TIANQI LITHIUM

天齊鋰業股份有限公司
Tianqi Lithium Corporation

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

Stock Code: 9696

2022
Interim Report

IMPORTANT

1. The Board of Directors (the “Board”), the Board of Supervisors and the Directors, Supervisors and senior management of the Company warrant that the contents set out in the 2022 Interim Report (the “Interim Report”) contain no false representations, misleading statements or material omissions, and severally and jointly assume the legal liabilities for the authenticity, accuracy and completeness of the contents herein.

2. Jiang Weiping, person in charge of the Company, Zou Jun, person in charge of the accounting, and Wen Qian, head of the accounting department (chief accountant), declare that the authenticity, accuracy and completeness of the financial statements in this report are guaranteed.

3. This report has been considered and approved at the 28th meeting of the Fifth Session of the Board held by the Company on August 30, 2022 (the “Meeting”). All Directors have attended the Board meeting at which this report was considered.

4. The Company has no intention to distribute cash dividend, issue bonus shares or convert equity reserves into share capital for the interim period of 2022.

5. The interim financial report prepared in accordance with IAS 34 Interim Financial Reporting (“IAS 34”) for the six months ended June 30, 2022 has not been audited but has been reviewed by the Audit and Risk Committee.

6. The currency of amounts in this report refers to renminbi unless otherwise specified.

7. Forward-looking statements pertaining to this report such as future plans and development strategies do not constitute substantial commitments by the Company to investors. Investors and relevant parties should maintain sufficient risk awareness and understand the difference between plans or forecasts and commitments. Investors are advised to be aware of investment risks.

This report is prepared in both Chinese and English. In the event of any discrepancy in the interpretation of this report (except for the financial report prepared in accordance with the International Financial Reporting Standards), the Chinese version shall prevail; for the interim financial report prepared in accordance with IAS 34, the English version shall prevail.

CONTENTS

DEFINITIONS

Term	Meaning
Articles of Association	the Articles of Association of Tianqi Lithium Corporation
A Shares	domestic shares of our Company with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange and traded in RMB
A-share Listing Rules	Listing Rules of Shenzhen Stock Exchange
A$	Australian dollars, the lawful currency of Australia
Board of Directors or Board	the Board of Directors of Tianqi Lithium Corporation
Board of Supervisors	the Board of Supervisors of Tianqi Lithium Corporation
CAAM	China Association of Automobile Manufacturers
CAGR	compound annual growth rate
CALB	CALB Co., Ltd.
Company, our Company	Tianqi Lithium Corporation (天齊鋰業股份有限公司)
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
CSRC	China Securities Regulatory Commission (中國證券監督管理委員會)
Director(s)	director(s) of our Company, including all executive directors and independent non-executive directors
ESS	energy storage system
GGII	Gaogong Industry Research Institute
Group	the Company and its subsidiaries
HK$ or Hong Kong dollars or HK dollars	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Term	Meaning
H Shares	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
LCE	lithium carbonate equivalent, a unit of measurement for lithium
Listing of H Shares	listing of H Shares on the Main Board of the Hong Kong Stock Exchange on July 13, 2022
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
PHEV	plug-in hybrid electric vehicle
reporting period	from January 1, 2022 to June 30, 2022
RMB	Renminbi, the lawful currency of the PRC
SEHK or Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Shareholder(s)	holder(s) of our Shares
Shareholders' General Meeting	the Shareholders' General Meeting of Tianqi Lithium Corporation
Shenghe Lithium	Sichuan Tianqi Shenghe Lithium Co., Ltd. (四川天齊盛合鋰業有限公司), a limited liability company incorporated in the PRC on November 4, 2008, in which the Company holds 49% equity interest with the remaining 51% held by Tianqi Lithium (Shehong) Co., Limited (天齊鋰業(射洪)有限公司)
Shigatse Zabuye	Tibet Shigatse Zabuye Lithium High-Tech Co., Limited (西藏日喀則紮布耶鋰業高科技有限公司), a limited liability company incorporated in the PRC on June 30, 1999, in which the Company holds 20% equity interest with the remaining 80% equity interest held as to 50.72% by Tibet Mining Development Co., Ltd. (西藏礦業發展股份有限公司), 18% by BYD Co., Ltd. (比亞迪股份有限公司), 3.94% by Tibet Jinhao Investment Co., Ltd. (西藏金浩投資有限公司), and 1.21% by Tibet Mining Assets Management Co., Ltd. (西藏礦業資產經營有限公司), all of whom are Independent Third Parties

