764	13,058,862
Repayments of bank loans and other borrowings	22(c)	(8,918,050)	(25,600,443)
Dividends paid	22(c)	(25,102,510)	(7,864,506)
Interest paid	22(c)	(654,352)	(1,220,931)
Capital element of lease rentals paid	22(c)	(92,132)	(51,877)
Interest element of lease rentals paid	22(c)	(36,085)	(11,060)
Restricted deposits for bank loans and other borrowings		(86,367)	158,340
Listing expense		–	(82,128)
Syndicated facility upfront costs		–	(56,363)
Others		406	15,754
Net cash used in financing activities		(23,437,996)	(10,570,625)
Net (decrease)/increase in cash and cash equivalents		(2,772,624)	10,470,967
Cash and cash equivalents at 1 January	22(a)	12,289,948	1,766,096
Effect of foreign exchange rate changes		(186,844)	52,885
Cash and cash equivalents at 31 December	22(a)	9,330,480	12,289,948

The notes on pages 157 to 250 form part of these financial statements.

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interest in associates and a joint venture. The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, unless otherwise indicated.

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

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

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

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

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

(c) Changes in accounting policies

The Group has applied the following new and amended IFRS Accounting Standards to these financial statements for the current accounting period:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform Pillar Two model rules*

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, and transactions and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is accounted for under equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(o)(ii)).

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Other investments in securities

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

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(z)(iv)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

– FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Other investments in securities *(continued)*

(ii) Equity investments

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

(h) Derivative financial instruments

The Group holds derivative financial instruments in relation to the pricing term in its sales contracts with certain customers. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

(i) Property, plant and equipment

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

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

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

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Mine properties and development

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

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

- Mine rehabilitation, restoration and dismantling assets.

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

(k) Capitalised stripping costs

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

There are two types of stripping activity:

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Capitalised stripping costs *(continued)*

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

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

– The costs can be measured reliably.

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

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

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

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

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Rehabilitation and mine closure costs

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

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

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

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

(m) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources and the intention to complete development. and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently at cost less accumulated amortisation and any accumulated impairment losses.

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(m) Intangible assets (other than goodwill) *(continued)*

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(o)(ii)). Amortisation is calculated to write off the cost of other intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

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

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Leased assets

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

(i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(n) Leased assets *(continued)*

(i) As a lessee (continued)

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

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

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

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(o) Credit losses and impairment of assets

(i) Credit losses from financial instruments

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

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

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

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

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

(i) Credit losses from financial instruments (continued)

Measurement of ECLs *(continued)*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes historical experience and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is 30 days past due.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets

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

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

– significant financial difficulties of the debtor;

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

– it is probable that the debtor will enter into bankruptcy or other financial reorganisation;

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

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

Write-off policy

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

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

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

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(p) Inventories and other contract costs

(i) Inventories

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

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

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

(ii) Other contract costs

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

Incremental costs of obtaining a contract, e.g. commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(q) Contract liabilities

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

(r) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration, and only the passage of time is required before payment of that consideration is due.

(s) Cash and cash equivalents

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

(t) Trade and other payables

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

(u) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(bb).

(v) Treasury shares

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

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Employee benefits

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

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Long-term employee benefits

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

(iii) Share-based payments

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

- including any market performance condition (for example, an entity's share price);

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Employee benefits *(continued)*

(iii) Share-based payments (continued)

– including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

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

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

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

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

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Income tax

Income tax expense comprises current tax and movements in deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income, or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Income tax *(continued)*

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(y) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(z) Revenue and other income *(continued)*

(i) Sale of lithium compounds and derivatives

Customers obtain control of lithium compounds and derivatives when the goods are delivered to and have been accepted at their premises for domestic sales or designated port of loading for export sales. Revenue is recognised at that point in time and invoices are issued accordingly. The Group usually requires advance payments or payments within 30 days after the goods are accepted. No discounts are provided for lithium compounds and derivatives.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of lithium compounds and derivatives. Returned goods are exchanged only for new goods i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(ii) Sale of lithium concentrates

Customers obtain control of lithium concentrates when the goods are dispatched from the Group's warehouse for domestic sales or are delivered to and have been accepted at designated port of loading for export sales. Revenue is recognised at that point in time and invoices are issued accordingly. The Group usually requires advance payments. No discounts are provided for lithium concentrates.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for lithium concentrates. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered. In such circumstances, a refund liability and a right to recover returned goods asset are recognised.

(iii) Dividends

Dividend income is recognised in profit or loss the date on which the Group's right to receive payment is established.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(z) Revenue and other income *(continued)*

(iv) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate is applied to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the basis.

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other revenues.

(aa) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the foreign exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(aa) Translation of foreign currencies *(continued)*

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

– an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(bb) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(cc) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(dd) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Note 31 contain information about the assumptions and their risk factors relating to financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 12, 14 and 16 to the consolidated financial statements.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

(ii) Reserves and resources

Reserves are estimates of the amount of mineral product that can be economically extracted from the Group's properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long-term commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group determines and reports ore reserves under the Australian Code for Reporting of Mineral Resource and Ore Reserves December 2012, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including:

– Asset carrying amounts may be impacted due to changes in estimated future cash flows.

– Depreciation and amortisation charged in the consolidated statement of profit or loss may change where such charges are calculated using the units of production basis.

– Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves alter expectations about the timing or cost of these activities.

Depreciation and amortisation of mining assets is prospectively adjusted, based on these changes.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

(iii) Capitalised stripping costs

Production stripping costs can be incurred both in relation to the production of inventories in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventories, while the latter are capitalised as mine properties and development, where certain criteria are met (see note 1(k)). Significant judgement is required to distinguish between the production stripping that related to the extraction of inventories and what relates to the creation of mine properties and development.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventories and any stripping activity asset for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, the most suitable production measure.

(iv) Rehabilitation and mine closure provisions

As set out in note 1(l), these provisions represent the discounted value of the present obligation to restore, dismantle and rehabilitate mine properties and development. The discounted value reflects a combination of the Group's assessment of the cost of performing the work required, the timing of the cash flows and the discount rate. A change in any, or a combination, of the three key assumptions used to determine the provisions could have a material impact to the carrying amounts of the provision.

In the case of provisions for assets which remain in use, adjustments to the carrying amounts of the provision are offset by a change in the carrying amounts of the related asset. Where the provisions are for assets no longer in use or for obligations arising from the production process, the adjustment is reflected directly in profit or loss.

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives. Further details regarding the Group's principal activities are disclosed in note 3(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of lithium compounds and derivatives	**13,251,824**	24,754,462
– Sales of lithium concentrates	**27,196,479**	15,414,461
	40,448,303	40,168,923

All of the Group's revenue are recognised at a point in time. Disaggregation of revenue from contracts with customers by major products and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii) respectively.

The Group's customer base is diversified and transactions with one (2022: one) of its customers has exceeded 10% of the Group's revenues. Revenues from sales to these customers amounted to approximately RMB26,174,195,000 (2022: RMB12,959,079,000). Details of concentrations of credit risk arising from customers are set out in note 31(a).

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Lithium compounds and derivatives segment: this segment primarily derive its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are mainly manufactured in the manufacturing plants of the Group located in mainland China.

- Lithium concentrates segment: this segment primarily undertakes mining, production and sales of lithium concentrates. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in subsidiaries, associates, joint ventures and deferred tax assets. Segment liabilities include trade and other payables attributable to the exploration, manufacturing and sales activities of the individual segments with the exception of deferred tax liabilities, bank loans and other borrowings managed directly by the Group's most senior executive management.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of lithium concentrates, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is adjusted profit before taxation. To arrive at adjusted profit before taxation, the Group's profit before taxation are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

In addition to receiving segment information concerning adjusted profit before taxation, management is provided with segment information concerning revenue (including inter segment sales), interest income from cash balances and finance costs from bank loans and other borrowings, depreciation, amortisation and (reversal of) impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

	2023		
	Lithium compounds and derivatives RMB'000	Lithium concentrates RMB'000	Total RMB'000
Revenue from external customers	13,251,824	27,196,479	40,448,303
Inter-segment revenue	10,880	19,237,679	19,248,559
Reportable segment revenue	13,262,704	46,434,158	59,696,862
Reportable segment (loss)/profit (adjusted (loss)/profit before taxation)	(3,570,395)	41,915,363	38,344,968
Share of profits less losses of associates	74,166	–	74,166
Interest income from bank deposits	198,566	126,006	324,572
Finance costs	(124,348)	(352,384)	(476,732)
Depreciation and amortisation for the year	(315,569)	(529,936)	(845,505)
Reportable segment assets	23,104,702	30,372,712	53,477,414
Capital expenditure*	1,055,750	4,905,936	5,961,686
Reportable segment liabilities	13,342,300	13,184,763	26,527,063

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

	2022		
	Lithium compounds and derivatives RMB'000	Lithium concentrates RMB'000	Total RMB'000
Revenue from external customers	24,754,462	15,414,461	40,168,923
Inter-segment revenue	99,534	12,029,338	12,128,872
Reportable segment revenue	24,853,996	27,443,799	52,297,795
Reportable segment profit (adjusted profit before taxation)	18,449,097	22,845,595	41,294,692
Interest income from bank deposits	33,317	11,327	44,644
Finance costs	(170,645)	(191,258)	(361,903)
Depreciation and amortisation for the year	(202,767)	(451,601)	(654,368)
Reversal of impairment losses on non-current assets	37,795	–	37,795
Reportable segment assets	36,785,171	26,861,624	63,646,795
Capital expenditure*	637,944	1,579,625	2,217,569
Reportable segment liabilities	12,210,001	17,583,569	29,793,570

* Capital expenditure consists of purchase of property, plant and equipment (including right-of-use assets) and intangible assets.

