赣锋锂业
GanfengLithium

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

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

(Stock Code: 1772)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Directors**") of Ganfeng Lithium Group Co., Ltd. (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**").

FINANCIAL INFORMATION

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	**2024 (Unaudited)** *RMB'000*	2023 (Unaudited) *RMB'000*
Revenue	4(a)	**9,524,822**	18,111,570
Cost of sales		**(8,462,137)**	(14,001,120)
Gross profit		**1,062,685**	4,110,450
Other income and gains	4(b)	**531,211**	2,272,996
Selling and distribution expenses		**(68,395)**	(49,489)
Administrative expenses		**(1,079,982)**	(1,062,846)
Other expenses	5	**(1,294,653)**	(917,105)
Finance costs	6	**(506,783)**	(342,583)
Share of profits and losses of:			
Associates		**156,699**	620,286
Joint ventures		**194,937**	1,619,009
(Loss)/profit before tax	7	**(1,004,281)**	6,250,718
Income tax expense	8	**(60,515)**	(377,635)
(Loss)/profit for the period		**(1,064,796)**	5,873,083
Attributable to:			
Owners of the parent		**(759,135)**	5,876,515
Non-controlling interests		**(305,661)**	(3,432)
		(1,064,796)	5,873,083
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For (loss)/profit for the period	10	**RMB(0.38)**	RMB2.92
Diluted			
– For (loss)/profit for the period	10	**RMB(0.38)**	RMB2.92

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
(Loss)/Profit for the period	**(1,064,796)**	5,873,083
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**2,258**	(4,421)
Exchange differences on translation of foreign operations	**196,296**	1,136,358
Share of other comprehensive income of associates and joint ventures	**(637)**	(1,818)
Other comprehensive income for the period, net of tax	**197,917**	1,130,119
Total comprehensive income for the period, net of tax	**(866,879)**	7,003,202
Attributable to:		
Owners of the parent	**(581,651)**	6,909,224
Non-controlling interests	**(285,228)**	93,978
	(866,879)	7,003,202

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Note	**30 June 2024 (Unaudited) *RMB'000***	31 December 2023 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**30,774,305**	23,689,508
Investment properties		**6,360**	6,626
Right-of-use assets		**1,482,028**	1,258,004
Goodwill		**142,058**	17,615
Other intangible assets		**21,655,875**	16,730,296
Investments in joint ventures		**2,200,380**	2,973,553
Investments in associates		**10,539,027**	10,620,214
Financial assets at fair value through profit or loss		**3,200,110**	5,249,668
Equity investments designated at fair value through other comprehensive income		**50,500**	79,000
Amounts due from related parties		**53,628**	301,120
Deferred tax assets		**877,112**	820,509
Pledged deposits		**96,212**	70,827
Other non-current assets		**2,970,812**	1,696,563
Total non-current assets		**74,048,407**	63,513,503
CURRENT ASSETS			
Inventories		**8,120,867**	8,263,955
Trade receivables	11	**3,601,805**	4,774,082
Debt investments at fair value through other comprehensive income	12	**730,292**	1,765,677
Amounts due from related parties		**126,306**	340,791
Prepayments, other receivables and other assets		**2,935,908**	3,468,163
Financial assets at fair value through profit or loss		**45,902**	89,365
Pledged deposits		**94,843**	188,633
Cash and cash equivalents		**8,260,086**	9,293,732
Total current assets		**23,916,009**	28,184,398

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	13	**7,150,516**	5,169,269
Other payables and accruals		**6,436,235**	4,828,457
Interest-bearing bank and other borrowings		**12,644,045**	9,560,758
Amounts due to related parties		**54,853**	255,554
Income tax payable		**97,614**	457,259
Total current liabilities		**26,383,263**	20,271,297
NET CURRENT (LIABILITIES)/ ASSETS		**(2,467,254)**	7,913,101
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,581,153**	71,426,604
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**14,598,769**	15,628,886
Deferred income		**646,716**	534,073
Deferred tax liabilities		**763,244**	482,883
Amounts due to related parties		**2,550,389**	2,272,619
Provision		**175,636**	94,934
Other non-current liabilities		**257,266**	97,347
Total non-current liabilities		**18,992,020**	19,110,742
Total liabilities		**45,375,283**	39,382,039
Net assets		**52,589,133**	52,315,862

	Note	**30 June 2024 (Unaudited)** *RMB'000*	31 December 2023 (Audited) *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital		**2,017,168**	2,017,168
Treasury shares		**(547,018)**	(350,141)
Reserves		**42,838,357**	45,367,079
		44,308,507	47,034,106
Non-controlling interests		**8,280,626**	5,281,756
Total equity		**52,589,133**	52,315,862

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non–current (the "**2020 Amendments**")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "**2022 Amendments**")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

Six months ended 30 June 2024	**Lithium metal and compound** *RMB'000* **(Unaudited)**	**Lithium battery** *RMB'000* **(Unaudited)**	**Lithium ore resource and others** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment revenue *(note 4)*				
Sales to external customers	**6,708,579**	**2,708,183**	**108,060**	**9,524,822**
Intersegment sales	**195,661**	**852**	**496,850**	**693,363**
Total segment revenue	**6,904,240**	**2,709,035**	**604,910**	**10,218,185**
Reconciliation:				
Elimination of intersegment sales				**(693,363)**
Revenue				**9,524,822**
Segment results	**(201,273)**	**(109,621)**	**(366,283)**	**(677,177)**
Reconciliation:				
Interest income				**176,668**
Finance costs (other than interest on lease liabilities)				**(503,772)**
Loss before tax				**(1,004,281)**

Six months ended 30 June 2023	Lithium metal and compound *RMB'000* (Unaudited)	Lithium battery *RMB'000* (Unaudited)	Lithium ore resource and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue *(note 4)*				
Sales to external customers	14,025,498	4,086,072	–	18,111,570
Intersegment sales	92,813	864	–	93,677
Total segment revenue	14,118,311	4,086,936	–	18,205,247
Reconciliation:				
Elimination of intersegment sales				(93,677)
Revenue				18,111,570
Segment results	3,947,960	327,582	2,151,832	6,427,374
Reconciliation:				
Interest income				164,853
Finance costs (other than interest on lease liabilities)				(341,509)
Profit before tax				6,250,718

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2024 and 31 December 2023, respectively.

	Lithium metal and compound *RMB'000*	Lithium battery *RMB'000*	Lithium ore resource and others *RMB'000*	Total *RMB'000*
Segment assets				
30 June 2024 (Unaudited)	29,860,841	18,865,160	49,238,415	97,964,416
31 December 2023 (Audited)	32,145,907	18,786,975	40,765,019	91,697,901
Segment liabilities				
30 June 2024 (Unaudited)	22,638,054	11,695,490	11,041,739	45,375,283
31 December 2023 (Audited)	19,328,434	11,565,080	8,488,525	39,382,039

Seasonal factors have no significant impact on the Group's segment revenue and segment results.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

(a) Revenue

	For the six months ended 30 June	
	2024 ***RMB'000*** **(Unaudited)**	2023 *RMB'000* (Unaudited)
Revenue from contracts with customers	**9,524,604**	18,111,570
Revenue from other sources		
Gross rental income from investment property operating leases:	**218**	–
Total revenue	**9,524,822**	18,111,570

For the six months ended 30 June 2024

Segments	Lithium metal and compound *RMB'000* (Unaudited)	Lithium battery *RMB'000* (Unaudited)	Lithium ore resource and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services				
Sale of industrial products	**6,654,106**	**2,708,183**	**108,060**	**9,470,349**
Processing services	**54,255**	**–**	**–**	**54,255**
Total	**6,708,361**	**2,708,183**	**108,060**	**9,524,604**
Geographical markets				
Chinese Mainland	**4,274,546**	**2,524,331**	**80,441**	**6,879,318**
South Korea	**1,667,898**	**69**	**–**	**1,667,967**
Europe	**513,208**	**15,435**	**–**	**528,643**
Asia other than South Korea	**187,975**	**127,294**	**–**	**315,269**
North America	**20,139**	**27,975**	**–**	**48,114**
Other countries/regions	**44,595**	**13,079**	**27,619**	**85,293**
Total	**6,708,361**	**2,708,183**	**108,060**	**9,524,604**
Timing of revenue recognition				
At a point in time	**6,708,361**	**2,708,183**	**108,060**	**9,524,604**

For the six months ended 30 June 2023

Segments	Lithium metal and compound *RMB'000* (Unaudited)	Lithium battery *RMB'000* (Unaudited)	Lithium ore resource and others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Types of goods or services				
Sale of industrial products	13,884,201	4,086,072	–	17,970,273
Processing services	141,297	–	–	141,297
Total	14,025,498	4,086,072	–	18,111,570
Geographical markets				
Chinese Mainland	6,340,151	3,884,133	–	10,224,284
Asia other than Chinese Mainland	5,668,194	89,907	–	5,758,101
Europe	1,987,245	50,538	–	2,037,783
North America	25,828	46,911	–	72,739
Other countries/regions	4,080	14,583	–	18,663
Total	14,025,498	4,086,072	–	18,111,570
Timing of revenue recognition				
At a point in time	14,025,498	4,086,072	–	18,111,570

(b) Other income and gains

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Government grants	**267,367**	554,307
Sales of raw materials	**43,015**	20,887
Bank interest income	**138,648**	144,808
Interest income from other non-current assets	**27,239**	19,942
Interest income from associates and a joint venture	**10,781**	103
Dividends and interest income from financial assets at fair value through profit or loss	**589**	91,552
Others	**14,248**	1,099
Total other income	**501,887**	832,698
Gains		
Gain on remeasurement of previously held interests in step acquisition of subsidiaries	**19,885**	–
Gain on disposal of financial assets at fair value through profit or loss	**9,439**	–
Fair value gains, net:		
Financial assets at fair value through profit or loss	**–**	1,200,530
Gain on disposal of investment in an associate	**–**	181,991
Compensation for long-term prepayment	**–**	57,777
Total gains	**29,324**	1,440,298
Total other income and gains	**531,211**	2,272,996

5. OTHER EXPENSES

The detailed breakdown of other expenses is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of raw materials sold	**39,296**	19,454
Fair value losses, net:		
Financial assets at fair value through profit or loss	**873,886**	–
Impairment of trade receivables, net	**5,337**	17,973
Net loss on disposal of items of property, plant and equipment	**2,000**	3,273
Write-down of inventories to net realisable value	**82,627**	824,604
Loss on disposal of a subsidiary	**–**	104
Loss on disposal of financial assets	**–**	3,608
Exploration expenditure	**48,840**	13,331
Foreign exchange differences, net	**238,755**	25,959
Others	**3,912**	8,799
Total	**1,294,653**	917,105

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**353,546**	239,010
Interest on other borrowings	**158,955**	123,604
Interest on lease liabilities	**3,011**	1,074
Interest on discounted bank notes	**22,478**	5,215
Interest expense on other non-current liabilities	**2,245**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**540,235**	368,903
Interest capitalised	**(33,452)**	(26,320)
Total	**506,783**	342,583

7. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold and services	**8,462,137**	14,001,120
Cost of raw materials sold	**39,296**	19,454
Depreciation of property, plant and equipment	**531,774**	313,048
Depreciation of right-of-use assets	**28,223**	18,534
Amortisation of intangible assets	**22,447**	5,365
Depreciation of investment properties	**330**	–
Research and development costs:		
Current year expenditure	**459,115**	645,452
Equity-settled share option expense	**149,466**	129,328
Foreign exchange differences, net	**238,755**	25,959
Impairment of financial assets, net:		
Impairment of trade receivables, net	**5,337**	17,973
Write-down of inventories to net realisable value	**82,627**	824,604
Fair value losses/(gains), net:		
Financial assets at fair value through profit or loss	**873,886**	(1,200,530)
Bank interest income	**138,648**	144,808
Net losses on disposal of items of property, plant and equipment	**2,000**	3,273

8. INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current corporate income tax	**11,150**	487,438
Deferred tax	**49,365**	(109,803)
Total	**60,515**	377,635

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

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

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

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

9. DIVIDENDS

The board of directors did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

The proposed final dividend of RMB0.80 (tax included) per ordinary share for the year ended 31 December 2023 was approved by the shareholders at the annual general meeting of the Company on 25 June 2024.

10. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,005,099,517 (30 June 2023: 2,014,621,571) in issue during the period, as adjusted to reflect the rights issue during the period.

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

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

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**(759,135)**	5,876,515
(Loss)/Profit attributable to ordinary equity holders of the parent	**(759,135)**	5,876,515
Attributable to:		
Continuing operations	**(759,135)**	5,876,515

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,005,099,517**	2,014,621,571
Effect of dilution – weighted average number of ordinary shares:		
– Share option scheme	**–**	–
Total	**2,005,099,517**	2,014,621,571

Because the diluted earnings per share amount is increased when taking the share option scheme into account, the share option scheme had an anti-dilutive effect on the basic earnings per share for the period and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amounts are based on the loss for the period and the loss attributable to continuing operations of RMB759,135,000 and the weighted average number of ordinary shares of 2,005,099,517 in issue during the period.

11. TRADE RECEIVABLES

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

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**3,295,524**	4,630,819
More than 6 months but less than 1 year	**238,977**	80,753
1 to 2 years	**57,588**	56,315
2 to 3 years	**6,029**	2,880
Over 3 years	**3,687**	3,315
Total	**3,601,805**	4,774,082

12. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Debt investments at fair value through other comprehensive income:		
Bills receivables	**730,292**	1,765,677

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

As at 30 June 2024, the Group's debt investments at fair value through other comprehensive income with a carrying amount of RMB90,560,000 (31 December 2023: RMB290,262,000) were pledged to issue banks' acceptance bills and letters of credit.

13. TRADE AND BILLS PAYABLES

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Trade payables	**4,001,271**	2,484,351
Bills payables	**3,149,245**	2,684,918
Total	**7,150,516**	5,169,269

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

	30 June 2024 *RMB'000* **(Unaudited)**	31 December 2023 *RMB'000* (Audited)
Within 3 months	**2,259,032**	1,699,140
3 to 6 months	**351,848**	584,847
6 to 12 months	**47,313**	128,928
1 to 2 years	**1,263,873**	66,045
2 to 3 years	**79,205**	5,391
Total	**4,001,271**	2,484,351

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

14. EVENTS AFTER THE REPORTING PERIOD

At the 81st meeting of the fifth session of the board of directors of the Company held on 15 July 2024, it was considered and approved that Qinghai Liangcheng Mining Co., Ltd. , a wholly-owned subsidiary of the Company, would sell 10% equity interest of Qinghai Jintai Fertilizer Co., Ltd. to Qinghai Juli New Energy Technology Co., Ltd. at a consideration of RMB400,000,000.

On 16 August 2024, GFL International Co.,Limited, a wholly-owned subsidiary of the Company, completed the acquisition of 14.8% of the shares of Proyecto Pastos Grandes S.A (hereinafter referred to as "**PGCO**") in Argentina at a consideration of USD70 million. PGCO holds 100% equity interest in Pastos Grandes lithium salt lake project in Salta, Argentina and Cauchari East lithium salt lake project in Jujuy, Argentina.

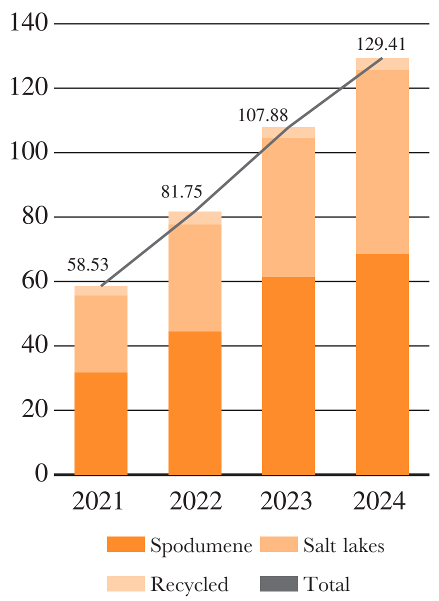
MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

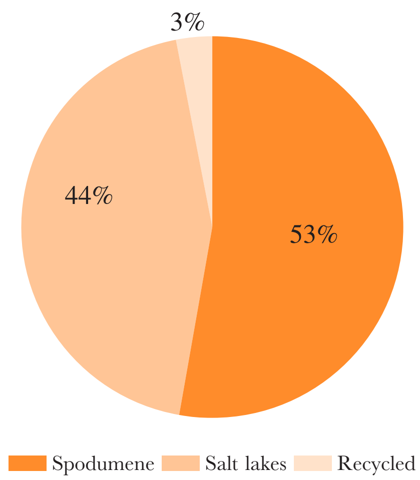
1. Analysis of lithium resource market

The majority of global lithium resources are sourced from salt lakes and hard rock lithium mines. Well-developed salt lakes are mainly found in the lithium delta of South America and in China, while the majority of lithium mines are concentrated in Australia. In recent years, stimulated by demand in the end-user market, there has been an increased investment and development in lithium resources, leading to a diversification of supply. According to the data from SDIC Securities Research Institute, the global supply of lithium resource is expected to reach 1,294,100 tons of lithium carbonate equivalent ("**LCE**") in 2024, representing a year-on-year increase of 20%, among which 570,500 tons of LCE, 684,900 tons of LCE and 38,700 tons of LCE are sourced from salt lakes, spodumene and recycling, accounting for 44%, 53% and 3%, respectively.

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



Global supply of lithium resource by regions



Source: SDIC Securities Research Institute

(1) Market of spodumene concentrate

Australia is one of the world's largest producers of lithium ore, with a well-developed mining industry, comprehensive laws and regulations, and good infrastructure. According to the data from Fastmarkets, as of June 2024, the domestic CIF price of 5%-6% spodumene concentrate was around USD1,000-1,010 per ton, representing a slight recovery from the price of USD900-1,000 per ton at the beginning of 2024. In Australia, being an important source of global lithium resources, the supply of lithium ore from major producers is relatively stable, while the expansion and resumption of production of some lithium mining projects and the gradual release of capacity of new lithium mining projects in 2024 are all incremental to the supply of lithium pyroxene. The African continent has abundant resources of spodumene and petalite, with high ore grades. However, the overall development progress is slow due to insufficient investment in exploration and relatively backwards supporting infrastructure, and the mature mines in production are primarily concentrated in Zimbabwe so far. Over the past two years, the lithium mine projects of the African continent have increasingly attracted Chinese companies due to the favorable investment environment. The incremental capacity of spodumene projects in Africa in 2024 will mainly come from the ramp-up capacity from mines that have been or are to be put into operation. With the gradual release of future production capacity, African lithium mines have the potential to become an important component of global supply of lithium resources.

(2) Market of salt lake brines

The salt lake brine lithium ore is the most important type of lithium resources among the types of lithium ore currently under development in the world. Salt lake brine is the type of lithium ore with the lowest lithium extraction costs worldwide. However, due to differences in natural environments and lithium extraction methods, the construction cycle of salt lakes is longer than that of mines. According to a report from United States Geological Survey (USGS) in 2022, the world's best lithium salt lakes are located in Chile, Argentina and Bolivia, which are known as the lithium delta zone of South America, accounting for 56% of the global lithium reserves. The salt lake resources in South America are abundant and of high quality but difficult to develop, and are limited by various factors such as environmental assessment and approval, high altitude, shortage of freshwater resources and supporting infrastructure, requiring large-scale capital expenditure, mature technology and project team support. The projects in Argentina are mostly led by large companies with strong capital and efficient execution and are expected to contribute to supply growth in 2024. The Company's Cauchari-Olaroz Salt Lake Project is already in the process of ramping up to a steady production capacity, and it is expected that battery-grade products will be gradually produced with subsequent ramp-up of production capacity and optimization of production line.