DEFINITIONS

Term	Meaning
SQM	Sociedad Quimica y Minera de Chile S.A., a publicly held company incorporated in Chile on June 29, 1968 and listed on the Santiago Stock Exchange, the Santiago Electronic Stock Exchange and the New York Stock Exchange, in which the Company held approximately 22.16% of the equity interest as of the date of this report
SQM Indebtedness	bank borrowings incurred under two syndicated facility agreements with aggregate original loan facilities of US$3.5 billion to finance the purchase price, acquisition costs and fees associated with the SQM Transaction
State Council	State Council of the PRC (中華人民共和國國務院)
Supervisor(s)	Supervisor(s) of our Company
SZSE	Shenzhen Stock Exchange
Talison	Talison Lithium Pty Ltd, formerly known as Talison Lithium Limited, a limited liability company incorporated in Australia on October 22, 2009, in which the Company holds 26.01% equity interest indirectly through Windfield
TLK	Tianqi Lithium Kwinana Pty Ltd, formerly known as Tianqi Lithium Australia Pty Ltd (TLA), a limited liability company incorporated in Australia on April 27, 2016, which is a wholly-owned subsidiary of Tianqi Lithium Energy Australia Pty Ltd
Wood Mackenzie Report	the independent industry report prepared by Wood Mackenzie (Asia Pacific) Pty. Ltd.
U.S. dollars or US$	United States dollars, the lawful currency of the United States

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Pan Ying
Xiang Chuan
Tang Guo Qiong
Huang Wei

SUPERVISORS

Yan Jin
Chen Zemin
Hu Yi

AUTHORIZED REPRESENTATIVES

Wong Hoi Ting
Jiang Anqi

JOINT COMPANY SECRETARIES

Wong Hoi Ting
Zhang Wenyu

AUDIT AND RISK COMMITTEE OF THE BOARD

Tang Guo Qiong *(Chairwoman)*
Pan Ying
Xiang Chuan

REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

Xiang Chuan *(Chairman)*
Pan Ying
Jiang Anqi

NOMINATION AND GOVERNANCE COMMITTEE OF THE BOARD

Pan Ying *(Chairman)*
Xiang Chuan
Jiang Weiping

STRATEGY AND INVESTMENT COMMITTEE OF THE BOARD

Pan Ying *(Chairman)*
Jiang Weiping
Tang Guo Qiong
Jiang Anqi
Ha, Frank Chun Shing

ESG AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD

Jiang Anqi *(Chairwoman)*
Ha, Frank Chun Shing
Xiang Chuan

SECTION 1 CORPORATE INFORMATION

HEADQUARTER

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

COMPANY'S WEBSITE

http://www.tianqilithium.com/

SHARES INFORMATION

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

INFORMATION DISCLOSURE AND PLACES AVAILABLE FOR INSPECTION

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

LEGAL ADVISERS (AS TO HONG KONG LAW AND UNITED STATES LAW)

Paul Hastings, LLP.

LOCATION WHERE THE INTERIM REPORT IS AVAILABLE FOR INSPECTION

The Board's Office of the Company

I. MAJOR ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

Unit: RMB'000

	The reporting period (unaudited)	Same period last year (unaudited)	Increase/ decrease of the reporting period as compared to the same period last year
Revenue	**14,167,992**	2,336,806	506.30%
Profit for the period attributable to equity Shareholders of the Company	**10,230,305**	(78,145)	13,191.44%
Net cash generated from operating activities	**7,066,631**	904,566	681.22%
Basic earnings per share (Yuan/share)	**6.93**	(0.05)	13,960.00%
Diluted earnings per share (Yuan/share)	**6.93**	(0.05)	13,960.00%

	As at the end of the reporting period (unaudited)	As at the end of last year (audited)	Increase/ decrease as at the end of the reporting period as compared to the end of last year
Total assets	**54,805,778**	45,800,308	19.66%
Total equity attributable to equity Shareholders of the Company	**24,811,667**	14,357,066	72.82%

II. DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS (UNAUDITED)

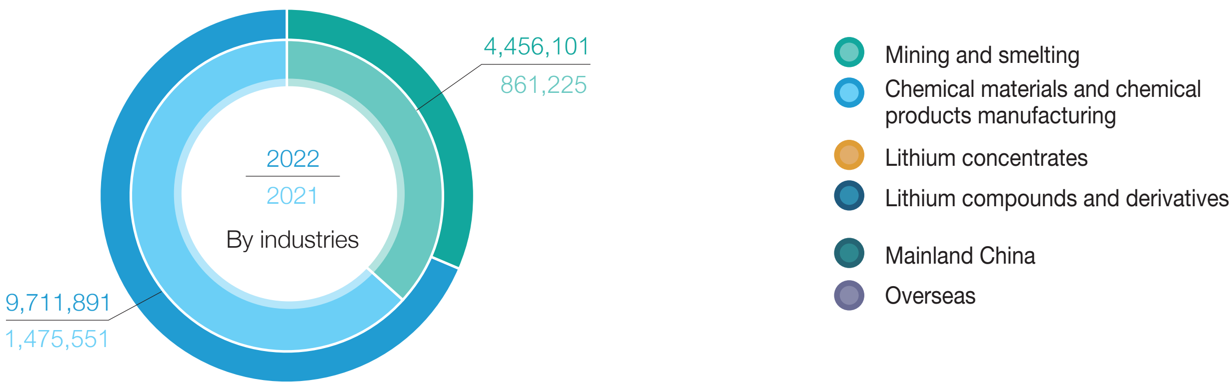
Unit: RMB'000

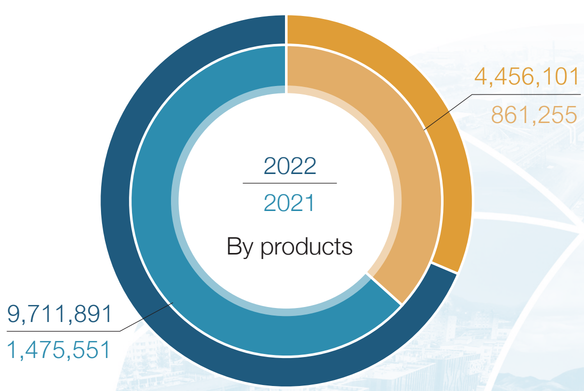
	Profit for the period attributable to equity Shareholders of the Company		Total equity attributable to equity Shareholders of the Company	
	Amount for the period	Amount for the last period	Amount as at the end of the period	Amount as at the beginning of the period
Under IFRSs	**10,230,305**	(78,145)	**24,811,667**	14,357,066
Adjustments to items and amounts under IFRSs:				
Special reserve	**(2,300)**	(2,570)		
Capital reserve	**99,583**	166,513		
Reversal of impairment provision			**(1,681,436)**	(1,595,786)
Under PRC accounting standards	**10,327,588**	85,798	**23,130,231**	12,761,280

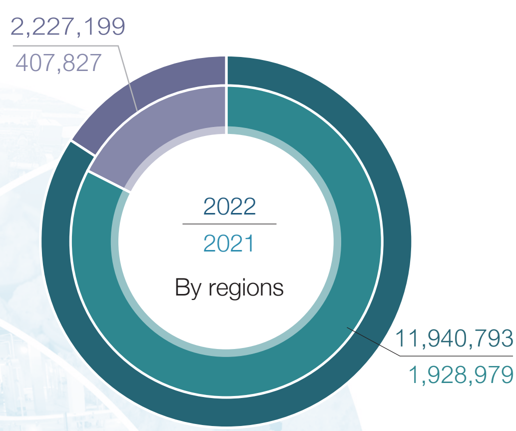
III. REVENUE BY PRODUCT CLASSIFICATION/REVENUE BY INDUSTRY CATEGORIES/REVENUE BY REGIONS

Unit: RMB'000

	Six months ended June 30, 2022		Six months ended June 30, 2021		Year-on-year increase or decrease
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Revenue	**14,167,992**	**100%**	2,336,806	100%	506.30%
By industries					
Mining and smelting	**4,456,101**	**31.45%**	861,255	36.86%	417.40%
Chemical materials and chemical products manufacturing	**9,711,891**	**68.55%**	1,475,551	63.14%	558.19%
By products					
Lithium concentrates	**4,456,101**	**31.45%**	861,255	36.86%	417.40%
Lithium compounds and derivatives	**9,711,891**	**68.55%**	1,475,551	63.14%	558.19%
By regions					
Mainland China	**11,940,793**	**84.28%**	1,928,979	82.55%	519.02%
Overseas	**2,227,199**	**15.72%**	407,827	17.45%	446.11%