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenue, segment profit, segment assets and liabilities for the years ended 31 December 2023 and 2022 are set out below:

	Reportable segment amounts		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Reportable segment revenue	**59,696,862**	52,297,795	**45,189**	–	**(19,293,748)**	(12,128,872)	**40,448,303**	40,168,923
Reportable segment profit (adjusted profit before taxation)	**38,344,968**	41,294,692	**2,907,652**	5,880,120	**(4,990,290)**	(7,448,199)	**36,262,330**	39,726,613
Share of profits less losses of associates	**74,166**	254,184	**2,931,042**	5,640,887	**(1,595)**	–	**3,003,613**	5,895,071
Interest income	**324,572**	44,644	**31,344**	6,468	**–**	–	**355,916**	51,112
Finance cost	**(476,732)**	(361,903)	**(184,736)**	(793,918)	**111,366**	73,100	**(550,102)**	(1,082,721)
Depreciation and amortisation for the year	**(845,505)**	(654,368)	**(2,188)**	(721)	**–**	–	**(847,693)**	(655,089)
Reversal of impairment losses on non-current assets	**–**	37,795	**–**	–	**–**	–	**–**	37,795
Reportable segment assets	**53,477,414**	63,646,795	**36,179,555**	29,657,574	**(14,687,900)**	(20,746,352)	**74,969,069**	72,558,017
Capital expenditure	**5,961,686**	2,217,569	**140,930**	5,100	**(40,800)**	–	**6,061,816**	2,222,669
Reportable segment liabilities	**26,527,063**	29,793,570	**4,281,276**	3,822,118	**(11,794,873)**	(15,815,913)	**19,013,466**	17,799,775

(Expressed in thousands of Renminbi unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of external customers is based on the location at which the goods delivered.

	2023 RMB'000	2022 RMB'000
Mainland China	**34,284,424**	33,612,173
Overseas	**6,163,879**	6,556,750
	40,448,303	40,168,923

The following table sets out information about the geographical location of the Group's property, plant and equipment, intangible assets, goodwill and interests in associates and a joint venture ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets, goodwill, interests in associates and interests in a joint venture.

	2023 RMB'000	2022 RMB'000
Mainland China	**3,645,383**	2,883,474
Overseas		
– Australia	**18,890,712**	13,874,747
– Chile	**28,049,531**	26,687,595
	50,585,626	43,445,816

(Expressed in thousands of Renminbi unless otherwise stated)

4 OTHER NET INCOME

	2023 RMB'000	2022 RMB'000
Net foreign exchange gains	**188,178**	377,336
Interest income from bank deposits	**355,916**	51,112
Government grants	**174,044**	34,428
Dividend income from equity investments at FVOCI (non-recycling)	**12,523**	2,830
Net realised and unrealised losses on financial assets measured at FVPL	**(19,735)**	–
Net realised and unrealised losses on derivative financial instruments	**–**	(890,422)
Net gains/(losses) on disposal of property, plant and equipment	**5,014**	(1,221)
Gains on deemed disposal of an associate (note 16)	**–**	1,097,383
Gains on partial disposal of an associate (note 16)	**–**	625,577
Others	**(13,022)**	(10,051)
	702,918	1,286,972

5 PROVISION FOR IMPAIRMENT LOSSES

	2023 RMB'000	2022 RMB'000
Provision for/(reversal of) impairment losses on		
– interest in associates	**–**	(37,795)
– trade and other receivables	**(79,225)**	97,809
– inventories	**729,540**	1,881
	650,315	61,895

(Expressed in thousands of Renminbi unless otherwise stated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2023 RMB'000	2022 RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	**669,310**	1,076,175
Interest on lease liabilities	**36,085**	10,594
Interest on discounted bills receivable	**31,893**	75,921
Unwind of discount on rehabilitation and closure provision (note 28)	**9,742**	7,671
Less: interest expense capitalised into construction in progress	**(196,928)**	(87,640)
	550,102	1,082,721

The borrowing costs have been capitalised at a rate of 7.6% per annum for the year ended 31 December 2023.

	2023 RMB'000	2022 RMB'000
(b) Staff costs		
Salaries, wages, bonuses and other benefits	**1,048,582**	710,679
Equity-settled share-based payment expenses	**27,628**	800
Contributions to defined contribution retirement plans	**78,157**	39,044
	1,154,367	750,523

Staff costs includes remuneration of directors, supervisors and senior management (note 8 and note 9).

Pursuant to the relevant labour rules and regulations in mainland China, the Company and its subsidiaries in mainland China participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local government authorities whereby the Company and its subsidiaries in mainland China are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

(Expressed in thousands of Renminbi unless otherwise stated)

6 PROFIT BEFORE TAXATION *(continued)*

(b) Staff costs *(continued)*

Pursuant to the relevant labour rules and regulations in Australia, the Company's subsidiaries in Australia participate in retirement benefit plans whereby the Company's subsidiaries in Australia are required to make contributions to the retirement benefit based on certain percentages of the eligible employee's salaries.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") pursuant to the MPF Schemes Ordinance for its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of its employees' basic salaries and are charged to consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the existing level of contribution payable in the future years as at 31 December 2023.

	2023 RMB'000	2022 RMB'000
(c) Other items		
Amortisation cost of intangible assets # (note 13)	**10,660**	13,233
Depreciation charge (note 12)		
– owned property, plant and equipment	**734,027**	572,821
– right-of-use assets	**103,006**	69,035
Auditors' remuneration		
– group audit services	**4,140**	4,000
Research and development expenses *	**30,375**	26,703
Cost of inventories # (note 19(a))	**6,100,484**	6,014,628

* Research and development expenses include RMB21,814,000 (2022: RMB18,878,000) relating to staff costs and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in the note 6(b) for each of these types of expenses.

\# Cost of inventories includes RMB1,290,745,000 (2022: RMB1,044,401,000) relating to staff costs and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

(Expressed in thousands of Renminbi unless otherwise stated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2023 RMB'000	2022 RMB'000
Current tax – Mainland China Corporate Income Tax		
Provision for the year	**188,321**	3,427,206
Current tax – Hong Kong and overseas		
Provision for the year	**12,538,034**	6,040,992
Deferred tax		
Origination and reversal of temporary differences	**(2,108,160)**	(654,524)
	10,618,195	8,813,674

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**36,262,330**	39,726,613
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned (i)	**11,240,365**	11,128,919
Effect of preferential tax rate (ii)	**283,431**	(486,277)
Tax effect of utilisation of tax losses not recognised in prior years	**(95,104)**	(53,565)
Tax effect of unused tax losses not recognised	**112,092**	222,777
Tax effect of non-deductible expenses	**109,807**	345,364
Tax effect of non-taxable income	**(1,066,992)**	(2,407,604)
Over provision in prior periods	**(12,873)**	(11,665)
Withholding tax on the profits of the Group's overseas subsidiaries and investments	**48,679**	77,424
Others	**(1,210)**	(1,699)
Actual tax expense	**10,618,195**	8,813,674

(Expressed in thousands of Renminbi unless otherwise stated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: *(continued)*

(i) Under the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the Relevant Periods is 16.5%.

Pursuant to the rules and regulations of the British Virgin Islands, the Group's subsidiary in British Virgin Islands is not subject to any assessable income tax in the British Virgin Islands.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below:

	2023	2022
The United Kingdom#	**19%**	19%
Australia*	**30%**	30%
Canada#	**15%**	15%
Chile#	**27%**	27%

* Windfield and its wholly-owned Australian resident entities are taxed as a tax-consolidated group. TLH, TLAI 2 and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. TLEA, TLA and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield, TLH and TLEA respectively.

\# No provision was made for the United Kingdom, Canada and Chile Profits Tax as the Group's overseas subsidiaries in the United Kingdom, Canada and Chile did not earn any assessable income subject to local tax law during the year.

(ii) Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from 1 January 2011 to 31 December 2030. The Company and certain subsidiaries of the Group in mainland China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

(iii) Under the international tax reform, governments are expected to implement a new global minimum tax framework on multinational enterprises (Pillar Two Model Rules). At the date of this report, the Australian and Hong Kong governments have announced to implement the rules for income years commencing on or after 1 January 2024 and 2025 respectively. The Group continues to monitor the local legislation for Hong Kong and Australia and development of Pillar Two Model Rules in other jurisdictions the company and it's subsidiaries operates and assess the potential impact.