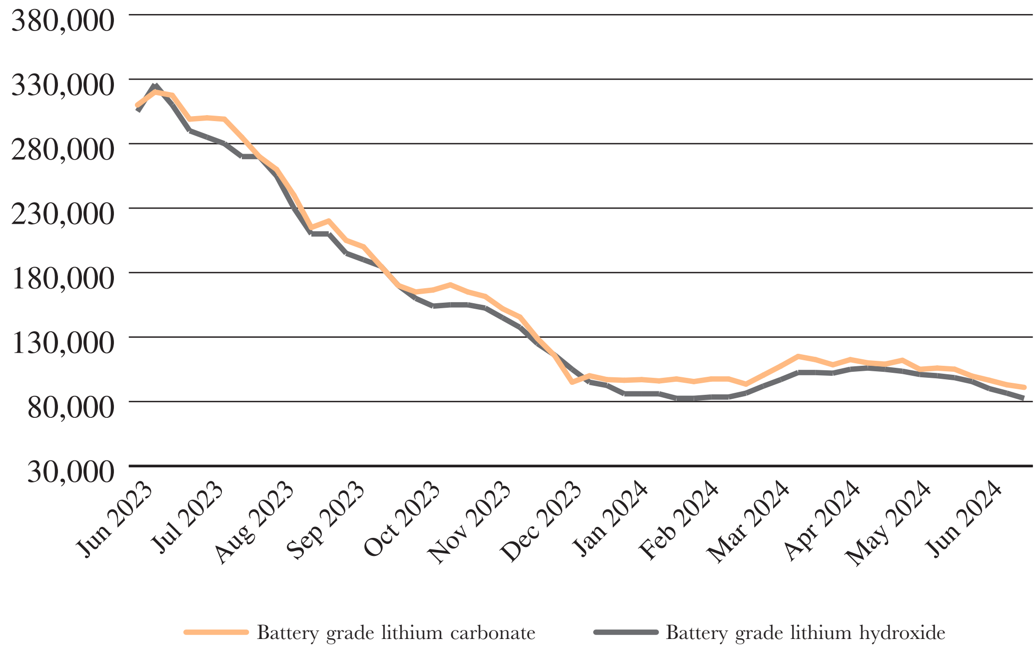
(3) Market of lepidolite

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

2. *Analysis of the lithium compound market*

In recent years, prices of major lithium compounds have been fluctuating to a larger extent in the Chinese market. Lithium compound prices declined slightly at the beginning of the first half of 2024 due to the impact of the Chinese New Year atmosphere causing a slowdown in trading activity, market demand gradually recovered after March, downstream battery factories and cathode material factories replenished inventories, and prices recovered slightly, however, under the impact of the mismatch between supply and demand, and seasonality of demand, lithium prices continued to decline in May. Specific movements are shown in the following graph:

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

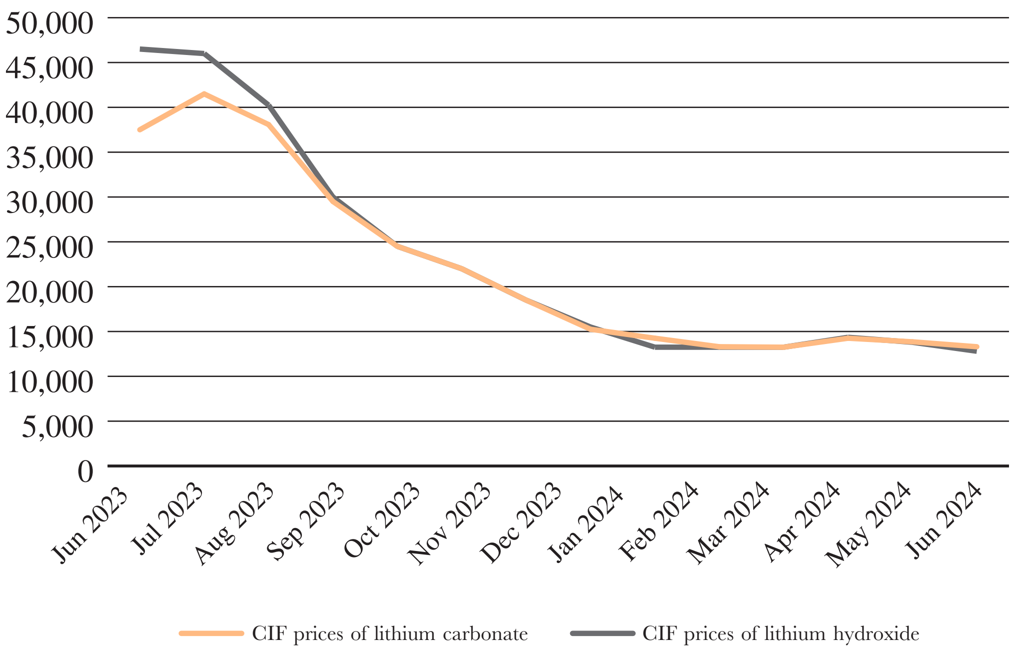


Source: Fastmarkets

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

CIF prices of lithium carbonate and lithium hydroxide in Asia

(Unit: USD per ton)



Source: Fastmarkets

The demand for the global lithium industry is primarily influenced by the demand for new energy vehicles and energy storage. In recent years, the rapid development of new energy vehicles and energy storage system industries has led to diverse and abundant lithium application scenarios. Although the growth of demand for the new energy vehicle industry has slowed down as compared to previous years, its large base still makes it a major driver of demand growth. While energy storage currently accounts for a limited proportion of the total demand, it is expected to gradually increase its demand for lithium compounds in the future. Under the influence of the wave of global energy revolution, governments have introduced policy measures to encourage the development of new energy, such as financial subsidies, tax incentives, etc., in order to reduce investment costs and improve project economics and market competitiveness. At the same time, the continuous innovation and breakthroughs in new energy technologies, as well as declining production costs, have contributed to making new energy more competitive in the market. With the global emphasis on environmental protection and sustainable development, the world's major economies have set carbon neutral targets and promoted the development of new energy to address climate change, and new energy vehicles, energy storage technology and other new energy market demand continues to grow. The Company, as a leading enterprise in the lithium compound deep-processing business, capitalizing on its first-mover advantages, will continue to enhance its competitiveness to further cement and improve its industrial position. According to the data from SDIC Securities Research Institute, the global demand for lithium resources is expected to reach 1,140,500 tons of LCE in 2024.

3. *Analysis of the lithium battery market*

According to the statistics of the China Automotive Power Battery Industry Innovation Alliance (中國汽車動力電池產業創新聯盟), the cumulative output of motive power batteries and other batteries in China from January to June 2024 amounted to 430.0GWh, representing an increase of 36.9% year on year; in terms of sales, the cumulative sales of motive power batteries and other batteries in China from January to June 2024 amounted to 402.6GWh, representing an increase of 40.3% year on year; of which the cumulative sales of motive power batteries were 318.1GWh, representing an increase of 26.6% year on year; the cumulative sales of other batteries were 84.5GWh, representing an increase of 137.3% year on year; the sales of motive power batteries and other batteries accounted for 79.0% and 21.0%, respectively. From January to June 2024, the cumulative installed capacity of motive power batteries in China was 203.3GWh, representing a cumulative year-on-year growth of 33.7%; of which the cumulative installed capacity of ternary batteries was 62.3GWh, accounting for 30.6% of the total installed capacity, representing a cumulative year-on-year growth of 29.7%; the cumulative installed capacity of lithium iron phosphate batteries was 141.0GWh, accounting for 69.3% of the total installed capacity, representing a cumulative year-on-year growth of 35.7%. China's power battery industry continues to grow while maintaining a relatively high growth rate. The above data reflects the scale and growth trend of China's power battery industry, as well as the continued growth in demand for power batteries in the new energy vehicle market.

4. *Analysis of the electric vehicle market*

According to the data from Gaogong Industry Research Institute (GGII), the global sales volume of new energy vehicles from January to June 2024 were approximately 6,836,000 units, representing a year-on-year growth of 16%. The global new energy vehicle industry as a whole is maintaining a high growth rate, but the growth has slowed down as from last year. Automobile manufacturers are accelerating the process of regional localization, introducing new energy vehicle models that cater to market preferences, and promoting product sales through the accelerated deployment of charging infrastructure and the creation of smart ecosystems. However, the overall weak cost-effectiveness of new energy vehicle products, subsidy reductions and other challenges still remain. With the support of government policy, the technological progress in the industry, the improvement of supporting facilities, and the increase of market recognition, the sales volume of new energy vehicles is expected to maintain a positive development trend.

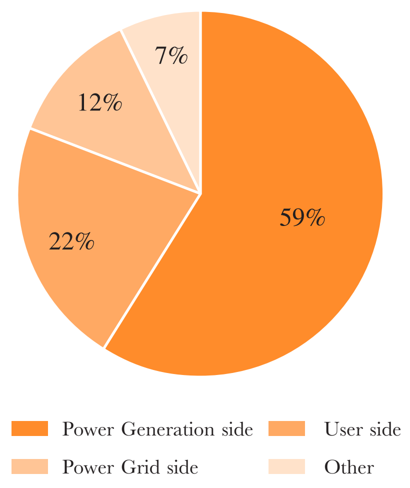
According to the statistical analysis of the China Association of Automobile Manufacturers, driven by both policies and market factors, China's new energy vehicles continued to experience rapid growth from January to June 2024. The production and sales volume of new energy vehicles were 4.929 million and 4.944 million units, respectively, representing a year-on-year increase of 30.1% and 32%, with market share further increasing to 35.2%. Among the main types of new energy vehicles, compared with the same period last year, the production and sales of all types of vehicles showed different degrees of growth. By the end of June this year, the cumulative production and sales volume of domestic new energy vehicles had exceeded 30 million units, and the market share of Chinese-branded passenger cars had exceeded 60%, demonstrating strong market competitiveness. Looking ahead to the second half of the year, the continuous implementation of trade-in programs, new energy vehicles sales to the rural areas and other favourable policies, as well as the intensive launch of new products, will help to further unleash the potential of automobile market consumption and provide a boost for the industry to achieve steady growth throughout the year.

In general, the Chinese market is currently driven by a shift from a policy-oriented to a product-oriented approach. The previous incentive measures such as economic subsidies are gradually weakening, and there are significant differences between countries in the European market. Some countries that have reached saturation in terms of market penetration are gradually reducing their subsidies and tax incentives, moving towards a more balanced and sustainable market environment. In the United States, the development of the electric vehicle market is still in the early stage and continues to benefit from economic stimulus policies, and the market growth is expected to remain at a relatively high level. According to the forecast of Gaogong Industry Research Institute (GGII), the global sales volume of new energy vehicles is expected to reach 23.50 million units in 2025. Looking ahead, with the advancement of globalization, breakthroughs in intelligent technology and the emergence of new car models, the new energy vehicle market will usher in greater opportunities for development. At the same time, competition in the market will become more intense, and major automakers will need to continue to innovate in order to maintain their leading position in the market.

5. Analysis of the energy storage market

With the increasing global focus on carbon emissions and the strengthening of carbon neutrality strategies, the traditional fossil fuel energy system is rapidly transforming towards a structure with clean, low-carbon, and renewable energy sources as the core. Against this backdrop, the energy storage sector is experiencing unprecedented growth momentum. Energy storage demand is segmented into the power generation side, power grid side, user side and base stations and data centers. The energy storage market is at a thriving stage of development in the PRC, with the core driving force being policy support. In the industrial and commercial sectors, with the continuous improvement of the time-of-use pricing mechanism and the upward trend of electricity prices for high energy-consuming enterprises, energy storage is gradually gaining attention as an economically efficient solution. According to the forecast of Zheshang Securities Research Institute, global energy storage demand in 2024 will be approximately 256GWh. In terms of the distribution of energy storage demand, the demand from power generation side energy storage was 150GWh, accounting for 59% of total demand, while the demand from user side and grid side demand was 57GWh and 32GWh, respectively, accounting for 22% and 12% of the total demand for energy storage. The global shipment of energy storage batteries in 2023 was approximately 224.2GWh and is expected to be 308.5GWh in 2024, representing a year-on-year increase of 38%. The energy storage sector will maintain a high growth rate until 2025.