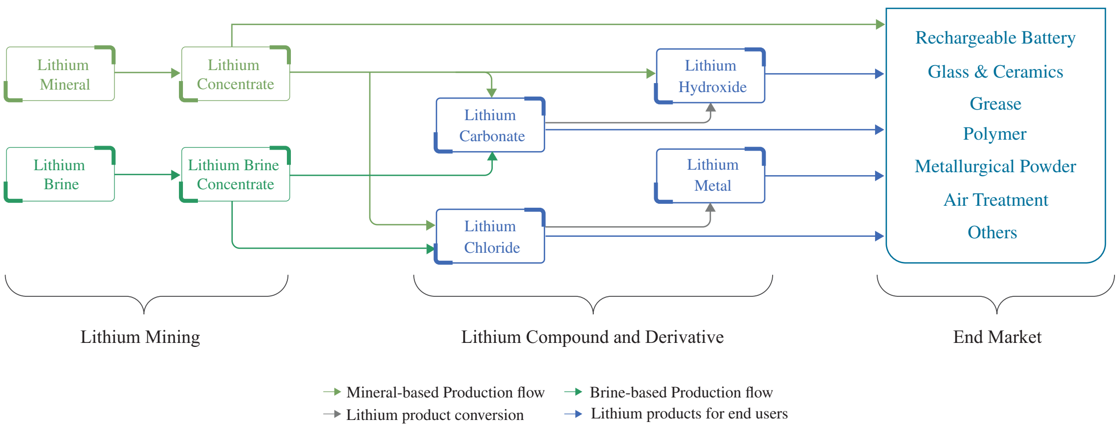




I. INDUSTRY REVIEW

1. Industry overview

Lithium is the lightest solid element with minimum density in the periodic table of elements. It is also the lightest metal element with the lowest standard electrode potential and the largest electrochemical equivalent in nature. Therefore, it is considered to be a natural battery metal with long-term and rigid demand. Lithium metal has a wide range of applications. Lithium resources are processed for lithium chemicals such as lithium carbonate, lithium hydroxide and lithium chloride, which are widely used in power batteries, consumer electronics, new energy storage batteries, grease, glass & ceramics and other traditional application areas.



(1) China accelerated the development of lithium resources

China's lithium industry continued to grow rapidly in 2021. According to the statistics of lithium branch of China Non-Ferrous Metals Industry Association, in 2021, China's lithium carbonate production increased by approximately 59.47% year on year to 298,200 tons (production capacity of approximately 500,000 tons); and the lithium hydroxide production increased by approximately 105% year on year to 190,300 tons (production capacity of approximately 260,000 tons). The lithium compounds produced in China from domestic salt lake brine (60,000 tons), lithium mica concentrate (60,000 tons) and spodumene (10,000 tons) and recycled lithium-containing waste (30,000 tons) were equivalent to approximately 160,000 tons of lithium carbonate in 2021. China relies on import of approximately 65% of its lithium raw materials.

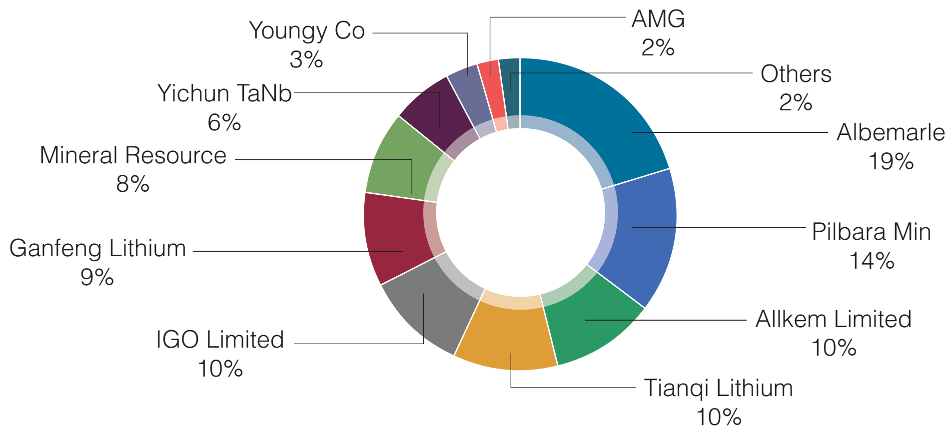
According to Beijing Antaike Information Co., Ltd., in the first half of 2022, China's lithium carbonate and lithium hydroxide production amounted to 168,000 tons and 110,000 tons, respectively, representing a year-on-year increase of 42.4% and 35%. Meanwhile, according to the statistics of General Administration of Customs, in the first half of 2022, the import volume of lithium concentrate was 1,162,000 tons, representing a year-on-year increase of 13.5%, and the import volume of lithium carbonate was 71,000 tons, representing a year-on-year increase of 66.5%.