(Expressed in thousands of Renminbi unless otherwise stated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383 (1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

Year ended 31 December 2023	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Mr. Jiang Weiping	3,929	1,246	–	–	5,175	–	5,175
Mr. Ha, Frank Chun Shing	1,789	3,143	395	57	5,384	465	5,849
Mr. Zou Jun	237	3,473	249	42	4,001	393	4,394
Ms. Jiang Anqi	3,305	787	–	–	4,092	–	4,092
Independent non-executive directors							
Ms. Tang Guoqiong	417	–	–	–	417	–	417
Mr. Xiang Chuan	417	–	–	–	417	–	417
Ms. Huang Wei	417	–	–	–	417	–	417
Ms. Wu Changhua (appointed on 14 April 2023)	297	–	–	–	297	–	297
Mr. Pan Ying (resigned on 14 April 2023)	120	–	–	–	120	–	120
Supervisors							
Mr. Hu Yi	56	1,047	101	42	1,246	140	1,386
Ms. Chen Zemin	140	–	–	–	140	–	140
Ms. Wang Dongjie (appointed on 14 April 2023)	199	–	–	–	199	–	199
Ms. Yan Jin (resigned on 14 April 2023)	81	–	–	–	81	–	81
	11,404	9,696	745	141	21,986	998	22,984

(Expressed in thousands of Renminbi unless otherwise stated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION *(continued)*

Year ended 31 December 2022	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments RMB'000	Total RMB'000
Executive directors							
Mr. Jiang Weiping	3,850	1	–	–	3,851	–	3,851
Mr. Ha, Frank Chun Shing	762	3,601	220	40	4,623	13	4,636
Mr. Zou Jun	172	2,456	97	40	2,765	11	2,776
Ms. Jiang Anqi	3,240	–	–	–	3,240	–	3,240
Independent non-executive directors							
Mr. Pan Ying	371	–	–	–	371	–	371
Ms. Tang Guoqiong	371	–	–	–	371	–	371
Mr. Xiang Chuan	371	–	–	–	371	–	371
Ms Huang Wei (appointed on 23 June 2022	219	–	–	–	219	–	219
Supervisors							
Ms. Yan Jin	264	–	–	–	264	–	264
Mr. Hu Yi	53	776	37	40	906	4	910
Ms. Chen Zemin	132	–	–	–	132	–	132
	9,805	6,834	354	120	17,113	28	17,141

During the year, no emoluments was paid by the Group to the directors, supervisors or any of the one highest paid individual set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office in 2023 (2022: nil). No director or supervisor has waived or agreed to waive any emoluments in 2023 (2022: nil).

(Expressed in thousands of Renminbi unless otherwise stated)

9 INDIVIDUALS WITH HIGHEST REMUNERATION

For the year ended 31 December 2023, of the five individuals with the highest emoluments, four (2022: three) are executive directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other one individual (2022: two individuals) are as follows:

	2023 RMB'000	2022 RMB'000
Salaries and other emoluments	3,780	7,041
Discretionary bonuses	223	1,226
Retirement scheme contributions	42	169
	4,045	8,436

The emoluments of this one individual (2022: two individuals) with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HKD3,500,001 – 4,000,000	–	1
HKD4,000,001 – 4,500,000	1	–
HKD5,500,001 – 6,000,000	–	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB7,278,343,000 (2022: RMB23,944,590,000) and the weighted average number of 1,639,441,217 ordinary shares (2022: 1,553,951,388 ordinary shares) in issue during the year, calculated as follows:

	Year ended 31 December	
	2023 '000	2022 '000
Issued ordinary shares at 1 January	1,639,441	1,477,099
Effect of issuance of ordinary H shares (note 29(c)(i))	–	77,340
Effect of repurchase of shares	–	(488)
Weighted average number of ordinary shares at 31 December	1,639,441	1,553,951

(Expressed in thousands of Renminbi unless otherwise stated)

10 EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB7,278,343,000(2022: RMB23,944,590,000) and the weighted average number of 1,640,503,617 ordinary shares (2022: 1,553,983,405 ordinary shares) in issue assuming conversion of all dilutive potential ordinary shares during the year, calculated as follows:

	Year ended 31 December	
	2023	2022
	'000	'000
Weighted average number of ordinary shares at 31 December	**1,639,441**	1,553,951
Effect of the restricted A shares incentive scheme (note 30)	**1,062**	32
Weighted average number of ordinary shares at 31 December	**1,640,503**	1,553,983

11 OTHER COMPREHENSIVE INCOME

	2023			2022		
	Before-tax amount RMB'000	**Tax expense RMB'000**	**Net-of-tax amount RMB'000**	Before-tax amount RMB'000	Tax expense RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China	**526,622**	**–**	**526,622**	1,747,089	–	1,747,089
Share of other comprehensive income of associates	**227,261**	**–**	**227,261**	22,704	–	22,704
Equity investments at FVOCI: net movement in fair value reserve (non-recycling)	**(369,975)**	**31,534**	**(338,441)**	(826,354)	(54,303)	(880,657)
Other comprehensive income	**383,908**	**31,534**	**415,442**	943,439	(54,303)	889,136

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land RMB'000	Interest in leasehold land held for own use RMB'000	Other properties, machinery and equipment leased for own use RMB'000	Plants and buildings RMB'000	Mine properties and development RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Constructions in progress RMB'000	Total RMB'000
Cost:										
At 1 January 2022	62,987	388,277	164,203	1,906,887	3,264,457	3,702,544	9,262	85,482	6,496,226	16,080,325
Additions	–	44,826	56,612	763	464,424	2,312	2,197	1,999	1,639,129	2,212,262
Transfer from construction in progress	1,816	–	–	1,388,060	–	3,014,971	–	16,390	(4,421,237)	-
Other transfer	–	–	(19,971)	–	–	19,971	–	–	–	-
Decrease in rehabilitation and mine closure costs (note 28)	–	–	–	–	(51,218)	–	–	–	(42,847)	(94,065)
Deferred stripping cost	–	–	–	–	148,840	–	–	–	–	148,840
Disposals	–	–	–	(518)	–	(13,956)	(1,400)	(468)	(975)	(17,317)
Foreign exchange differences	1,271	4,039	3,097	40,872	70,365	76,078	–	248	90,734	286,704
At 31 December 2022 and 1 January 2023	66,074	437,142	203,941	3,336,064	3,896,868	6,801,920	10,059	103,651	3,761,030	18,616,749
Additions	-	81,068	1,057,924	24,163	-	14,095	26,666	48,675	4,757,608	6,010,199
Transfer from construction in progress	7,581	-	-	1,100,027	-	239,888	860	31,964	(1,380,320)	-
Decrease in rehabilitation and mine closure costs (note 28)	-	-	-	-	59,742	-	-	-	(12,847)	46,895
Deferred stripping cost	-	-	-	-	119,873	-	-	-	132,329	252,202
Disposals	-	(312)	(110,378)	(8,761)	-	(118,732)	(322)	(2,466)	-	(240,971)
Foreign exchange differences	1,993	4,341	18,808	78,524	113,801	126,413	315	1,092	113,930	459,217
At 31 December 2023	75,648	522,239	1,170,295	4,530,017	4,190,284	7,063,584	37,578	182,916	7,371,730	25,144,291

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

	Freehold land RMB'000	Interest in leasehold land held for own use RMB'000	Other properties, machinery and equipment leased for own use RMB'000	Plants and buildings RMB'000	Mine properties and development RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment and others RMB'000	Constructions in progress RMB'000	Total RMB'000
Accumulated depreciation:										
At 31 December 2021 and 1 January 2022	–	(49,237)	(71,645)	(324,007)	(466,097)	(1,345,301)	(6,467)	(59,963)	–	(2,322,717)
Charge for the year	–	(12,907)	(56,128)	(145,640)	(131,511)	(286,472)	(855)	(8,343)	–	(641,856)
Transfer	–	–	11,524	–	–	(11,524)	–	–	–	–
Disposals	–	–	–	518	–	13,553	1,347	458	–	15,876
Foreign exchange differences	–	(490)	(6,201)	(5,742)	(10,553)	1,069	(1,328)	(1,833)	–	(25,078)
At 31 December 2022 and 1 January 2023	–	(62,634)	(122,450)	(474,871)	(608,161)	(1,628,675)	(7,303)	(69,681)	–	(2,973,775)
Charge for the year	–	(12,890)	(90,116)	(200,493)	(119,590)	(357,217)	(19,007)	(37,720)	–	(837,033)
Disposals	–	17	110,331	798	–	25,701	282	2,426	–	139,555
Foreign exchange differences	–	(621)	(3,102)	(8,276)	(19,049)	(18,493)	(250)	(503)	–	(50,294)
At 31 December 2023	–	(76,128)	(105,337)	(682,842)	(746,800)	(1,978,684)	(26,278)	(105,478)	–	(3,721,547)
Accumulated impairment losses:										
At 31 December 2022 and 2023	–	–	–	–	–	(646)	–	–	(22,557)	(23,203)
Net book value:										
At 31 December 2023	75,648	446,111	1,064,958	3,847,175	3,443,484	5,084,254	11,300	77,438	7,349,173	21,399,541
At 31 December 2022	66,074	374,508	81,491	2,861,193	3,288,707	5,172,599	2,756	33,970	3,738,473	15,619,771

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(a) Reconciliation of carrying amount *(continued)*

The freehold land represents the freehold land located in Australia and owned by Windfield Group, which is measured at historical cost and is not depreciated.

As at 31 December 2023, certain property, plant and equipment were pledged as collateral for bank loans and other borrowings (note 24).

As at 31 December 2023, the Group was applying for certificates of ownership for certain properties located in mainland China with carrying amounts of RMB53,158,000. The directors of the Group are of the opinion that the use of and the conduct of operating activities at these properties are not affected by the fact that the Group has not yet obtained the relevant property title certificates.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	2023 RMB'000	2022 RMB'000
Interests in leasehold land held for own use, carried at depreciated cost, with remaining lease term between 10 and 50 years	(i)	**446,111**	374,508
Other properties, machinery and equipment leased for own use	(ii)	**1,064,958**	81,491
		1,511,069	455,999

(Expressed in thousands of Renminbi unless otherwise stated)

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Right-of-use assets *(continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Interests in leasehold land held for own use	**12,890**	12,907
Other properties, machinery and equipment leased for own use	**90,116**	56,128
	103,006	69,035
Interest on lease liabilities (note 6(a))	**36,085**	10,594
Expense relating to short-term leases	**16,122**	11,526
Variable lease payments not included in the measurement of lease liabilities	**871,905**	628,291

During the year, additions to right-of-use assets were RMB1,138,992,000 (2022: RMB101,438,000).