Global demand structure for energy storage in 2024
(GWh)



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

6. *Analysis of the power battery recycling market*

As one of the key components of electric vehicles, motive power batteries have been widely used with the rapid development of the new energy vehicle industry. As motive power batteries will enter into a large-scale decommissioning period, it is important to carry out the recycling of motive power batteries, which has drawn high concerns from countries and societies. The New Energy Vehicle Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》) proposes to improve the recycling system of motive power battery recovery, cascade utilization and recycling; strengthen the supervision of the whole life cycle of motive power batteries; support the innovative application of motive power battery cascade products in energy storage, energy reserve, charging and swapping; and strengthen the research and development of residual energy inspection, residual value evaluation, recombination utilization and safety management. From the perspective of layout, the upstream and downstream enterprises of the industrial chain have actively carried out the recycling layout. With the approaching of the scrapped motive power batteries, it is of great significance and necessity to reasonably recycle the scrapped power batteries. From the perspective of application, the decommissioned power batteries have great application potential in energy storage and low-speed electric vehicles. According to SDIC Securities, it is estimated that the global lithium recovery will reach approximately 45,000 tons of LCE in 2025.

BUSINESS REVIEW

During the Reporting Period, the Group achieved an operating revenue of RMB9,524,822 thousand, representing a decrease of 47.4% as compared with the corresponding period last year; and the loss attributable to the owners of the parent company of RMB759,135 thousand, representing a decrease of 112.9% as compared with the corresponding period last year. As at the end of the Reporting Period, the total assets and net assets of the Group amounted to RMB97,964,416 thousand and RMB52,589,133 thousand, respectively, representing an increase of 6.8% and 0.5%, respectively, as compared with the end of last year.

1. Products and capacity

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

Major production bases that the Company has built so far are as follows:

Lithium Compound and Lithium Metal

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

Lithium Battery

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

Lithium Battery Recycling

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

2. Lithium chemical business

As the world's largest metal lithium producer and the largest lithium compounds supplier in the PRC, the Company owns the industrialized technology of "lithium extracted from brine", "lithium extracted from ore" and "lithium extracted from decommissioned battery" at the same time.

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

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

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

The Company will continue to prioritize prudent operation and risk control, expanding its production capacity of the lithium chemical segment and effectively managing its inventory while ensuring that the risks are controllable and that there is sufficient customer demand.

3. Lithium resources

During the Reporting Period, the Company continues to increase its equity interest in Mali Lithium. Currently, the Company holds 60% equity interest in Mali Lithium and has obtained control over it. The construction of the flotation line for the Phase I of Mali Lithium's Goulamina spodumene project is being finalized, and the crushing line has been completed and activated to begin crushing ore for back-up, and is expected to produce the first batch of spodumene products within this year. During the Reporting Period, the progress of production capacity ramp-up of the Company's Cauchari-Olaroz lithium salt lake project in Argentina is smooth, with the production capacity already ramping up to around 70% of the designed capacity, and the project is scheduled to complete the production of 20,000 tonnes to 25,000 tonnes of lithium carbonate products by 2024. During the Reporting Period, the Company continues to advance the construction of the Mariana lithium salt-lake project in Argentina and plans to conduct trial production by the end of 2024.

As of the date of this announcement, upstream lithium resources that the Company has direct or indirect interests across the globe are shown as follows:

No.	Resource type	Project name	Ownership interest	Resources
1	Spodumene	Mount Marion spodumene project in Australia	50%	2,225,000 tons of LCE
2		Pilgangoora spodumene project in Australia	5.74%	11,870,000 tons of LCE
3		Goulamina spodumene project in Mali	60%	7,140,000 tons of LCE
4		Avalonia spodumene project in Ireland	55%	under exploration
5		Heyuan spodumene project in Ningdu	100%	100,000 tons of LCE
6	Lithium salt-lake	Cauchari-Olaroz lithium salt-lake project in Argentina	46.67%	24,580,000 tons of LCE
7		Mariana lithium salt-lake project in Argentina	100%	8,121,000 tons of LCE
8		PPG lithium salt-lake project in Argentina	100%	11,060,000 tons of LCE
9		Yiliping salt-lake project in Qinghai	49%	1,650,000 tons of LCE
10		Dezongmahai lake project	100%	under exploration

No.	Resource type	Project name	Ownership interest	Resources
11	Lepidolite	Songshugang tantalum-niobium mine project in Shangrao	90%	1,490,000 tons of LCE
12		Vilasto lithium ore project in Inner Mongolia	12.5%	1,420,000 tons of LCE
13		Chenzhou Xianghuapu lithium mica mine project in Hunan	20%	under exploration
14		Inner Mongolia Gabus niobium tantalum mine project	70%	1,110,000 tons of LCE
15	Lithium clay	Sonora lithium clay project in Mexico	100%	8,820,000 tons of LCE

Note: 1) The resources are calculated as lithium carbonate equivalent at the lithium oxide content based on 100% interest held, with the relevant data from the public information of respective projects; 2) The calculation results of resource are the sum of proved resource, controlled resource and inferred resource, among which the calculation results of resource of Mount Marion project are the sum of proved resource and controlled resource, and the LCE data for the Qinghai Yiliping project are converted from the lithium chloride data contained in the total porosity resource reserve; 3) The ownership interest is converted to the project shareholding based on the shareholding ratio; 4) The transaction for the Company to increase its shareholding in the Goulamina project in Mali is still in the process of settlement, and in accordance with relevant local mining laws, the local government will hold a portion of the equity at the project level. Currently, the local government has not yet taken a shareholding at the Goulamina project level.

4. **Lithium battery business:** Based on the advantages in upstream lithium resources supply and full industrial chain of the Group, the Group's lithium battery business has covered five categories of solid-state lithium battery, motive power batteries, consumer batteries, lithium polymer batteries, energy storage batteries and energy storage systems, covering more than 20 kinds of products, including levels from milliampere-hours to 100 ampere-hours, and the application of solid-state technology to help automobile companies, battery manufacturers, consumer brands complete their energy iterations. At present, the Group's lithium battery business has set up production bases in Dongguan, Ningbo, Suzhou, Xinyu, Huizhou and Chongqing. In terms of R&D of key materials for solid-state batteries, the Group has realized the trial production of ultra-thin oxide electrolyte ceramic membrane, with a thickness of 50μm and an ionic conductivity at room temperature of 0.6mS/cm; the polymer-based solid-state electrolyte membrane has realized a 5V high-voltage resistance, with an ionic conductivity at room temperature of more than 0.5mS/cm and a thickness of less than 30μm. The energy density of the battery with high specific energy we developed reached 420Wh/kg, with a cycle life of more than 700 times, and a sample with an energy density of 500Wh/kg has been developed, which can pass the stringent safety tests such as 200℃ hot box and needle puncture.

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

No.	Production Base	Location	Primary Products	Designed production capacity
1	Huizhou Ganfeng	Huizhou, Guangdong	TWS battery production line, 3C digital polymer lithium battery production line	100 million pieces of polymer lithium battery per year
2	Ganfeng LiEnergy	Xinyu, Jiangxi	Lithium motive power battery, energy storage battery, battery module and PACK system	Lithium iron phosphate battery of 3GWh per year in phase I of the motive power battery project, New lithium battery of 10GWh per year in phase II of the motive power battery project
3	Ganfeng Electronics, Gangfeng New Lithiumion Battery	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless Bluetooth headset battery, electronic cigarette lithium battery	Small polymer lithium battery project with 390 million units annual capacity
4	Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack for industrial vehicles, PACK system	Industrial vehicle power battery system project with an annual output of 100,000 units
5	Huichuang New Energy	Dongguan, Guangdong	PACK system for two-wheeled vehicles, outdoor and household energy storage	4GWh per year battery PACK system
6	Chongqing Ganfeng Power	Chongqing	Power battery PACK system	Power battery system project with an annual output of 6GWh

5. **Battery recycling business:** The Group further enhanced the industrialization technology and competitive advantages by developing new processes and technologies for comprehensive recycling of the decommissioned batteries and expanding the capacity of its decommissioned lithium battery recycling business. At present, the Group has built multiple dismantling and regeneration bases in Xinyu, Ganzhou, Jiangxi, Dazhou, Sichuan and other places. The comprehensive recycling and processing capacity of decommissioned lithium-ion batteries and metal waste has reached 200,000 tons, of which the comprehensive recovery rate of lithium is over 90%, and the recovery rate of nickel and cobalt metal is over 95%, making it one of the leading enterprises in the battery recycling industry boasting the largest capacity in recycling lithium iron phosphate batteries and wastes in China and the top three enterprises in terms of comprehensive battery disposal capacity in the industry. Currently, the planned project of Jiangxi Ganfeng Recycling Technology Co., Ltd. with an annual production capacity of 20,000 tons of lithium carbonate and 80,000 tons of iron phosphate is under construction, and is expected to be completed in the second half of this year and gradually put into production.

6. **Technology and R&D**

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

During the Reporting Period, the Company obtained 115 authorized national patents, including 21 invention patents, 80 utility model patents and 14 appearance design patents. As of 30 June 2024, the Company cumulatively obtained 931 authorized national patents, including 213 invention patents, 669 utility model patents, 12 software copyrights, 37 appearance design patents and 13 international patents.

FUTURE DEVELOPMENT STRATEGY

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

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. The Company adheres to the aim of globalizing the layout of its resources, and will continuously expand its current lithium resources portfolio through further exploration, gradually collect and develop low-cost resources such as brine, and actively improve the self-sufficiency rate of resources of the Company. In terms of brine, the Company will proactively advance the development and construction of the Mariana lithium salt lake project and the progress of production capacity of the Cauchari-Olaroz lithium salt lake project in Argentina. The PPG project, as the Company's next important lithium salt lake resource layout in Argentina, will also be developed into a high-quality lithium salt lake project that is environmentally-friendly, low-carbon and low-cost. In terms of spodumene resources, the Company will continue to focus on quality spodumene projects around the world and work actively with its partners to ensure smooth production operations and capacity building at the Mt Marion project in Australia, Pilgangoora project in Australia and Goulamina project in Mali, Africa. In terms of lepidolite resources, the Inner Mongolia Gabus niobium tantalum mine project under Mengjin Mining will become an important part of the Company's development of lepidolite resources, and the Company will focus on the development of high-quality and low-cost lepidolite projects in the future. To cope with the cyclical fluctuations and risks of the lithium industry, the Company will strictly control the capital expenditure on the development of future resource projects and step up efforts in organizing and evaluating new investment projects. The Company will optimize the efficiency of the use of funds to ensure that resource projects that can generate benefits in the short term are put into operation in a priority manner and postpone part of the capital expenditure on medium-and long-term projects that do not have significant short-term returns.