It can be seen from the above data that currently China's lithium market relies primarily on import of lithium concentrates and lithium compounds produced in other areas of the world, which have become a source of key raw materials to supplement domestic production and meet demands. Therefore, in the absence of a significant increase in the overseas supply of lithium concentrates, it is imperative to accelerate the development of domestic lithium resources and improve the quality of lithium resources supply to ensure that the domestic demands for lithium batteries are met and the supply remains stable.

(2) Supply and demand pattern of the lithium industry

According to the Wood Mackenzie Report, at the operational level, Talison, the Company's holding subsidiary, is the world's largest producer of mined lithium products, whose annual production of LCE amounted to 127,100 tons in 2021, accounting for 38% of the global production. At the controlling level, the Company is the fourth largest lithium concentrate producer in the world in 2021.

Mined lithium output market share by control, 2021



Source: Wood Mackenzie Report

Benefiting from the upward trend in the global new energy vehicle market, the lithium industry has seen a turnaround in its fundamental conditions since the second half of 2020. Due to the previous low lithium prices and the impact of COVID-19 pandemics worldwide, mines have been reduced and suspended production in succession, with a halt to the construction of salt lake capacity, which delayed the launch of new capacity. According to statistics from the International Energy Agency in May 2021, it takes an average of seven years from discovery to commissioning of salt lake resources in South America, and an average of four years from discovery to commissioning of spodumene mines in Australia. It can be seen that the long construction cycle of lithium concentrate capacity has led to the severe imbalance between supply and demand for lithium at present. On the one hand, the rapid growth in the global sales of new energy vehicles since the second half of 2020 has brought a surge in lithium demand. On the other hand, the incremental lithium supply has been extremely limited in recent years, and the existing production capacity is no longer able to meet the demand for lithium in downstream end products. It is expected that the supply-demand conflict between incremental lithium supply and demand status will remain in 2022 due to the impact of slow growth of new production capacity.

During the period from 2015 to 2021, the total demand for lithium more than doubled to 498,000 tons LCE, representing a CAGR of 16.3%, according to Wood Mackenzie Report. In addition, global lithium demand is expected to grow by 21% to 600,000 tons LCE in 2022 as the demand for rechargeable batteries grows further, while global lithium carbonate production in 2021 totaled 398,600 tons LCE, including production from both brine and mineral conversion sources and lithium carbonate produced from recycled materials and the reprocessing of lithium compounds. Compared to early 2010s, the lithium carbonate market has gradually started a transition to a lithium battery-oriented market, with a strong growth in demand for lithium carbonate from the lithium ion battery industry, resulting in an increase in the percentage of battery-grade lithium carbonate production to total lithium carbonate production from 41% in 2015 to 49% in 2021, and according to Wood Mackenzie Report, battery-grade lithium carbonate production is expected to grow to 586,600 tons LCE by 2032, accounting for 59% of total lithium carbonate supply.