Details of total cash outflow for leases, and the maturity analysis of lease liabilities are set out in notes 22(d) and 25 respectively.

(i) Interests in leasehold land held for own use

Interests in leasehold land held for own use represent payments for land use rights of land located in mainland China and Australia where the Group's plants situate. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in mainland China. Lease payments are usually adjusted to reflect market rentals for the land lease in Australia. The period for these land use rights is no more than 50 years.

(ii) Other properties, machinery and equipment leased for own use

The Group has obtained the right to use other properties, machinery and equipment through lease agreements. The leases typically run for an initial period of 2 to 30 years. Lease payments are usually increased every year to reflect market rentals. Some leases include an option to renew the lease for an additional period after the end of the contract term. Certain leases for equipment in Australia include lease payments that were variable by nature and therefore not included in the minimum lease payments used to calculate lease liabilities.

(Expressed in thousands of Renminbi unless otherwise stated)

13 INTANGIBLE ASSETS

	Software RMB'000	Patents RMB'000	Mininig rights RMB'000	Development Cost RMB'000	Total RMB'000
Cost:					
At 1 January 2022	70,697	176,732	88,045	–	335,474
Additions	–	–	–	10,407	10,407
Transfer	9,913	494	–	(10,407)	–
Foreign exchange differences	715	5	–	–	720
At 31 December 2022 and 1 January 2023	81,325	177,231	88,045	–	346,601
Additions	–	51,579	–	38	51,617
Transfer	38	–	–	(38)	–
Disposals	(8,757)	–	–	–	(8,757)
Foreign exchange differences	895	9	–	–	904
At 31 December 2023	**73,501**	**228,819**	**88,045**	**–**	**390,365**
Accumulated amortisation:					
At 1 January 2022	**(44,001)**	**(30,223)**	**–**	**–**	**(74,224)**
Charge for the year	(12,279)	(954)	–	–	(13,233)
Foreign exchange differences	(366)	(44)	–	–	(410)
At 31 December 2022 and 1 January 2023	(56,646)	(31,221)	–	–	(87,867)
Charge for the year	(7,235)	(3,425)	–	–	(10,660)
Disposals	6,855	–	–	–	6,855
Foreign exchange differences	(480)	(2)	–	–	(482)
At 31 December 2023	(57,506)	(34,648)	–	–	(92,154)
Accumulated impairment losses					
At 1 January 2023 and 31 December 2023	**–**	**(142,439)**	**–**	**–**	**(142,439)**
Net book Value					
At 31 December 2023	**15,995**	**51,732**	**88,045**	**–**	**155,772**
At 31 December 2022	**24,679**	**3,571**	**88,045**	**–**	**116,295**

As at 31 December 2023, certain intangible assets were pledged as collateral for bank loans and other borrowings (note 24).

(Expressed in thousands of Renminbi unless otherwise stated)

14 GOODWILL

	RMB'000
Cost and carrying amount:	
At 1 January 2022, 31 December 2022 and 2023	416,101

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified below:

	2023 RMB'000	2022 RMB'000
Tianqi Lithium (Jiangsu) Co., Limited ("Tianqi Lithium (Jiangsu)")	**416,101**	416,101

The recoverable amount of Tianqi Lithium (Jiangsu) CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in calculations are average growth rate and pre-tax discount rates. The basis used to determine the value assigned to the growth rates are Tianqi Lithium (Jiangsu) CGU's performance in the past, expansion plans in the future, and expected market change on annual basis. The pre-tax discount rates reflect specific risks relating to Tianqi Lithium (Jiangsu) CGU.

The average growth rate is estimated to be 6.3% and the pre-tax discount rate is estimated to be 18.1% for the five-year period. Cash flow beyond the five-year period stay the same with fifth year and the key assumptions are 0% and 18.1%, respectively.

No impairment losses have been recognised for the years ended 31 December 2023 and 2022 in respect of the goodwill. Any adverse change in the assumptions used in the value-in-use calculation of recoverable amount would result in impairment losses.

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company Name	Date and place of incorporation/ establishment, principal country of operation	Particulars of issued and paid-up capital	Proportion of ownership interests		Principal activities
			Held by the Company	Held by a subsidiary	
Chengdu Tianqi Lithium Co., Limited ("Chengdu Tianqi") (成都天齊鋰業有限公司) (i)	22 August 2014 The PRC	RMB8,700,000,000	100%	–	Import and export trading
Tianqi Lithium (Jiangsu) Co., Limited ("Tianqi Lithium (Jiangsu)") (天齊鋰業(江蘇)有限公司) (i)	10 February 2010 The PRC	RMB1,820,512,821	–	100%	Manufacture of lithium compounds and derivatives
Chongqing Tianqi Lithium Co., Limited ("Chongqing Tianqi") (重慶天齊鋰業有限責任公司) (i)	13 February 2017 The PRC	RMB156,894,067	–	86.38%	Manufacture of lithium compounds and derivatives
Tianqi Lithium (Shehong) Co., Limited ("Shehong Tianqi") (天齊鋰業(射洪)有限公司) (i)	23 March 2016 The PRC	RMB5,926,000,000	100%	–	Manufacture of lithium compounds and derivatives
Tianqi Xinlong Science & Technology (Chengdu) Co., Limited ("Tianqi Xinlong") (天齊鑫隆科技(成都)有限公司) (i)	3 May 2017 The PRC	RMB17,534,700,000	100%	–	Import and export trading
Suining Tianqi Lithium Co., Ltd. ("Tianqi Suining") (遂寧天齊鋰業有限公司) (i)	3 January 2018 The PRC	RMB591,009,300	–	100%	Manufacture of lithium compounds and derivatives
Tianqi Xinli New Materials Yanting Co., Ltd. ("Tianqi Xinli (YT)") (天齊新鋰新材料(鹽亭)有限公司) (i)	20 October 2022 The PRC	RMB40,000,000	–	100%	Manufacture of lithium compounds and derivatives
Tianqi Lithium HK Co., Limited ("Tianqi HK")	11 March 2015 Hong Kong	HKD10,000 and USD227,704,458	–	100%	Investment holding and trade
Tianqi Lithium Energy Australia Pty Ltd (Formerly Tianqi UK Limited) ("TLEA")	26 March 2014 The United Kingdom	USD565,152,720	51%	–	Import and export trading

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(continued)*

Company Name	Date and place of incorporation/ establishment, principal country of operation	Particulars of issued and paid-up capital	Proportion of ownership interests: Held by the Company	Proportion of ownership interests: Held by a subsidiary	Principal activities
Tianqi Lithium Holdings Pty Ltd ("TLH")	9 November 2017 Australia	AUD558,222,274	–	100%	Investment holding and trade
Tianqi Lithium Kwinana Pty Ltd ("TLK")	27 April 2016 Australia	AUD221,270,532	–	51%	Manufacture of lithium compounds and derivatives
Tianqi Lithium Australia Pty Ltd ("TLA")	9 November 2017 Australia	AUD216,770,485	–	51%	Investment holding and trade
Windfield (ii)	21 September 2012 Australia	AUD433,167,477	–	51%	Investment holding
Talison Lithium Australia Pty Ltd (ii)	11 September 2009 Australia	AUD1	–	51%	Mining and sale of lithium concentrates
Talison Lithium Pty Ltd (ii)	22 October 2009 Australia	AUD800,224,448	–	51%	Mining, production and sale of lithium concentrates
Tianqi Lithium Australia Investments 2 Pty Ltd ("TLAI 2")	4 May 2018 Australia	AUD3,401,276,048	–	100%	Investment holding
Tianqi Lithium Australia Investments 1 Pty Ltd ("TLAI 1")	4 May 2018 Australia	AUD4,636,265,093	–	100%	Investment holding

Notes:

(i) The English translation of the company names is for reference only. The official names of these companies are in Chinese. These companies were all limited liability companies under the law of the PRC.

(ii) On 8 December 2020, the Company and TLEA entered into an investment agreement with IGO, pursuant to which TLEA agreed to issue and IGO agreed to subscribe for 177,864,310 new shares, representing 49% equity interest in TLEA after the share subscription (the "IGO Transaction"). Subsequent to the IGO transaction in July 2021, the Group indirectly holds approximately 26% effective equity interest in these companies through TLEA and these companies are consolidated subsidiaries of the Group as the Group has control over the exercise of over 50% voting right over these entities through its non-wholly owned subsidiaries.

(Expressed in thousands of Renminbi unless otherwise stated)

15 INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table lists out the information relating to Windfiled and its subsidiaries (together, the "Windfiled Group"), in which the Group has material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Windfiled Group	2023 RMB'000	2022 RMB'000
NCI percentage	73.99%	73.99%
Current assets	7,825,072	11,582,392
Non-current assets	13,792,254	9,058,780
Current liabilities	(4,330,131)	(4,326,197)
Non-current liabilities	(8,430,745)	(7,709,432)
Net assets	8,856,450	8,605,543
Carrying amount of NCI	(1,650,154)	1,877,160
Revenue	47,182,067	26,038,783
Profit for the year	30,040,689	15,215,456
Total comprehensive income	29,590,407	15,287,594
Profit allocated to NCI	18,514,145	7,028,833
Dividend paid to NCI	25,102,510	7,864,506
Cash flows from operating activities	35,377,730	9,725,018
Cash flows from investing activities	(3,529,464)	(1,507,135)
Cash flows from financing activities	(30,390,673)	(8,171,888)

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES

The following list contains the particulars of the Group's associates, all of which, except for SQM, are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Sociedad Química y Minera de Chile S.A. (i) (ii) ("SQM")	Incorporated	Chile	USD1,577,643,000	22.16%	–	22.16%	Exploitation and manufacture of potassium and lithium products
Shanghai Aerospace Power Technology Co., Ltd* (上海航天電源技術有限責任公司) (i)(iii) ("Shanghai Aerospace")	Incorporated	The PRC	RMB519,834,437	9.91%	9.91%	–	Development and manufacture of advanced lithium-based batteries
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited* (西藏日喀則扎布耶鋰業高科技有限公司) (i)(iv) ("Shigatse Zabuye")	Incorporated	The PRC	RMB930,000,000	20%	20%	–	Mining and sale of lithium compounds

* The English translation of the associates' names is for reference only. The official names of these companies are in Chinese.