2. Expand the production capacity of treatment and processing facilities

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

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

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

The Company will choose to expand its capacity subject to future changes of market demand for lithium products and assessment. The Company plans to produce a total of no less than 600,000 tons of LCE per annum in or before 2030, which will include lithium extraction from ore, lithium extraction from brine, lithium extraction from clay and lithium extraction from recycling.

3. Develop lithium battery business

The Company has actively participated in the R&D of global cutting-edge solid-state battery technology and achieved a series of technical achievements. The Company has independently developed the solid-liquid hybrid lithium motive power battery with high-safety and high-specific energy for long-duration pure electric vehicle applications, and has joined hands with upstream battery material suppliers and production equipment suppliers, downstream new energy vehicle manufacturers and universities to carry out joint technical research and development to realize the development, installation and application of high-specific energy solid-liquid hybrid lithium power battery to achieve the development, application and industrialization of the solid-liquid hybrid lithium motive power battery with high-specific energy. At the same time, the Company maintains a leading position in the development of high-safety and long-cycle new lithium iron phosphate battery system technology, actively equalises BMS module technology, high-voltage platform polymer fast charging technology, high-capacity button battery for TWS Bluetooth headset, solid electrolyte diaphragm and all-solid battery system. The Company strives to provide customers with high safety, long life, high cost performance system solutions and high-quality services, and is committed to building the most creative lithium intelligent new energy that provides customers with high safety, long life, cost effective system solutions and quality services, and endeavors to become the first tier of the global lithium battery industry, leading a new era of lithium battery technology innovation.

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

Construction unit	Project name	Location	Capacity planning
Ganfeng LiEnergy	New-type lithium battery production project with 6GWh annual capacity (Phase III)	Xinyu, Jiangxi Province	Construction of new lithium battery assembly, cell and module automated production lines, and warehousing, power distribution, environmental protection facilities and other public facilities and living supporting facilities, upon the completion of constructing the project, it will form an annual production capacity of 6GWh of new batteries
Chongqing Ganfeng	New-type lithium battery technology industrial park and advanced battery research institute project	Liangjiang New District, Chongqing City	The new-type lithium battery technology industrial park and advanced battery research institute project construct lithium battery production line, plant, technical research institute and other supporting facilities; the project products include various battery type such as solid-state lithium batteries and lithium iron phosphate batteries, which are mainly used in the fields of new energy vehicle power batteries, energy storage battery, underwater and confined space operation equipment power supply

Construction unit	Project name	Location	Capacity planning
Dongguan Ganfeng	New-type lithium battery with 10GWh annual capacity and energy storage headquarters project	Mayong Town, Dognguan City, Guangdong Province	R&D bases and production lines for lithium iron phosphate, semi-solid cells, lightweight motive power batteries, outdoor portable energy storage power supply, outdoor energy storage, industrial and commercial energy storage system, etc.
Ganfeng LiEnergy	Battery production project with 10GWh annual capacity (Phase I)	Chilechuan Dairy (敕勒川乳業) Development Zone	Construction of battery production project with 10GWh annual capacity in the phase I, including the construction of production workshop, PACK workshop, system integration workshop, lithium battery analysis and testing center, lithium battery module and safety testing center, lithium battery R&D center and other ancillary industrial facilities
Ganfeng LiEnergy	New energy lithium battery production and R&D base project	High-end Equipment Industrial Park, Dongjin New District, Xiangyang	Construction of new energy lithium battery cells with an annual capacity of 5GWh + PACK packaging production base in phase I

The Group's current plan for lithium battery capacity expansion is mainly a medium to long-term capacity planning, and the Group will gradually promote the capacity construction depending on market and demand conditions. In the future, the Group will avoid ineffective expansion and malicious competition in the development of its lithium battery business, and, by focusing on the main objectives of cost saving and prudent operation, proactively control the capital expenditure to complete the expansion of battery production capacity in a high-quality manner.

4. **Develop lithium battery recycling business**

With increasing demand for decommissioned battery management growing in tandem with the use of automobiles and consumer electronics, the Company's lithium battery recycling business has promising growth potential, and enables us to further enrich our lithium raw material sources. Furthermore, the Company's ability to recycle lithium batteries offers a sustainable value-added solution to battery manufacturers and electric vehicle manufacturers, which helps strengthen our close ties with such customers, expand the scale of battery recycling and improve the technologies of our battery recycling business. To promote sustainability and create additional revenue sources, the Company aims to leverage the growing number of decommissioned lithium batteries and become one of the leading players in lithium battery recycling area across the globe. The Company continues to expand downstream by expanding the production capacity of our lithium battery recycling business and developing a specialty in recycling and reusing retired batteries. In the longer-term production capacity planning of the Company, the Company's production capacity of recycling of and lithium extraction from lithium battery in the future will account for 30% of the Company's total lithium extraction production capacity.

5. **Further enhance research and development and innovation capabilities**

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

- Development and production of solid electrolytes and anodes for solid-state lithium batteries, and R&D on solid-state lithium batteries;
- Secondary utilization and recycling of lithium batteries;
- Improvement of production techniques and levelling up automation for existing products;
- Formulation of process and extraction methods for lithium raw materials from different types of salt lake brines and lithium clay; and
- Production of lithium motive power batteries and energy storage batteries.

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

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

7. Enhance capabilities in business operation and management

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

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

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

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

FINANCIAL REVIEW

1. Overview

During the Reporting Period, the Group's revenue amounted to RMB9,524,822 thousand, representing a decrease of RMB8,586,748 thousand as compared to RMB18,111,570 thousand for the six months ended 30 June 2023. The Group's gross profit amounted to RMB1,062,685 thousand, representing a decrease of RMB3,047,765 thousand as compared to RMB4,110,450 thousand for the six months ended 30 June 2023. During the Reporting Period, the Group's basic loss per share were RMB0.38 (for the six months ended 30 June 2023: basic earnings per share of RMB2.92).

The loss attributable to the owners of the parent company for the Reporting Period amounted to RMB759,135 thousand, representing a decrease of RMB6,635,650 thousand, or 112.9%, as compared to a profit attributable to the owners of the parent company of RMB5,876,515 thousand for the six months ended 30 June 2023, which was mainly due to the significant decrease in the prices of major products during the Reporting Period resulting in a decrease in gross profit and a significant decrease in share of profits of joint ventures.

2. Analysis of revenue and cost

During the Reporting Period, the Group derived its revenue from sales of lithium compounds, lithium metals, lithium batteries and other products. Total revenue decreased by RMB8,586,748 thousand from RMB18,111,570 thousand for the six months ended 30 June 2023 to RMB9,524,822 thousand for the six months ended 30 June 2024, which was mainly due to the cyclical impact of the lithium industry, resulting in the decrease of the price of lithium salt and lithium battery products during the Reporting Period.

1) Analysis of revenue by products and regions

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

By products:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	***%***	*RMB'000*	*%*
Lithium metal and lithium compound	**6,519,872**	**68.5**	13,686,913	75.6
Lithium battery	**2,704,939**	**28.4**	4,068,066	22.4
Others *(Note)*	**300,011**	**3.1**	356,591	2.0
Total	**9,524,822**	**100.0**	18,111,570	100.0

Note: Including NCM precursors, recycled negative plates, sodium hypochlorite and other products.

By sales regions:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	***%***	RMB'000	%
Chinese Mainland	**6,879,536**	**72.2**	10,224,284	56.5
Overseas	**2,645,286**	**27.8**	7,887,286	43.5
Total	**9,524,822**	**100.0**	18,111,570	100.0

2) Analysis of operating cost by products

By products:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	***%***	*RMB'000*	*%*
Lithium metal and lithium compound	**5,760,827**	**68.1**	10,369,598	74.1
Lithium battery	**2,439,878**	**28.8**	3,311,469	23.7
Others (Note)	**261,432**	**3.1**	320,053	2.2
Total	**8,462,137**	**100.0**	14,001,120	100.0

Note: Including NCM precursors, recycled negative plates, sodium hypochlorite and other products.

3. Gross profit and gross profit margin

The gross profit margin of the Group for the Reporting Period was 11.2%, representing a decrease of 11.5% as compared with 22.7% for the six months ended 30 June 2023, which was mainly due to the significant decrease in the prices of major products during the Reporting Period.

By products:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	***%***	*RMB'000*	*%*
Lithium metal and lithium compound	**759,045**	**11.6**	3,317,315	24.2
Lithium battery	**265,061**	**9.8**	756,597	18.6
Others (Note)	**38,579**	**12.9**	36,538	10.2
Total	**1,062,685**	**11.2**	4,110,450	22.7

Note: Including NCM precursors, recycled negative plates, sodium hypochlorite and other products.

4. Other income and gains

The other income and gains of the Group mainly comprised government grants, revenue from sales of raw materials, interest income from bank and other non-current assets, interest income from associates and a joint venture, dividends and interest income from financial assets at fair value through profit or loss, gain on remeasurement of previously held interests in step acquisitions of subsidiaries added in the period compared with the previous period, and gain on disposal of financial assets at fair value through profit or loss.

During the Reporting Period, other income and gains of the Group amounted to RMB531,211 thousand, representing a decrease of RMB1,741,785 thousand as compared with RMB2,272,996 thousand for the six months ended 30 June 2023, which was mainly due to the absence of gain on financial assets at fair value through profit or loss, gain on disposal of investment in an associate and gain on compensation for long-term prepayment, as well as the decrease in dividends and interest income from financial assets at fair value through profit or loss, and the decrease in government grants during the Reporting Period.

5. Expenses

	For the six months ended 30 June 2024 ***RMB'000***	For the six months ended 30 June 2023 *RMB'000*	Change %	Reason of material change
Selling and distribution expenses	**68,395**	49,489	38.2%	Selling and distribution expenses mainly included employee welfare expenses, storage and port fees, sales commissions, advertising and promotion expenses, business entertainment expenses, office and travel expenses, and other expenses. The increase during the Reporting Period was mainly due to the growth in sales volume and the corresponding increase in sales-related expenses.

	For the six months ended 30 June 2024 *RMB'000*	For the six months ended 30 June 2023 *RMB'000*	Change %	Reason of material change
Administrative expenses	**1,079,982**	1,062,846	1.6%	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, rental expenses, consulting and agency fees, business entertainment expenses, research and development expenses, banking services and other expenses, as well as asset depreciation and amortization. There was no significant change during the Reporting Period.
Other expenses	**1,294,653**	917,105	41.2%	Other expenses mainly included net fair value losses arising from investments recognized at fair value in profit or loss, costs of raw material sales, impairment losses, exploration expenses, losses on the sale of property, plant and equipment, and others. The increase during the Reporting Period was mainly due to the increase in exchange losses and the increase in fair value losses from financial assets at fair value through profit or loss.
Finance costs	**506,783**	342,583	47.9%	Finance costs mainly included interest expenses on bank loans and other borrowings, interest expenses on discounted bank notes, lease liabilities, and interest expense on other non-current liabilities. The increase during the Reporting Period was mainly due to the increase in interest on bank loans and other borrowing and interest expenses on discounted bank notes.