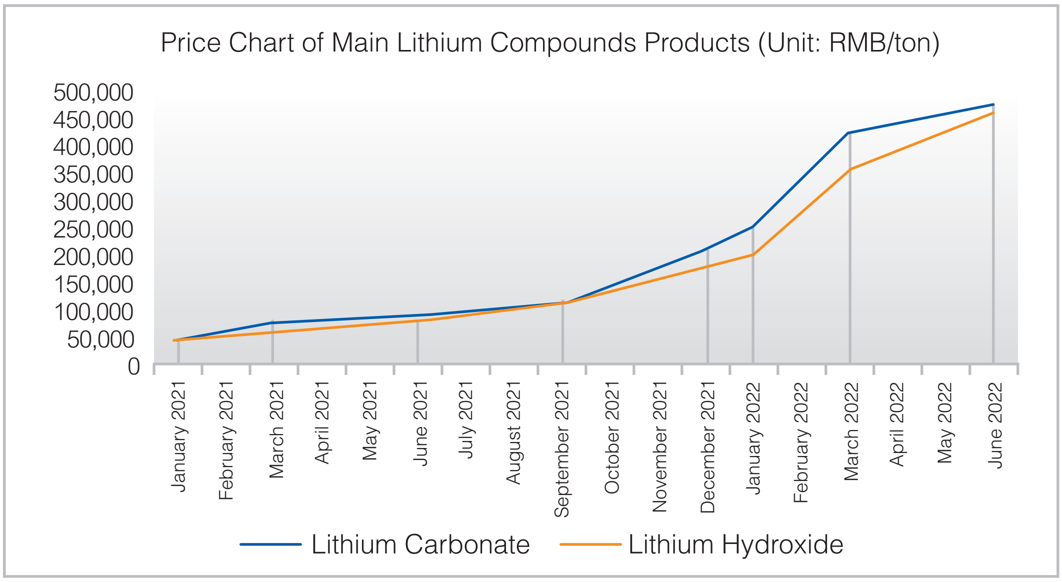
Public information indicates that, in 2021, battery-grade lithium hydroxide supply was 156,500 tons LCE, accounting for 85% of lithium hydroxide production, whereas the percentage was only 36% in 2015. Wood Mackenzie Report expects that battery-grade lithium hydroxide production will reach 205,000 tons LCE by 2022, accounting for 89% of the overall lithium hydroxide market. Since mineral feedstock can be directly converted into lithium hydroxide, while brine feedstock must be converted into lithium carbonate or lithium chloride before conversion into lithium hydroxide, lithium hydroxide is mainly produced from mineral lithium feedstock. The use of lithium hydroxide in high-nickel cathode materials for lithium ion batteries serves as a major contributor to the rapid growth in demand for battery-grade lithium hydroxide.

Battery-grade lithium carbonate and lithium hydroxide account for 71% of total demand for lithium in 2021, reflecting the share of lithium consumption of rechargeable batteries in the overall lithium market.

2. Market environment analysis

(1) A steady lithium compound price rise in 2022

Under the tight supply and demand relation and optimistic market expectations for the new energy industry, the prices of lithium carbonate and lithium hydroxide were on a continuous upward trend from 2021 to the beginning of 2022. The production costs of downstream enterprises were substantially increased due to a surge in feedstock prices, and downstream enterprises clearly could not well absorb such high prices. Therefore, a number of automakers have lifted their selling prices since March 2022. Meanwhile, external factors such as the recurring COVID-19 pandemic and the Russia-Ukraine conflict resulted in a significant impact on the industry chain. Under such pressure, there has been a decline in the production and sales of new energy vehicles, and the price growth in lithium compounds was slowing down in April and May 2022. As exogenous disturbances such as COVID-19 were weakened and successive issuance of policies by local governments to promote consumption helped the market to gradually recover confidence, production and sales of new energy vehicles rebounded quickly, and the price of lithium compounds also began to pick up. As a result, in this June and July, the price of lithium compounds showed signs of levelling off.