16 INTERESTS IN ASSOCIATES *(continued)*

(i) The Group's investments in SQM, Shanghai Aerospace and Shigatse Zabuye are recorded as "interests in associates" because the Group has significant influence over these entities by way of representation on the board of directors and participation in the financial and operating policy decisions.

(ii) The investment in SQM enables the Group to gain exposure to world-class brine resources and also create synergies between the Group's upstream and downstream operations and among the various products the Group manufactures.

(iii) The investment in Shanghai Aerospace enables the Group to strengthen the control of the downstream industry.

(iv) The investment in Shigatse Zabuye enables the Group to participate in the development of lithium brine-based resources at Zhabuye Salt Lake Project in Tibet.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

SQM	2023 RMB'000	2022 RMB'000
Gross amounts of the associate's		
Current assets	**41,548,117**	48,693,064
Non-current assets	**110,039,730**	95,096,800
Current liabilities	**(16,652,370)**	(21,252,804)
Non-current liabilities	**(26,825,953)**	(19,748,492)
Total equity attributable to the shareholders of the associate	**107,852,918**	102,542,236
Non-controlling interests	**256,606**	246,332
Revenue	**52,449,410**	71,441,697
Profit after taxation	**13,225,142**	25,254,512
Other comprehensive income	**1,023,894**	96,518
Total comprehensive income	**14,249,036**	25,351,030
Dividend received from the associate	**2,276,088**	3,279,153
Reconciled to the Group's interests in the associate		
Total equity attributable to the shareholders of the associate	**107,852,918**	102,542,236
Group's effective interest	**22.16%**	22.16%
Group's share of net assets of the associate	**23,903,067**	22,726,079
Goodwill	**6,853,054**	6,740,797
Impairment provision	**(2,951,938)**	(2,902,716)
Carrying amount in the consolidated financial statements	**27,804,183**	26,564,160

The recoverable amounts of the Group's investment in SQM were determined by value-in-use calculations. These calculations use cash flow projections based on SQM's historical financial information, operation plan, latest market information and independent technical review report, etc. Cash flows beyond the forecast periods stay the same with the last year in the projection period.

(Expressed in thousands of Renminbi unless otherwise stated)

16 INTERESTS IN ASSOCIATES *(continued)*

Key assumptions:

The followings are key assumptions that management used in the abovementioned value-in-use calculations of the Group's investment in SQM for 31 December 2023:

	Key assumptions	Range
As at 31 December 2023	Average growth rate	0% – 2%
	Pre-tax discount rate	17.6%

The value-in-use calculations of the Group's investment in SQM is positively correlated to the average growth rate and negatively correlated to the discount rate.

Aggregate information of associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**564,681**	606,053
Aggregate amounts of the Group's share of those associates		
Profit after taxation and total comprehensive income	**72,571**	254,184

The carrying amounts of investments in associates is listed below

	2023 RMB'000	2022 RMB'000
SQM	**27,804,183**	26,564,160
Shanghai Aerospace	**32,557**	29,821
Shigatse Zabuye	**532,124**	576,233
	28,368,864	27,170,214

17 INTERESTS IN A JOINT VENTURE

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

				Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Salares de Atacama Sociedad Contractual Minera. ("Chile SALA")	Incorporated	Chile	CLP1,281,275,000	50.00%	–	50.00%	Discovery, exploration, development and operational mining concessions and properties

Chile SALA is an unlisted corporate entity whose quoted market price is not available. Chile SALA is a private Chilean company who is the owner of Salares 7 Project, which is a lithium and potassium exploration project which consists of seven brine lakes in the Atacama province in northern Chile.

(Expressed in thousands of Renminbi unless otherwise stated)

17 INTERESTS IN A JOINT VENTURE *(continued)*

Management considers that Chile SALA does not have a significant impact on the financial position and performance of the Group. Summarised information of Chile SALA, adjusted for any differences in accounting policies, is as below:

	2023 RMB'000	2022 RMB'000
Group's share of net assets of the joint venture	**256,338**	134,120
Impairment provision	**(10,990)**	(10,685)
Carrying amount of Chile SALA	**245,348**	123,435

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Note	2023 RMB'000	2022 RMB'000
Equity securities designated at FVOCI – non-current			
Xiamen Xiawu New Energy Materials Co., Ltd. (廈門廈鎢新能源材料股份有限公司)	(i)	**314,128**	439,698
Beijing WeLion New Energy Technology Co., Ltd. (北京衛藍新能源科技有限公司)	(i)	**472,563**	473,130
SES AI Corporation	(i)	**359,551**	608,579
CALB Group Co., Ltd. (中創新航科技集團股份有限公司)	(i)	**322,454**	326,514
Sichuan Energy Investment Development Co., Ltd. (四川能投發展股份有限公司)	(i)	**114,478**	105,231
		1,583,174	1,953,152
Financial assets at FVPL – current			
– Financial assets at FVTPL with provisional pricing terms	(ii)	**14,824**	–

(i) The equity securities represented equity investments in various companies, which the Group does not have significant influence. The Group designated its investment in these entities at FVOCI (non-recycling), as these investments are held for strategic purposes. Dividends of RMB12,523,000 were received on these investments during the year.

(Expressed in thousands of Renminbi unless otherwise stated)

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE *(continued)*

(ii) Certain sale contracts of the Group contain provisional pricing terms. The Group does not separate the embedded pricing feature from the trade receivables and accounts for the financial assets as a whole. As the basis of the contractual cash flow characteristics are not solely payments of principal and interest on the principal amounts outstanding, the Group classifies such items as financial assets at fair value through profit or loss.

19 INVENTORIES

	2023 RMB'000	2022 RMB'000
Inventories		
Raw materials	**721,262**	673,211
Work in progress	**931,549**	617,330
Finished goods	**1,821,649**	556,024
Low-value consumption goods	**411,725**	300,858
	3,886,185	2,147,423
Less: write down of inventories	**(735,685)**	(3,480)
	3,150,500	2,143,943

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount of inventories sold	**6,100,484**	6,014,628
Write down of inventories	**729,540**	1,881
	6,830,024	6,016,509

All of the inventories are expected to be recovered within one year.

(Expressed in thousands of Renminbi unless otherwise stated)

20 CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Contract liabilities		
– Receipts in advance from sales of lithium products	37,448	351,227

Movements in contract liabilities

	2023 RMB'000	2022 RMB'000
Balance at 1 January	351,227	164,475
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(350,490)	(164,363)
Increase in contract liabilities as a result of receipts in advance	36,711	351,115
Balance at 31 December	37,448	351,227

The Group requires certain customers to pay in advance of delivery. The receipts in advance are recognised as a contract liability until the products are delivered to the customer.

All of the contract liabilities are expected to be recognised as revenue within one year.

(Expressed in thousands of Renminbi unless otherwise stated)

21 TRADE AND OTHER RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**4,344,664**	7,487,291
Less: allowance for doubtful debts	**(28,476)**	(110,017)
	4,316,188	7,377,274
Bills receivable	**65,805**	515,944
Other receivables	**212,783**	101,827
Less: allowance for doubtful debts	**(14,490)**	(12,490)
	198,293	89,337
Deposits and prepayments	**85,100**	77,588
Value added tax recoverable	**1,626,768**	213,376
Goods and services tax recoverable	**111,297**	46,031
Bank acceptance notes, carried at FVOCI (note (c))	**80,697**	2,595,288
	1,903,862	2,932,283
	6,484,148	10,914,838

All of the trade receivables, bills receivable and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**4,381,993**	7,893,218

Trade receivables are due within 15 to 90 days from the date of billing. No interests are charged on the trade receivables and bills receivable. Further details on the Group's credit policy and credit risk arising from trade receivables and bills receivable are set out in note 31(a).

21 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Transfers of financial assets

(i) Transferred financial assets that were derecognised in their entirety

The bills accepted by banks with high credit quality were derecognised when they were endorsed or discounted. In the opinion of the directors, the Group did not retain substantially all the risks and rewards of ownership of these bills, because the credit risk of the acceptance banks was very low and the Group had transferred out all interest risk of the bills upon endorsement or discount. As the transferees had the practical ability to further endorse or discount the bills, control of these bills were transferred upon endorsement or discount and thus they were derecognised. As at 31 December 2023, bills endorsed, discounted and derecognised, but yet reached maturity amounted to RMB3,202,781,000 (2022: RMB8,455,830,000). This represents the Group's maximum exposure to loss should the acceptance banks fail to settle the bills on maturity date. However, non-settlement by those acceptance banks was considered unlikely.

(ii) Transferred financial assets that are not derecognised in their entirety

The other bank acceptance bills with a total carrying amount of RMB44,665,000 (2022: RMB198,514,000) discounted at banks or endorsed by the Group to its suppliers as to settle trade payables of the same amounts at 31 December 2023, were not derecognised. In the opinion of the directors, the Group retained substantially all risks and rewards of these bank acceptance bills, and accordingly, it continued to recognise the full carrying amounts of these bills receivable and the associated liabilities.