6. Other expenses

Other expenses of the Group for the Reporting Period amounted to RMB1,294,653 thousand, representing an increase of RMB377,548 thousand as compared to RMB917,105 thousand for the six months ended 30 June 2023. The details are as follows:

	For the six months ended 30 June 2024 *RMB'000*	For the six months ended 30 June 2023 *RMB'000*
Fair value losses, net:		
Financial assets at fair value through profit or loss	**873,886**	–
Cost of raw materials sold	**39,296**	19,454
Impairment of trade receivables, net	**5,337**	17,973
Write-down of inventories to net realisable value	**82,627**	824,604
Net loss on disposal of financial assets at fair value through profit or loss	**–**	3,608
Net loss on disposal of items of property, plant and equipment	**2,000**	3,273
Exploration expenditure	**48,840**	13,331
Foreign exchange differences, net	**238,755**	25,959
Loss on disposal of a subsidiary	**–**	104
Others	**3,912**	8,799
Total	**1,294,653**	917,105

7. R&D expenses

During the Reporting Period, research and development expenses of the Group amounted to RMB459,115 thousand, representing a decrease of 33.1% as compared to RMB686,612 thousand for the six months ended 30 June 2023, accounting for 4.8% of the Group's revenue, which was mainly due to the decrease in lithium product prices, resulting in the decrease in material costs for research and development expenses during the Reporting Period.

8. Cash flows

	For the six months ended 30 June 2024 ***RMB'000***	For the six months ended 30 June 2023 *RMB'000*	Change %	Reason of material change
Net cash flows generated from/ (used in) operating activities	**3,942,499**	(2,691,157)	246.5	Mainly due to a decrease in cash payments for goods purchased, services received, and related taxes paid during the Reporting Period.
Net cash flows used in investing activities	**(6,013,253)**	(4,755,078)	26.5	Mainly due to a decrease in cash receipts from investment income and an increase in cash payment from investments during the Reporting Period.
Net cash flows generated from financing activities	**1,032,463**	8,414,585	(87.7)	Mainly due to an increase in cash paid for debt repayment in the Reporting Period.

9. Financial position

Non-current assets increased by RMB10,534,904 thousand from RMB63,513,503 thousand as at 31 December 2023 to RMB74,048,407 thousand as at 30 June 2024, which was mainly due to the increase in the balance of pledged deposits, goodwill, property, plant and equipment, intangible asset and other long-term asset during the Reporting Period.

Current assets decreased by RMB4,268,389 thousand from RMB28,184,398 thousand as at 31 December 2023 to RMB23,916,009 thousand as at 30 June 2024, which was mainly due to a decrease in receivables from related parties, a decrease in the balance of debt investments at fair value through other comprehensive income, a decrease in the balance of pledged deposits, financial assets at fair value through profit or loss, accounts receivables, and other assets during the Reporting Period.

Current liabilities increased by RMB6,111,966 thousand from RMB20,271,297 thousand as at 31 December 2023 to RMB26,383,263 thousand as at 30 June 2024, which was mainly due to an increase in the balance of other payables and accrued items, as well as an increase in the balance of trade payables, bank loans, and interest bearing bank and other loans during the Reporting Period.

Non-current liabilities decreased by RMB118,722 thousand from RMB19,110,742 thousand as at 31 December 2023 to RMB18,992,020 thousand as at 30 June 2024, which was mainly due to a decrease in interest bearing bank and other loan balances during the Reporting Period.

As at 30 June 2024 and 31 December 2023, net current liabilities and net current assets of the Group amounted to RMB2,467,254 thousand and RMB7,913,101 thousand, respectively; net assets amounted to RMB52,589,133 thousand and RMB52,315,862 thousand, respectively.

As at 30 June 2024 and 31 December 2023, cash and cash equivalents of the Group amounted to RMB8,260,086 thousand and RMB9,293,732 thousand, respectively.

10. Income tax expenses

During the Reporting Period, income tax expenses of the Group amounted to RMB60,515 thousand, representing a decrease of RMB317,120 thousand as compared to RMB377,635 thousand for the six months ended 30 June 2023, which was mainly due to the decrease in taxable income for the Reporting Period.

11. Capital expenditure

During the Reporting Period, capital expenditure of the Group was RMB12,581,448 thousand, representing an increase of RMB6,702,024 thousand as compared to RMB5,879,424 thousand for the six months ended 30 June 2023. The Group's capital expenditure mainly consist of additions to property, plant and equipment, investment properties, prepayment of leasehold land and intangible assets. The main sources of funds for the Group's capital expenditure were bank borrowings, proceeds from issuance of share and cash flows generated from operating activities of the Group.

12. Interest-bearing bank and other borrowings

As at 30 June 2024, bank and other borrowings of the Group amounted to RMB27,242,814 thousand (31 December 2023: RMB25,189,644 thousand).

Bank and other borrowings of the Group that would be due within one year amounted to RMB12,644,045 thousand, and due within two to five years amounted to RMB14,238,769 thousand, and more than five years amounted to RMB360,000 thousand, respectively. As at 30 June 2024, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 54.11% (31 December 2023: 62.64%) of such outstanding loans were at fixed interest rates, with the remaining loans were at floating interest rates.

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

13. Restricted assets

As at 30 June 2024, assets with a total carrying value of RMB2,197,152 thousand (31 December 2023: RMB2,696,042 thousand) of the Group were used as collateral for bank borrowings and other bank facilities, and such assets included pledged deposits of RMB191,055 thousand (31 December 2023: RMB259,460 thousand), debt investment of RMB140,000 thousand (31 December 2023: RMB20,000 thousand), accounts receivables financing of RMB90,560 thousand (31 December 2023: RMB290,262 thousand), non-current assets due within one year of RMB413,273 thousand (31 December 2023: RMB291,830 thousand), other current assets of RMB0 thousand (31 December 2023: RMB481,306 thousand), and intangible assets of RMB1,362,264 thousand (31 December 2023: RMB1,353,184 thousand).

14. Gearing ratio

As at 30 June 2024, the Group's gearing ratio, defined as net debt divided by sum of capital and net debt, was 46%, which increased by 3% from 31 December 2023.

15. Exposures to risks of exchange rate fluctuation and corresponding hedging measures

The Group business is located in mainland China and most transactions are denominated in Renminbi. Most of our assets and liabilities are denominated in RMB, except for certain bank balances which were denominated in U.S. dollars and other foreign currencies. Our assets and liabilities denominated in U.S. dollars were mainly held by certain subsidiaries which were incorporated outside mainland China and adopted U.S. dollars as their functional currency, and the Group did not conduct any material foreign exchange transactions in mainland China during the Reporting Period. In view of the foregoing, the Group had no material foreign exchange risks during the Reporting Period.

To deal with the operational risks, the Company has prepared the Foreign Exchange Hedging Management System (《外匯套期保值管理制度》), prescribing that transactions on financial derivatives shall not be conducted purely for profit and shall be carried out with the Group's self-owned funds only. The Board has set an annual cap for the scale of such foreign exchange hedging business and some concrete transactions are made for the moment involving ordinary forward business. The Group will closely monitor our foreign exchange risks and will utilize appropriate financial instruments for hedging purposes when necessary to help reduce foreign exchange risks.

16. Contingent liabilities

As of 30 June 2024, save as disclosed in the "Other Significant Events During the Reporting Period" headed "Updates on Sonora Project in Mexico" of this announcement, the Group did not have any material contingent liabilities.

17. Employees and remuneration system

As of 30 June 2024, the Group had a total of 13,272 employees. The remuneration package of the Group's employees includes salaries, allowances, benefit in kind and performance related bonuses.

18. Capital commitments

The Group had the following capital commitments as at 30 June 2024:

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Contracted, but not provided for land and buildings	**2,345,440**	2,883,443
Contracted, but not provided for plant and machinery	**1,938,503**	1,875,971
Total	**4,283,943**	4,759,414

19. Share capital

As of 30 June 2024, share capital of the Company is set out as follows:

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

20. Trade receivables

Trade receivables decreased by RMB1,172,277 thousand from RMB4,774,082 thousand as at 31 December 2023 to RMB3,601,805 thousand as at 30 June 2024, which was mainly due to the downward price of lithium compound, which resulted in the smaller amount of trade receivables with similar sales volume during the Reporting Period.

21. Significant Investments

As at 30 June 2024, the Group did not have any significant investment which exceeded 5% of the Group's total assets as at 30 June 2024.

For details of other investments of the Group during the Reporting Period, please refer to the section headed "Other Matters – Significant Equity Acquisitions during the Reporting Period" below.

OTHER MATTERS

Significant Equity Acquisitions During the Reporting Period

Subscription of no less than 14.8% equity interest in Proyecto Pastos Grandes S.A.

At the 74th meeting of the fifth session of the Board held on 5 March 2024, the Resolution in relation to the subscription of no less than 14.8% equity interest of Proyecto Pastos Grandes S.A. in Argentina involving mining rights investment and related-party transaction was considered and passed, agreeing that the Company or its controlled subsidiary to subscribe for no less than 14.8% equity interest of Proyecto Pastos Grandes S.A. at a price of no more than USD70 million with its own funds. Upon completion of the transaction, the Company will hold no less than 14.8% equity interest of Proyecto Pastos Grandes S.A. For further details, please refer to the overseas regulatory announcement of the Company dated 5 March 2024.

Acquisition of 40% equity interest in Mali Lithium B.V.

On 7 May 2024 (after trading hours), GFL International Co., Limited ("**GFL International**"), a wholly owned subsidiary of the Company, Leo Lithium Limited ("**Leo Lithium**"), the Company and Mali Lithium B.V. ("**Mali Lithium**") entered into a sale and purchase agreement (the "**40% Acquisition Agreement**"), pursuant to which GFL International agreed to buy and Leo Lithium agreed to sell 40% of the entire issued shares of Mali Lithium by its own working capital at a consideration of no more than USD342.7 million (the "**40% Acquisition**").

Upon completion of the 40% Acquisition, GFL International would hold the entire issued shares of Mali Lithium, and Mali Lithium would be accounted as an indirectly wholly-owned subsidiary of the Company and its financial results would be consolidated into the consolidated financial statement of the Company.

The consideration for the 40% Acquisition was determined with reference to the valuation of the Goulamina Project conducted by the Company (the "**Valuation**"). The Company made reference to (i) the comparison of the then recent market valuation of comparable projects/comparable listed companies and private company involved in spodumene projects (the "**Comparable(s)**") and (ii) a discount, being the price difference between the consideration for the 40% Acquisition and the Valuation, due to the fact that the Goulamina Project had not yet put into operation while the Comparables were well-developed spodumene projects. For the details of the Valuation, please refer to the section headed "BASIS OF CONSIDERATION – The Valuation" of the announcement of the Company dated 7 May 2024.