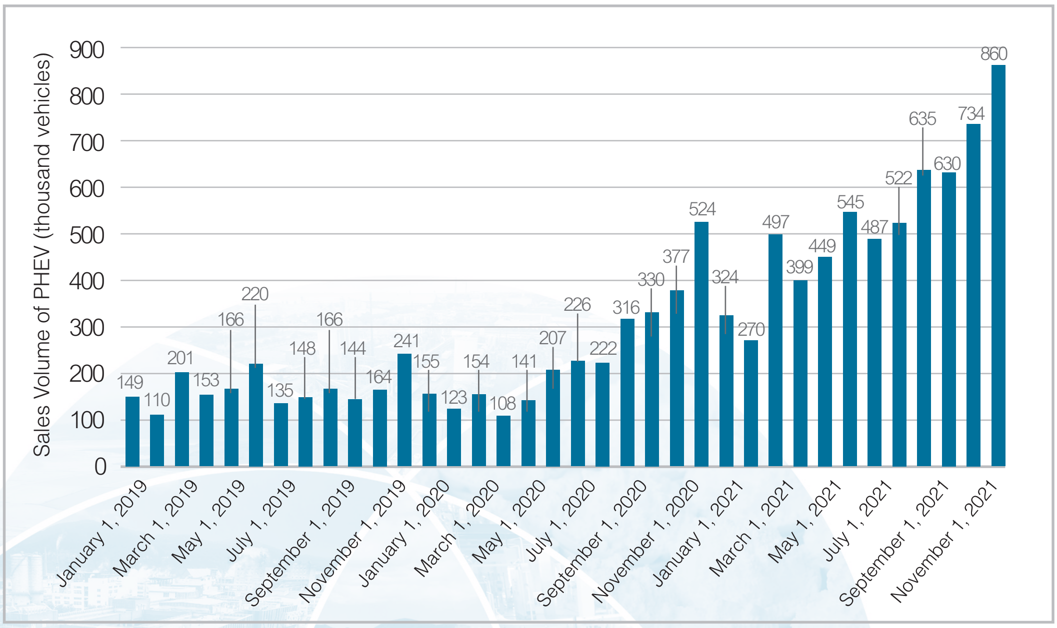


Source: Asian Metal

(2) *New energy vehicles remained to be the main driver behind profit growth in the upstream industry chain*

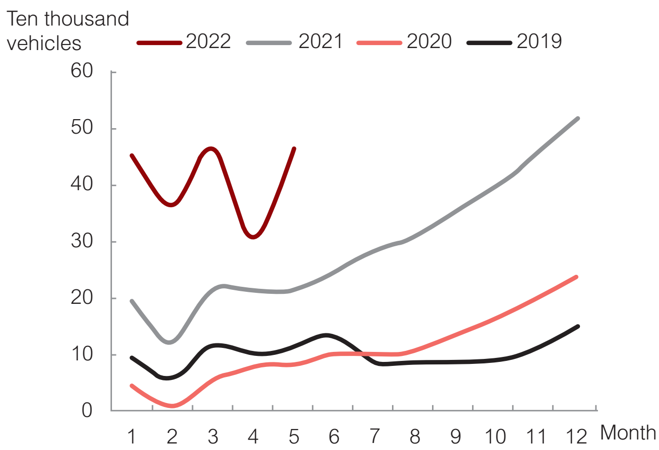
Historically, lithium demand has been driven by macroeconomic growth. Electric vehicles in recent years have become a major demand driver. According to the statistics from Wood Mackenzie Report, demand for lithium used in rechargeable batteries grew at a CAGR of 26.0% between 2015 and 2021, and rechargeable battery sector has contributed more than 50% of lithium demand since 2017. Thanks to global economic recovery from COVID-19 and the growing popularity of electric vehicles, lithium demand in the rechargeable battery sector increased by 57% in 2021 compared with that in 2020.

Sales Volume of Global PHEV, 2019-2021 (thousand vehicles)



Source: Wood Mackenzie Report

Monthly Output of New Energy Vehicles in China



Source: CAAM, Orient Securities Derivatives Research Institute

(3) *Demand of energy storage battery for lithium consumption is limited in the short term, but there is a large space for high growth rate*

According to the statistics of GGII, the total shipment of lithium battery energy storage in China in 2021 was 37GWh, representing an increase of more than 110% year on year; among them, power energy storage accounted for 47%, communication energy storage accounted for 33%, household energy storage accounted for 15%, and portable energy storage accounted for 3%. With the rapid development of green energy such as photovoltaics and wind power, the demand for energy storage batteries is expected to grow at a high rate. Huachuang Securities Research Institute (華創證券研究所) expects the energy storage market to grow by 100% in 2022 and by 50% annually from 2023 to 2025.

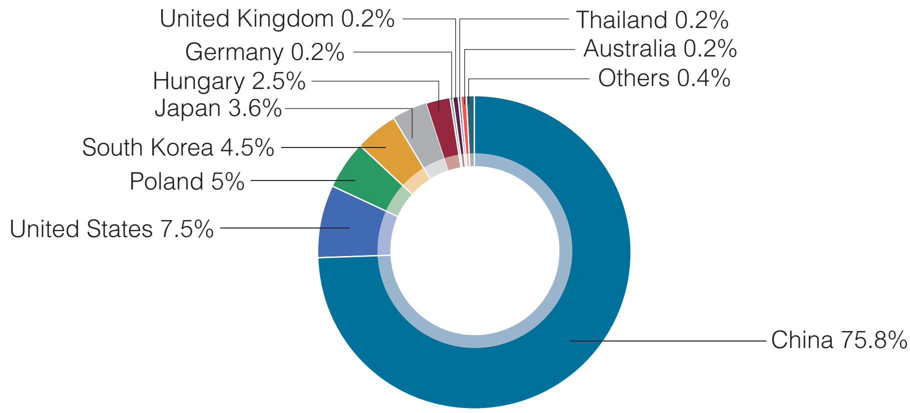
(4) *Demand for other end products of lithium rose steadily*