(c) Bank acceptance notes, carried at FVOCI

For the purpose of the cash management, the Group endorsed certain bank acceptance notes receivable to its suppliers. The business model of bank acceptance notes is achieved by both the collection of contractual cash flows and sale. Therefore, as at 31 December 2023, the Group classified bank acceptance notes of RMB80,697,000 (2022: RMB2,595,288,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income, in accordance with the accounting policy set out in note 1(g).

(Expressed in thousands of Renminbi unless otherwise stated)

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2023 RMB'000	2022 RMB'000
Cash and bank balance	**9,588,521**	12,461,008
Less:		
Non-current restricted deposits	**(20,613)**	(29,522)
Current restricted deposits	**(237,428)**	(141,538)
	9,330,480	12,289,948

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2023 RMB'000	2022 RMB'000
Profit before taxation		**36,262,330**	39,726,613
Adjustments for:			
Depreciation	12	**837,033**	641,856
Amortisation of intangible assets	13	**10,660**	13,233
Provision for/(reversal of) Impairment losses		**–**	(37,795)
Net foreign exchange gains	4	**(188,178)**	(377,336)
Dividend income from equity investments at FVOCI (non-recycling)	4	**(12,523)**	(2,830)
Share of profits less losses of associates		**(3,117,332)**	(5,895,071)
Equity-settled share-based payment expenses	6(b)	**27,628**	800
Net realised and unrealised losses on derivative financial instruments	4	**19,735**	890,422
Net (gains)/losses on disposal of property, plant and equipment	4	**(5,014)**	1,221
Gains on disposal of an associate	4	**–**	(625,577)
Gains on deemed disposal of an associate	4	**–**	(1,097,383)
Finance costs	6(a)	**550,102**	1,082,721
Changes in working capital:			
Increase in inventories		**(1,006,557)**	(1,272,187)
Decrease/(increase) in trade and other receivables		**4,716,069**	(7,955,336)
(Decrease)/increase in trade and other payables		**(1,346,566)**	1,833,747
(Decrease)/increase in contract liabilities		**(313,779)**	186,752
Decease/(increase) in restricted deposits		**1**	(129,172)
Cash generated from operations		**36,433,609**	26,984,678

(Expressed in thousands of Renminbi unless otherwise stated)

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	Dividend payable RMB'000	Total RMB'000
At 1 January 2023	8,390,743	314,284	–	8,705,027
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	10,900,764	–	–	10,900,764
Repayments of bank loans and other borrowings	(8,918,050)	–	–	(8,918,050)
Capital element of lease rentals paid	–	(92,132)	–	(92,132)
Interest element of lease rentals paid	–	(36,085)	–	(36,085)
Interest paid	(654,352)	–	–	(654,352)
Dividends paid	–	–	(25,102,510)	(25,102,510)
Total changes from financing cash flows	1,328,362	(128,217)	(25,102,510)	(23,902,365)
Exchange adjustments	197,055	(13,657)	(222)	183,176
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	1,067,466	–	1,067,466
Settlement of bank loans and other borrowings with bill receivables	(99,833)	–	–	(99,833)
Interest expenses	664,698	36,085	–	700,783
Dividends declared	–	–	25,451,397	25,451,397
Total other changes	564,865	1,103,551	25,451,397	27,119,813
At 31 December 2023	10,481,025	1,275,961	348,665	12,105,651

(Expressed in thousands of Renminbi unless otherwise stated)

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) Reconciliation of liabilities arising from financing activities *(continued)*

	Bank loans and other borrowings RMB'000 (Note 24)	Interest payables RMB'000	Lease liabilities RMB'000 (Note 25)	Derivative financial liabilities/ (assets) RMB'000	Dividend payable RMB'000	Total RMB'000
At 1 January 2022	21,562,675	1,535	249,382	388,401	–	22,201,993
Changes from financing cash flows:						
Proceeds from bank loans and other borrowings	13,058,862	–	–	–	–	13,058,862
Repayments of bank loans and other borrowings	(25,600,443)	–	–	–	–	(25,600,443)
Capital element of lease rentals paid	–	–	(51,877)	–	–	(51,877)
Interest element of lease rentals paid	–	–	(11,060)	–	–	(11,060)
Interest paid	–	(1,220,931)	–	–	–	(1,220,931)
Net cash inflow from derivative financial instruments	–	–	–	10	–	10
Dividends paid to NCI	–	–	–	–	(7,864,506)	(7,864,506)
Total changes from financing cash flows	(12,541,581)	(1,220,931)	(62,937)	10	(7,864,506)	(21,689,945)
Exchange adjustments	604,448	250,663	15,935	69	–	871,115
Changes in fair value	–	–	–	890,422	–	890,422
Other changes:						
Increase in lease liabilities from entering into new leases during the year	–	–	101,310	–	–	101,310
Settlement of VPF contracts with shares in SQM	(1,033,406)	–	–	(1,278,902)	–	(2,312,308)
Settlement of bank loans and other borrowings with bill receivables	(308,835)	–	–	–	–	(308,835)
Interest expenses	107,442	968,733	10,594	–	–	1,086,769
Dividends declared	–	–	–	–	7,864,506	7,864,506
Total other changes	(1,234,799)	968,733	111,904	(1,278,902)	7,864,506	6,431,442
At 31 December 2022	8,390,743	–	314,284	–	–	8,705,027

(Expressed in thousands of Renminbi unless otherwise stated)

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 RMB'000	2022 RMB'000
Within operating cash flows	**(16,122)**	(11,526)
Within financing cash flows	**(128,217)**	(62,937)
	(144,339)	(74,463)

23 TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Bills payable	**208,982**	185,881
Trade creditors	**1,364,827**	2,154,852
Accrued payroll and benefits	**198,078**	147,578
Other taxes payable	**37,503**	540,540
Other payables	**1,361,892**	529,168
	3,171,282	3,558,019

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	**1,570,651**	2,339,523
1 to 2 years	**1,714**	386
2 to 3 years	**624**	69
More than 3 years	**820**	755
	1,573,809	2,340,733

(Expressed in thousands of Renminbi unless otherwise stated)

24 BANK LOANS AND OTHER BORROWINGS

The analysis of the carrying amounts of bank loans and other borrowings is as follows:

The Group	2023 RMB'000	2022 RMB'000
Current		
Secured bank loans (i)	9,122	58,923
Unsecured bank loans (i)	328,251	40,000
Current portion of non-current		
Secured bank loans (i)	429,650	27,037
Unsecured bank loans (i)	169,244	–
Secured other borrowings from third-parties	–	1,375
	936,267	127,335
Non-current		
Secured bank loans (i)	8,973,158	7,690,445
Unsecured bank loans (i)	1,170,494	–
Secured other borrowings from third-parties	–	601,375
	10,143,652	8,291,820
Less:		
– Current portion of non-current secured bank loans (i)	(429,650)	(27,037)
– Current portion of non-current unsecured bank loans (i)	(169,244)	–
– Current portion of secured other borrowings from third-parties	–	(1,375)
	(598,894)	(28,412)
	9,544,758	8,263,408

(Expressed in thousands of Renminbi unless otherwise stated)

24 BANK LOANS AND OTHER BORROWINGS *(continued)*

(i) Bank loans

The effective interest rates of the Group's bank loans ranged from 0.4% to 7.7% per annum for the year ended 31 December 2023 (2022: 0.8% to 7.8% per annum).

The secured bank loans are secured by certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	2023 RMB'000	2022 RMB'000
Mainland China subsidiaries		
Bills receivables	**9,122**	58,923
Overseas subsidiaries		
All assets of Windfield	**21,433,821**	20,517,736
Restricted bank deposits	**53,431**	18,156
100% equity interests of TLAI 1	**23,809,761**	23,412,747
Investments in SQM	**10,541,028**	3,776,593
	55,847,163	47,784,155

At 31 December 2023, the bank loans and other borrowings were repayable as follows:

	2023 RMB'000	2022 RMB'000
Bank loans		
Within 1 year	936,267	125,960
After 1 year but within 2 years	2,951,171	145,768
After 2 years but within 5 years	6,593,587	7,517,640
	10,481,025	7,789,368
Other borrowings from a third-party		
Within 1 year or on demand	–	1,375
After 1 year but within 2 years	–	–
After 2 years but within 5 years	–	600,000
	–	601,375
	10,481,025	8,390,743

(Expressed in thousands of Renminbi unless otherwise stated)

25 LEASE LIABILITIES

At 31 December 2023, the lease liabilities were repayable as follows:

	2023 RMB'000	2022 RMB'000
Within 1 year	153,861	46,041
After 1 year but within 2 years	16,385	14,083
After 2 years but within 5 years	45,814	26,943
After 5 years	1,059,901	227,217
	1,122,100	268,243
	1,275,961	314,284

26 DEFERRED INCOME

	2023 **RMB'000**	2022 RMB'000
At 1 January	**59,447**	72,570
Additions	**471**	300
Credited to profit or loss	**(3,574)**	(13,423)
At 31 December	**56,344**	59,447

As at 31 December 2023, deferred income of the Group mainly represented various grants received from governments for research and development of lithium related technology, construction of property, plant and equipment and interest in leasehold land for own use. Government grants relating to compensation of assets are recognised as other income on a straight-line basis over the expected useful life of the relevant assets.