Taking into account that (i) the Goulamina Project had not yet put into operation at the time of entering into the 40% Acquisition Agreement, (ii) the fall in the price of lithium related materials during 2023, (iii) the risk arising from the rights of Mali government to hold 10% to 35% of the equity interest in Lithium du Mali SA, a wholly-owned subsidiary of Mali Lithium which owns the entire share of the Goulamina Project, and (iv) the envisaged difficulty in the development of the Goulamina Project, the Company considered that the price difference between the consideration for the 40% Acquisition and the Valuation would be sufficient to accommodate the risk arising from the Goulamina Project.

Further, the terms of the 40% Acquisition Agreement were determined based on arm's length negotiation between GFL International, Leo Lithium, Mali Lithium, Mali LMSA and the Company. The Company was of the view that the terms of the 40% Acquisition Agreement were fair and reasonable and the 40% Acquisition was in the interest of the Company and its shareholder as a whole given the price difference between the consideration for the 40% Acquisition and the Valuation.

For further details in relation to the 40% Acquisition, please refer to the announcement of the Company dated 7 May 2024.

CONNECTED TRANSACTIONS

During the Reporting Period, the Group did not have any connected transactions required to be disclosed under the Rules Governing the Listing of Securities (the "**Hong Kong Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") and were in compliance with the provisions of Chapter 14A of the Hong Kong Listing Rules.

Other Significant Events During the Reporting Period

Updates on Sonora Project in Mexico

In January 2024, three controlled-subsidiaries of the Company incorporated in Mexico (the "**Mexican Subsidiaries**") filed the annulment claims with the Federal Court of Administrative Justice in Obregón, Sonora City ("**TFJA**") against the cancellation of nine lithium mine concessions. The legal counsels of the Company stated that the decision made by the Secretary of Economy in Mexico ("**Secretary of Economy**") to maintain the mining concessions' cancellations decision issued by the DGM is not the final outcome under Mexican law, and the TFJA will make its final decision. The legal counsels of the Company believe that the annulment claim filed by the Mexican Subsidiaries based on Mexican law, analogous precedent, and factual evidence may lead them to prevail before a neutral court, but they are still unable to make a judgment on the final outcome of the annulment claim.

In May 2024, Ganfeng International Trading (Shanghai) Co., Ltd., Bacanora Lithium Limited and Sonora Lithium Ltd., the controlled subsidiaries of the Company, initiated an arbitration proceeding before International Centre for Settlement of Investment Disputes ("**ICSID**") in respect of a series of laws, regulations, and related measures issued by Mexico, which effectively nationalized lithium resources, impacted the operation of the project, and resulted in the cancellation of the mineral concessions held by the Mexican Subsidiaries. Recently, the Company received an email from ICSID confirming that the arbitration case has been officially registered, and ICSID has published relevant information about the arbitration on its official website. As of the date of this announcement, the Secretary General of ICSID has registered the arbitration. The next step is to constitute the tribunal and to brief the tribunal on the parties' respective positions in written and oral phases. The hearing has not yet taken place and no decisions have been issued. The hearing of arbitration has not yet taken place and there is uncertainty in the decisions of arbitration and the actual amount of compensation. The Board will actively pay attention to the progress of the matter and fulfil its information disclosure obligations in a timely manner.

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

The date of the grant of the share options (the "**2021 Share Options**") under the 2021 Share Option Incentive Scheme was 7 June 2021. Given that 12 participants under the 2021 Share Option Incentive Scheme ("**2021 Participants**") resigned due to personal reasons, the Company decided to cancel the qualification of the abovementioned 2021 Participants, representing 329 thousand units of 2021 Share Options in total. The Company convened the 60th meeting of the fifth session of the Board, at which the adjustments to the 2021 Share Options were made in accordance with the authorizations delegated to the Board at the 2020 annual general meeting and the class meetings. After such adjustments, the number of 2021 Participants is adjusted from 388 to 376. 5,322.2 thousand units of 2021 Share Options that have not been exercised during the second exercise period will be cancelled by the Company. After this cancellation, there are currently 10,324.3 thousand units valid 2021 Share Options. The underlying Shares of the 2021 Share Options shall comprise solely ordinary A Shares to be issued by the Company to the 2021 Participants. Please refer to the announcement of the Company dated 7 June 2024 for further details.

The vesting period for the 2021 Share Options shall commence from the date of grant of the 2021 Share Options and end on the first exercisable date of the 2021 Share Options. The vesting periods of the 2021 Share Options are 12 months, 24 months, 36 months and 48 months, respectively. During the vesting periods, the 2021 Share Options which are granted to the 2021 Participants shall not be transferred, pledged for guarantees or used for repayment of debt. In light of the above, subject to there being no circumstances which would prohibit vesting having occurred as of the end date of the third withholding period, the exercise conditions for the third exercise period of 2021 Share Options granted have been fulfilled and a total of 5,162,150 units of 2021 Share Options will become exercisable by the 2021 Participants during the third exercise period. The third exercise period of the 2021 Share Options granted shall commence from 7 June 2024 to 6 June 2025. The second exercise period of the 2021 Share Option granted commenced from 7 June 2023 to 6 June 2024.

The exercise periods for the 2021 Share Options are set out below:

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

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

Name	Position(s)	As at 31 December 2023 *(0'000 A Shares)*	Granted during the Reporting Period *(0'000 A Shares)*	Exercised during the Reporting Period *(0'000 A Shares)* *(Note 2)*	Cancelled during the Reporting Period *(0'000 A Shares)*	Lapsed during the Reporting Period *(0'000 A Shares)*	As at 30 June 2024 *(0'000 A Shares)* *(Note 3)*
Deng Zhaonan	Executive Director	21.00	–	–	7.00	–	14.00
Shen Haibo	Executive Director	21.00	–	–	7.00	–	14.00
Ouyang Ming	Vice president	21.00	–	–	7.00	–	14.00
Xu Jianhua	Vice president	21.00	–	–	7.00	–	14.00
Huang Ting	Vice president and financial director	9.45	–	–	3.15	–	6.30
Fu Lihua	Vice president	15.75	–	–	5.25	–	10.50
Xiong Xunman	Vice president	15.75	–	–	5.25	–	10.50
Luo Guanghua	Vice president	8.40	–	–	2.8	–	5.60
Wang Bin	Vice president	10.50	–	–	3.50	–	7.00
Ren Yuchen	Secretary of the Board	7.35	–	–	2.45	–	4.90
Core management and core technical (business) personnel		1,446.35	–	–	514.72	–	931.63
Total		1,597.55	–	–	565.12	–	1,032.43

Notes:

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

2. No 2021 Share Options have been exercised during the Reporting Period.

3. As at 30 June 2024, the Company had a total of 10,324,300 outstanding 2021 Share Options, of which:

   a. 5,162,150 2021 Share Options had been vested and are exercisable; and

   b. 5,162,150 2021 Share Options shall be vested and exercisable during the period commencing 7 June 2025 and ending on 6 June 2026.

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

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

6. No share options have been granted under the Share Option Incentive Scheme 2021 during the Reporting Period.

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

References are made to the supplemental circular of the Company dated 26 May 2022 and the poll results announcement of the Company dated 15 June 2022 in relation to the adoption of the RSU Scheme, which was approved by the Shareholders at the annual general meeting of the Company held on 15 June 2022.

On 12 July 2023, RSUs with 3,470,000 underlying H Shares (the "**2023 Grant**") were granted to 72 eligible persons of the RSU Scheme selected by the Board or its delegatee in accordance with the rules of the RSU Scheme (the "**2023 Selected Participants**"). The 2023 Selected Participants comprise 4 connected persons and 68 independent third parties of the Company and its connected persons (as defined under the Hong Kong Listing Rules) with 410,000 underlying H Shares and 3,060,000 underlying H Shares granted, respectively. The underlying H Shares under the 2023 Grant accounts for approximately 0.86% of the then total number of issued H Shares and approximately 0.17% of the then total issued share capital of the Company as of the date of the 2023 Grant. The closing price of the H Shares immediately before the day on which the 2023 Grant was made (i.e. 11 July 2023) was HKD51.50.

On 19 January 2024, RSUs with 1,500,000 underlying H Shares (the "**2024 First Grant**") were granted to 4 eligible persons of the RSU Scheme selected by the Board or its delegatee in accordance with the rules of the RSU Scheme (the "**2024 Selected Participants**"). The 2024 Selected Participants are 4 connected persons of the Company with 1,500,000 underlying H Shares granted. The underlying H Shares under the 2024 First Grant accounts for approximately 0.37% of the then total number of issued H Shares and approximately 0.07% of the then total issued share capital of the Company as of the date of the 2024 First Grant. The closing price of the H Shares immediately before the day on which the 2024 First Grant was made (i.e. 18 January 2024) was HKD25.35.

The vesting period of the Awards under the 2023 Grant and 2024 First Grant are as follows(Note):

Vesting Arrangement of 2023 Grant	**Vesting Period**	**Vesting percentage**
First vesting period	Within one year from the Grant Date (the first vesting date: 12 July 2024)	25%
Second vesting period	Within two years from the Grant Date (the second vesting date: 12 July 2025)	25%
Third vesting period	Within three years from the Grant Date (the third vesting date: 12 July 2026)	25%
Fourth vesting period	Within four years from the Grant Date (the fourth vesting date: 12 July 2027)	25%

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

Vesting Arrangement of 2024 First Grant	**Vesting Period**	**Vesting percentage**
First vesting period	From the grant date to the first vesting date (12 July 2024)	25%
Second vesting period	From the grant date to the second vesting date (12 July 2025)	25%
Third vesting period	From the grant date to the third vesting date (12 July 2026)	25%
Fourth vesting period	From the grant date to the fourth vesting date (12 July 2027)	25%

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

The exercise period of the Awards under the 2023 Grant and 2024 First Grant are as follows):

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

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

Selected participants under the RSU Scheme

As of 30 June 2024, there were a total of 76 selected participants (the "**RSU Selected Participants**"), which comprise 8 connected persons of the Company and 68 independent third parties of the Company and its connected person (as defined under the Hong Kong Listing Rules). Each grant of an award to a Director or connected person of the Company was approved by all independent non-executive Directors and subject to the Hong Kong Listing Rules and any applicable laws and regulations.