(Expressed in thousands of Renminbi unless otherwise stated)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2023 RMB'000	2022 RMB'000
Mainland China Corporate Income Tax		
At January 1,	**1,116,192**	423,173
Charged to profit or loss	**188,321**	3,427,206
Payments during the year	**(1,443,133)**	(2,734,187)
At 31 December	**(138,620)**	1,116,192
Hong Kong and overseas Corporate Income Tax		
At January 1,	**1,886,302**	28,400
Charged to profit or loss	**12,538,034**	6,040,992
Payments during the year	**(12,302,402)**	(3,952,908)
Exchange adjustment	**(13,353)**	(230,182)
At 31 December	**2,108,581**	1,886,302
Representing:		
Prepaid tax	**(391,048)**	(469,991)
Current taxation	**2,361,009**	3,472,485
	1,969,961	3,002,494

(Expressed in thousands of Renminbi unless otherwise stated)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Unrealised intra-group profit RMB'000	Unused tax losses RMB'000	Unrealised exchange (gain)/loss RMB'000	Provisions RMB'000	Unrealised fair value gains/(loss) RMB'000	Depreciation allowances difference RMB'000	Mine development and stripping costs RMB'000	Others RMB'000	Total RMB'000
At 1 January 2022	(76,702)	(79,988)	6,807	(87,094)	202,823	474,449	497,445	(74,788)	862,952
Charged/(credited) to profit or loss	(1,038,901)	45,341	20,216	15,328	–	104,069	154,103	45,320	(654,524)
Charged/(credited) to other reserve	–	–	–	–	(14,879)	–	–	(23,038)	(37,917)
Foreign exchange differences	–	(965)	1,180	(37,761)	–	(46,288)	11,395	90,062	17,623
At 31 December 2022 and 1 January 2023	(1,115,603)	(35,612)	28,203	(109,527)	187,944	532,230	662,943	37,556	188,134
Charged/(credited) to profit or loss	(1,171,942)	(883,300)	(18,212)	(31,681)	–	230,999	(46,212)	(187,812)	(2,108,160)
Charged/(credited) to other reserve	–	–	–	–	(31,534)	–	–	–	(31,534)
Foreign exchange differences	–	(767)	523	(3,401)	–	14,503	18,279	273	29,410
At 31 December 2023	(2,287,545)	(919,679)	10,514	(144,609)	156,410	777,732	635,010	(149,983)	(1,922,150)

(Expressed in thousands of Renminbi unless otherwise stated)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised: *(continued)*

(i) Movement of each component of deferred tax assets and liabilities (continued)

Reconciliation to the consolidated statements of financial position

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(3,171,228)**	(1,162,423)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,249,078**	1,350,557
	(1,922,150)	188,134

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(x), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,909,281,000 for the year ended 31 December 2023, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. For subsidiaries in Australia, Hong Kong, Chile and the United Kingdom, the tax losses do not expire under current tax legislation.

Pursuant to the relevant laws and regulations in mainland China, the unrecognised tax losses at the end of 2023 will expire in the following years:

	2023 RMB'000	2022 RMB'000
2023	**–**	11,749
2024	**2,333**	2,820
2025	**37,906**	40,645
2026	**9,632**	9,632
2027	**1,432**	1,432
2028	**40,030**	–
	91,333	66,278

(Expressed in thousands of Renminbi unless otherwise stated)

28 PROVISIONS

	2023 RMB'000	2022 RMB'000
At 1 January,	**259,912**	335,270
Rehabilitation and mine closure adjustment	**46,895**	(94,065)
Unwind of discount on rehabilitation and mine closure provision (i)	**9,742**	7,671
Other additions	**–**	5,227
Foreign exchange differences	**7,426**	5,809
At 31 December	**323,975**	259,912

(i) The Group's Australian entities have an obligation to rehabilitate its mining areas at the end of the life of their mining operations according to Australian laws and regulations. The Group recognises a provision for the cost to rehabilitate the mining areas as the obligation arises and when it can be reliably measured. Estimates are required to determine the level of undiscounted rehabilitation and closure costs for such entities. In addition, an estimate of the life of mine is required to determine the period over which the undiscounted costs are required to be discounted. The estimated cost to rehabilitate its mining areas is determined according to past experience and the best estimate of future expenditures given the current area of disturbance and after considering the current related regulations. The directors also consider factors such as the time value of money and therefore the discount rate which is applied to discount the estimated future cash outflows to the net present value. The discount rate applied by the Group to discount the estimated amount of 'rehabilitation and mine closure' was the 15-year risk-free Australian government bond rate of 4.18% as at 31 December 2023 (2022: 4.02%). The life of mine has been estimated to be approximately 20 years as at 31 December 2023 (2022: 18 years) respectively based on the most updated estimation of mineable reserves and the anticipated rate of production. This is the period over which the rehabilitation and closure provision is discounted. The life of mine is subject to change should the mineable reserves and the anticipated rate of production change in the future.

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

Company	Note	Share capital RMB'000	Capital reserves RMB'000	Treasury shares RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2022		1,477,099	7,178,777	–	455,043	437,975	3,190,757	12,739,651
Changes in equity for 2022:								
Total comprehensive income for the year		–	–	–	–	(108,976)	13,584,172	13,475,196
Issuance of H shares	29(c)	164,122	11,040,522	–	–	–	–	11,204,644
Repurchase of ordinary A shares	29(d)	–	–	(199,985)	–	–	–	(199,985)
Share of other reserves of an associate		–	–	–	–	306	–	306
Equity-settled share-based payments	30	–	–	–	–	800	–	800
Appropriation to statutory reserves	29(e)	–	–	–	365,562	–	(365,562)	–
Balance at 31 December 2022 and 1 January 2023		1,641,221	18,219,299	(199,985)	820,605	330,105	16,409,367	37,220,612
Changes in equity for 2023:								
Total comprehensive income for the year		–	–	–	–	(94,177)	6,573,004	6,478,827
Share of other reserves of an associate		–	–	–	–	2,753	–	2,753
Equity-settled share-based payments	30	–	–	–	–	27,629	–	27,629
Dividends declared in respect of the previous year		–	–	–	–	–	(4,922,261)	(4,922,261)
Others		–	3,721	–	–	–	–	3,721
Balance at 31 December 2023		1,641,221	18,223,020	(199,985)	820,605	266,310	18,060,110	38,811,281

(Expressed in thousands of Renminbi unless otherwise stated)

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2023	2022
	RMB'000	RMB'000
Final dividend proposed after the end of the reporting period of RMB1.35 per ordinary share (2022: RMB3.00)	**2,215,017**	4,922,261

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividend of RMB4,922,261,000 was approved and paid to equity shareholders of the Company attributable to the previous financial year for the year ended 31 December 2023 (2022: nil).

(c) Share capital

	2023		2022	
	No. of shares ('000)	**RMB'000**	No. of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:				
At 1 January	**1,641,221**	**1,641,221**	1,477,099	1,477,099
Issuance of ordinary H shares (i)	**–**	**–**	164,122	164,122
At 31 December	**1,641,221**	**1,641,221**	1,641,221	1,641,221

(i) On 13 July 2022, the Company's ordinary H Shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited, where 164,122,000 H shares were issued and subscribed at an offer price of HKD82 per H Share by way of initial public offering to Hong Kong and overseas investors (the Offering).

The gross proceeds raised from the Offering was HKD13,164,987,000 (equivalent to approximately RMB11,283,712,000). Net proceeds from the Offering were RMB11,204,644,000 (after offsetting costs directly attributable to the issue of shares of RMB79,068,000), of which RMB164,122,000 was recorded in share capital and the remaining RMB11,040,522,000 was recorded in capital reserves.

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Treasury shares

(i) Repurchase of ordinary A shares

In 2022, the Board of the Company approved the ordinary A share repurchase plan for the employee stock ownership plan. On 23 September 2022, the Company repurchased 1,780,366 shares at a total consideration of RMB199,985,000.

(e) Nature and purpose of reserves

(i) Capital reserves

The capital reserve comprises the difference between the consideration and the par value of the issued and paid up shares of the Company.

(ii) Special reserves

Pursuant to the relevant PRC regulations for production of hazardous chemicals, the Group is required to set aside an amount to maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety, and are not available for distribution to shareholders.

(iii) PRC statutory reserves

According to the PRC Company Law, the Company is required to transfer 10% of their profit after taxation (after offsetting the losses in the previous years), as determined under the PRC Accounting Regulations, to the statutory reserves until the reserve balance reaches 50% of the registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserves fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, provided that the balance after such issue is not less than 25% of the registered capital.

29 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(e) Nature and purpose of reserves *(continued)*

(iv) Other reserves

Other reserves of the Group mainly represented (1) merger reserves resulted from business combination in prior years respectively involving entities under common control (2) the reserve resulted from IGO's share subscription in TLEA while the Group retained the control.

(v) Exchange reserves

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Group's subsidiaries outside the mainland China which are dealt with in accordance with the accounting policies set out in note 1(aa).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

(Expressed in thousands of Renminbi unless otherwise stated)

30 EQUITY SETTLED SHARE-BASED TRANSACTION

As approved by the shareholder's general meeting of the Company held on 18 October 2022, the Company intended to grant the Employee Stock Ownership Plan ("ESOP") to incentive recipients ("Holders") for the purpose of motivating the management and key personnel of the Group. The grant date was 21 December 2022, and the source of the shares came from the ordinary A shares of the Company repurchased by the Company's dedicated repurchase account. The total number of shares granted to the incentive recipients is 1,062,400 shares, and the grant price is zero per share. Total of 1,312,400 repurchased ordinary A shares were transferred from dedicated repurchase account into dedicated ESOP account on 21 December 2022, including 250,000 shares reserved and to be granted to employees.