Details of the 2023 Grant and 2024 First Grant comprising both vested and unvested awards are set out as follows:

Name	Position	As at 31 December 2023	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	As at 30 June 2024
Connected persons of the Company							
Li Liangbin	Executive Director	–	600,000	–	–	–	600,000
Wang Xiaoshen	Executive Director	–	600,000	–	–	–	600,000
Ouyang Ming	Vice president and director of subsidiary of the Company	–	200,000	–	–	–	200,000
Li Chenglin	Vice president and director of subsidiary of the Company	–	100,000	–	–	–	100,000
Luo Xiaofeng	Director of subsidiary of the Company, general manager of subsidiary of the Company	150,000	–	–	–	–	150,000
SAM PIGOTT	Director of subsidiary of the Company	140,000	–	–	–	–	140,000
Wang Wenbo	Director of subsidiary of the Company, general manager of subsidiary of the Company	70,000	–	–	–	–	70,000
Fan Yuanhua	General manager of subsidiary of the Company	50,000	–	–	–	–	50,000
Sub-total		410,000	1,500,000	–	–	–	1,910,000
Others							
Senior management, mid-level managers, basic-level managers, backbone members of technicians and other technicians		3,060,000	–	–	–	–	3,060,000
Total		3,470,000	1,500,000	–	–	–	4,970,000

Note:

1. During the Reporting Period, RSUs were granted on 19 January 2024 at an exercise price of HKD25.95 per unit. The closing price of the H Shares immediately before the date of grant (18 January 2024) was HKD25.35.

2. The number of the relevant H Shares underlying the outstanding RSUs as at the end of the Reporting Period was 4,970,000.

Calculation of the Fair Value of the Awards on 2024 First Grant date

(1) Accounting Treatment

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

(2) Calculation of the Fair Value under RSU Scheme

According to the relevant provisions on the determination of fair value in the IFRS 2 – Share-based Payment, an appropriate valuation model is required to be selected to calculate the fair value under RSU Scheme. The Company chooses Black-Scholes model (B-S model) to calculate the fair value, and then uses the model to calculate the total fair value to be HKD11,720,117.22 as at the grant date.

The specific parameters were selected as below:

(i) Price of the Underlying Shares: HKD24.35 per Share (the closing price was HKD24.35 on the Grant Date)

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

(iii) Validity Period: 6, 18, 30 and 42 months, respectively (based on the period commencing from Grant Date and ending on the first Exercisable Date for each respective period)

(iv) Historical volatility ratio: 48.0594%, 56.3867%, 60.7703%, 65.3386% (adopted the historical volatility ratio of the H Share of the Company in the latest one, two, three and four year)

(v) Risk-free interest rate: 4.0468% (adopted the HKD Overnight Interest Settlement Rates on grant date)

(vi) Dividend yield: 2.10% (adopted the dividend rate of the Company in one year prior to the 2024 First Grant)

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

(3) Impact on the operating performance of the Company

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

The Company granted awards to the RSU Selected Participants in January 2024, according to the requirements of the PRC accounting standards, the impact of the Award granted under the RSU Scheme on accounting costs of each period is shown in the following table:

Number of Award granted *(0'000)*	**Total costs to be amortized** *(HKD0'000)*	**2024** *(HKD0'000)*	**2025** *(HKD0'000)*	**2026** *(HKD0'000)*	**2027** *(HKD0'000)*
150	1172.01	561.91	351.83	193.30	64.97

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

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

Employee Stock Ownership Plan

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

The term of the Employee Stock Ownership Plan is 72 months, starting from the date when the Company announces the completion of the purchase of the shares of the Company under the first grant of Employee Stock Ownership Plan. The Employee Stock Ownership Plan will be automatically terminated if not extended upon expiry. Within ten days before the expiry of the Employee Stock Ownership Plan, as agreed by the participants of the Employee Stock Ownership Plan (the "**Holders**") present at the highest internal management authority of the Employee Stock Ownership Plan (the "**Holders' Meeting**") holding more than 2/3 of the total units and submitted to the Board for consideration and approval, the term of the Employee Stock Ownership Plan can be extended. Provided that the shares of the Company held by the Employee Stock Ownership Plan cannot be fully disposed of prior to the expiry of the term due to suspension of trading or short window period, the duration of the Employee Stock Ownership Plan may be extended, as agreed by the attending Holders with more than two-thirds of the total units at the Holders' Meeting, and as considered and approved by the Board of the Company. The lock-up period of the Employee Stock Ownership Plan is 12 months, calculated from the date of completion of the purchase of the shares of the Company. The first grant shall be vested in four batches as to 25% for each batch, provided that the performance results and personal performance results are achieved in the four fiscal years from 2023 to 2026. The reserved grant shall be vested in three batches as to 30%, 30%, and 40% respectively, provided that the performance results and personal performance results are achieved in the three fiscal years from 2024 to 2026.

(1) *The vesting period of first grant part are as follow:*

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

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

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

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

The vesting time of reserved grant are as follows:

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

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

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

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

(2) Performance assessment of the Employee Stock Ownership Plan

a. Performance assessment at segment/subsidiary level

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

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

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

b. Performance assessment at individual level

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

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

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

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

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

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

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

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

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

Notes:

1. The term of the Employee Stock Ownership Plan is formally effective on 15 January 2024 with no exercise price. The closing price of the A Shares immediately before the effective date (being 14 January 2024) was RMB43.48.

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

Calculation of the fair value of the Employee Stock Ownership Plan

(1) Accounting Treatment

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

(2) Calculation of the Fair Value

The estimation of the purchase of the Company's shares is completed under the Employee Stock Ownership Plan as of January 2024, the Company's collection of approximately 295,138.2 thousand from the Special Fund for the first grant shall be amortized as expense from 2024 to 2028, with a limited impact on the Company's performance. The estimated amortization of the expense of the first grant part of Stock Ownership Plan is as follows:

Total share-based payments *(RMB10,000)*	**2024** *(RMB10,000)*	**2025** *(RMB10,000)*	**2026** *(RMB10,000)*	**2027** *(RMB10,000)*	**2028** *(RMB10,000)*
29,513.82	14,782.18	8,276.34	4,445.60	1,938.95	70.75

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

The 2022 Share Option Incentive Scheme

The vesting period for the 2022 Share Options shall commence on the date of grant of the 2022 Share Options and end on the first exercisable date of the 2022 Share Options. The vesting periods of the 2022 Share Options are 12 months, 24 months, 36 months and 48 months, respectively. Subject to there being no circumstances which would prohibit vesting having occurred as of the end date of the first vesting period, the exercise conditions for the first exercise period of the 2022 Share Options granted have been fulfilled and a total of 675,500 units of the 2022 Share Options will become exercisable by the 2022 Participants during the first exercise period. The first exercise period of the 2022 Share Options granted shall be between 5 September 2023 and 4 September 2024.

The exercise periods for the 2022 Share Options are set out below:

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

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

Position(s)	As at 31 December 2023 *(0'000 A Shares)*	Granted during the Reporting Period *(0'000 A Shares)*	Exercised during the Reporting Period *(0'000 A Shares)*	Cancelled during the Reporting Period *(0'000 A Shares)*	Lapsed during the Reporting Period *(0'000 A Shares)*	As at 30 June 2024 *(0'000 A Shares)*
Core management and core technical or business personnel	270.20	–	–	–	–	270.20
Total	270.20	–	–	–	–	270.20

Notes:

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

2. As at 30 June 2024, the Company had a total of 2,702,000 outstanding 2022 Share Options, of which:

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

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

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

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

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

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

Significant Events after the Reporting Period

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Other than the deviation from code provision B.2.2 in part 2 of the Corporate Governance Code, the Company has complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules during the six months ended 30 June 2024.

Deviation from Code Provision B.2.2 in Part 2 of the Corporate Governance Code

Code provision B.2.2 in part 2 of the Corporate Governance Code states that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The three-year term of the fifth session of the Board and the supervisory committee of the Company (the "**Supervisory Committee**") expired on March 24, 2023. As the nomination of relevant candidates for the members of the new session of the Board and Supervisory Committee has not yet been completed, and the suitability of some of the candidates is still being assessed, the election and appointment of the members of the Board and the Supervisory Committee will be postponed to maintain the continuity of the work of the Board and the Supervisory Committee. Meanwhile, the terms of the special committees under the fifth session of the Board and the senior management of the Company will be extended correspondingly. The Board believe that the postponement of the election and appointment will not affect the daily operations of the Company for the following reasons:

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

(2) The current Board members have extensive experience in the corporate governance and business of the Company, with different professional backgrounds and expertise in corporate management, technology development, financial management, strategic investment and human resources management, etc. Therefore, the process of election and appointment needs to be carefully considered in terms of the suitability of the candidates; and until the completion of the suitability assessment of the candidates, it is beneficial for the Company to maintain the original membership structure in order to make business decisions in the best interest of the Company;

(3) Each of the independent non-executive Directors has provided the Company with an annual confirmation of his/her independence in accordance with Rule 3.13 of the Hong Kong Listing Rules. The Company has received annual confirmations from these Directors that each of the independent non-executive Directors is an independent party. The current membership structure provides adequate balance of power and authority for corporate governance and internal control.

To address the deviation from code provision B.2.2 in part 2 of the Corporate Governance Code, the Company will complete the election and appointment of members of the Board and the Supervisory Committee as soon as possible and will fulfill its corresponding information disclosure obligation in a timely manner.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the code of conduct regarding securities transactions by Directors and supervisors of the Company on the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiry to all Directors and supervisors of the Company, the Company confirms that the Directors and supervisors of the Company have complied with the standards regarding the securities transactions by Directors and supervisors of the Company as set out in the Model Code for the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

INTERIM DIVIDENDS

The Board proposed not to distribute any interim dividends for the Reporting Period (for the six months ended 30 June 2023: Nil).

REVIEW OF 2024 INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") has been established by the Board in compliance with Rules 3.21 and 3.22 of the Hong Kong Listing Rules and the terms of reference of code provision D.3.3 as set out in part 2 of the Corporate Governance Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Ho Kwan, Mr. Wang Jinben and Ms. Xu Yixin. Mr. Wong Ho Kwan serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the Hong Kong Listing Rules. The Audit Committee has reviewed the Group's unaudited interim results for the six months ended 30 June 2024, and is of a view that the preparation of such financial results compiled with the applicable accounting standards, the requirements under the Hong Kong Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.ganfenglithium.com). The Company's 2024 interim report containing the information as required by the Hong Kong Listing Rules will be sent to shareholders of the Company who requested to receive it in printed form and published on the website of the Hong Kong Stock Exchange and on the website of the Company in due course.

By Order of the Board
Ganfeng Lithium Group Co., Ltd.
Li Liangbin
Chairman

Jiangxi, the PRC
28 August 2024

As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Mr. YU Jianguo and Ms. Luo Rong as non-executive directors of the Company; and Mr. WANG Jinben, Mr. Wong Ho Kwan, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive directors of the Company.