According to the ESOP, the terms of the plan shall not exceed 48 months and the lock-up period of the underlying shares acquired shall be 36 months, which is calculated from 21 December 2022 when the Company announces the last transfer of the underlying shares into the dedicated ESOP account. After the expiration of the lock-up period of the underlying shares, the interests of the ESOP shall be allocated to the holders in one installment based on the results of the performance assessment. If the performance assessment criteria are not met, the interests corresponding to the allocation period shall not be allocated, and the relevant interests shall be mandatorily transferred to the Company.

The above mentioned ESOP is subsequently measured as equity-settled share-based payments by the Group.

(a) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions
Restricted stock units granted to employees:		
– 21 December 2022	1,062,400	3 years from the date of grant

(b) Equity settled share-based payment

The method of determining the fair value of equity instrument at the grant date	Based on the closing price of the Company's A shares on the grant date
The basis of determining the number of equity instruments expected to be vested	The Company shall revise the number of the restricted shares expected to be unlocked with reference to the changes in the latest available number of persons eligible to unlock the restricted shares and the completion status of performance indicators
Total expenses recognized arising from equity-settled share-based payments	RMB27,628,000

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits, bills receivable and derivative financial assets is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

The Group does not provide any other guarantees which would expose the Group to credit risk.

Credit risk arising from trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 15 to 90 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Credit risk arising from trade receivables (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.6%	4,340,621	(24,433)
Individually impaired	100.0%	4,043	(4,043)
		4,344,664	(28,476)

	2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	1.4%	7,483,248	(105,974)
Individually impaired	100.0%	4,043	(4,043)
		7,487,291	(110,017)

Expected loss rates are based on actual loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Credit risk arising from trade receivables (continued)

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2023 RMB'000	2022 RMB'000
At 1 January	**110,017**	14,525
Impairment losses recognised	**(81,541)**	95,492
At 31 December	**28,476**	110,017

The directors of the Company consider the Group's exposure to credit risk arising from other receivables is not significant as the balances of other receivables as at 31 December 2023 remained immaterial and no significant actual losses were experienced historically by the Group.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans and other borrowings	1,408,627	1,431,399	9,070,274	–	11,910,300	10,481,025
Lease liabilities	224,059	215,289	604,527	703,014	1,746,889	1,275,961
Trade and other payables	3,171,282	–	–	–	3,171,282	3,171,282
	4,803,968	1,646,688	9,674,801	703,014	16,828,471	14,928,268

	At 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans and other borrowings	514,613	697,367	9,066,194	–	10,278,174	8,390,743
Lease liabilities	47,098	32,338	65,421	397,972	542,829	314,284
Trade and other payables	3,558,019	–	–	–	3,558,019	3,558,019
	4,119,730	729,705	9,131,615	397,972	14,379,022	12,263,046

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings at the end of the reporting period:

	Notional amount	
	2023	2022
	RMB'000	RMB'000
Fixed rate borrowings:		
Bank loans and other borrowings	**547,607**	700,298
Lease liabilities	**1,275,961**	314,284
	1,823,568	1,014,582
Variable rate borrowings:		
Bank loans and other borrowings	**9,933,418**	7,690,445
Net exposure	**9,933,418**	7,690,445

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(c) Interest rate risk *(continued)*

(ii) Sensitivity analysis

The following table details the effect on the Group's profit after tax and retained profits as at the end of each reporting period that an increase/decrease of 100 basis points in interest rates would have.

	2023 An increase of 100 basis points in interest rates RMB'000	**2023 A decrease of 100 basis points in interest rates RMB'000**	2022 An increase of 100 basis points in interest rates RMB'000	2022 A decrease of 100 basis points in interest rates RMB'000
Effect on:				
Profit after tax	**(62,050)**	**62,050**	(53,039)	53,039
Retained profits	**(62,050)**	**62,050**	(53,039)	53,039

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, cash balances and bank loans and other borrowings that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars ("USD") and Australian dollars ("AUD"). The Group manages this risk as follows:

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk *(continued)*

(i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	As at 31 December 2023	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	4,001,139	65
Cash and cash equivalents	3,357,865	56,604
Trade and other payables	(85,322)	(233,483)
Current bank loans and other borrowings	(146,500)	–
Non-current bank loans and other borrowings	(6,133,887)	–
Net exposure arising from recognised assets and liabilities	993,295	(176,814)

	As at 31 December 2022	
	USD	AUD
	RMB'000	RMB'000
Trade and other receivables	6,197,863	22,802
Cash and cash equivalents	3,907,919	40,325
Trade and other payables	(35,838)	(23,609)
Current bank loans and other borrowings	(19,672)	–
Non-current bank loans and other borrowings	(6,483,869)	–
Net exposure arising from recognised assets and liabilities	3,566,403	39,518

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2023		2022	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits RMB'000
USD	**5%**	**41,610**	5%	134,312
	(5%)	**(41,610)**	(5%)	(134,312)
AUD	**5%**	**(10,647)**	5%	1,376
	(5%)	**10,647**	(5%)	(1,376)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis as 2022.

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager performing valuations for the financial instruments, including unlisted equity securities and investment in wealth management products issued by banks which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements At 31 December 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Financial assets at FVTPL with provisional pricing terms	–	14,824	–	14,824
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	80,697	–	80,697
– Equity securities	1,110,611	472,563	–	1,583,174

(Expressed in thousands of Renminbi unless otherwise stated)

31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement *(continued)*

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy *(continued)*

	Fair value measurements At 31 December 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,595,288	–	2,595,288
– Equity securities	1,480,022	473,130	–	1,953,152

During the years ended 31 December 2022 and 2023, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of bank acceptance notes receivable measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

For Level 2 financial assets at FVPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs or by reference to recent transaction prices.

Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2023.

(Expressed in thousands of Renminbi unless otherwise stated)

32 COMMITMENTS

Capital commitments outstanding at 31 December 2023 not provided for in the financial statements were as follows:

	2023 RMB'000	2022 RMB'000
Contracted for	**1,850,572**	1,477,053

33 CONTINGENT LIABILITIES

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

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2023 RMB'000	2022 RMB'000
Short-term employee benefits	**36,681**	32,139
Share-based payment	**2,291**	72
Post-employment benefits	**383**	413
	39,355	32,624

Total remuneration is included in "staff costs" (see note 6(b)).

(Expressed in thousands of Renminbi unless otherwise stated)

34 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Identify of related parties

Name of party	Relationship with the Group
Mr. Jiang Weiping 蔣衛平	Executive director and controlling shareholder
Ms. Zhang Jing 張靜	A close family member of Mr. Jiang Weiping
Ms. Jiang Anqi 蔣安琪	A close family member of Mr. Jiang Weiping
Tianqi Group Company (“成都天齊實業(集團)有限公司”)	Immediate holding company
Yajiang Runfeng Mining Limited Liability Company (“雅江縣潤豐礦業有限責任公司”)	A subsidiary of Tianqi Group Company

(c) Significant related party transactions

	2023 RMB’000	2022 RMB’000
Provides consulting service to		
Yajiang Runfeng Mining Limited Liability Company	227	–
Short-term operating leases expenses:		
Tianqi Group Company	1,718	2,174
Purchases of goods/service from:		
Tianqi Group Company	2,374	1,337
Interest expenses:		
Tianqi Group Company	–	30,540
Repaying other borrowings to:		
Tianqi Group Company	–	1,202,342

(d) Balance with related parties

	2023 RMB’000	2022 RMB’000
Trade related		
Amounts due to:		
Tianqi Group Company	25	920

(Expressed in thousands of Renminbi unless otherwise stated)

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2023 RMB'000	2022 RMB'000
Non-current assets		
Property, plant and equipment	18,199	2,180
Intangible assets	1,648	6,630
Interests in subsidiaries	34,248,707	23,394,821
Interests in associates	564,681	685,837
Financial assets measured at fair value	314,128	439,698
Other non-current assets	–	6,000
	35,147,363	24,535,166
Current assets		
Inventories	–	52,651
Trade and other receivables	2,232,886	12,316
Amounts due from subsidiaries	–	10,648,961
Prepaid tax	3,219	–
Restricted deposits	331	330
Cash and cash equivalents	1,557,835	3,165,419
	3,794,271	13,879,677
Current liabilities		
Trade and other payables	65,972	411,293
Bank loans and other borrowings	–	1,375
Current taxation	–	84,127
	65,972	496,795
Net current assets	3,728,299	13,382,882
Total assets less current liabilities	38,875,662	37,918,048

(Expressed in thousands of Renminbi unless otherwise stated)

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION *(continued)*

	2023 RMB'000	2022 RMB'000
Non-current liabilities		
Bank loans and other borrowings	**–**	600,000
Deferred income	**2,521**	2,133
Deferred tax liabilities	**61,860**	95,303
	64,381	697,436
NET ASSETS	**38,811,281**	37,220,612
CAPITAL AND RESERVES		
Share capital	**1,641,221**	1,641,221
Reserves	**37,170,060**	35,579,391
TOTAL EQUITY	**38,811,281**	37,220,612

Approved and authorised for issue by the board of directors on 27 March 2024.

Jiang Weiping
Executive Director

Zou Jun
Executive Director

(Expressed in thousands of Renminbi unless otherwise stated)

36 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 29(b).

37 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of this report, the IASB has issued a number of amendments which are effective for the accounting year beginning from 1 January 2023 and which have not been adopted in the consolidated financial statement as follows:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, Presentation of financial statements: *Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to HKAS 1, Presentation of financial statements: *Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to HKFRS 16, Leases: *Lease liability in a sale and leaseback*	1 January 2024
Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to HKAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.