Since 2015, all other end uses of lithium have also seen growth, though at a slower rate than that of rechargeable battery industry. Non-battery uses of lithium include ceramic glazes and enamels, glass-ceramics for high-temperature applications, grease, and catalysts for polymer production, among others. According to the data released by Wood Mackenzie Report, between 2015 and 2021, the demand for ceramics, glass-ceramics, grease and polymers grew at a CAGR of 1.7% to 3.7%.

(5) *China is the world's largest consumer of lithium*

Wood Mackenzie Report indicates that China is the world's largest consumer of lithium in terms of region, with its lithium consumption accounting for 63% of the global lithium consumption in 2021. From 2015 to 2021, the CAGR of the demand for lithium-ion batteries in the PRC reached 20.6%, which mainly benefited from the rapid expansion of the domestic lithium-ion battery industry and the supplementary growth of the industrial end market. Since 2018, the establishment of a large number of production capacities for lithium-ion batteries has accelerated the growth of China's demand for lithium products. Some production capacities are relocated from South Korea and Japan to China, leading to a further increase in the market share. In 2021, the global lithium-ion battery market achieved a size of 545GWh, of which the PRC market size of lithium-ion batteries was approximately 324GWh, accounting for approximately 59.4% of the global market. The sales of the PRC lithium-ion battery companies accounted for more than 70% of the global market.

Installed capacity (GWh) of lithium-ion battery by country in 2021



Source: Wood Mackenzie Report

3. Industry outlook

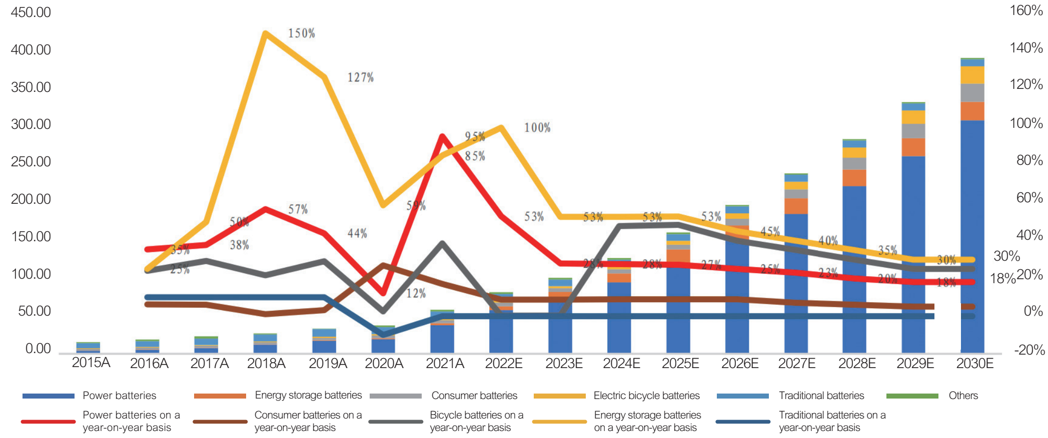
(1) Lithium demand of rechargeable batteries will remain the main driver of the lithium consumption market

Since mid-2010s, the rechargeable battery industry has been dominated by the use of lithium-ion battery technology in automotive applications, which contributed 50% of total demand for rechargeable battery in 2017, increasing to 67% in 2021. This is because the demand of customers for low-emission vehicles is increasing and the development of green energy has become a global consensus. More stringent requirements for emission control in countries around the world, especially in Europe, have driven the demand for electric vehicles, and this trend has now begun to accelerate. It is expected that China and Europe will continue to be the major markets for lithium batteries and hybrid electric vehicles.

In this case, the influence of the automotive industry on the battery industry will continue to increase, which in turn will have a significant impact on the landscape of lithium industry. The use of rechargeable batteries has increased rapidly over the past 6 years. According to Wood Mackenzie Report, battery applications accounted for 73% of the lithium consumption market in 2021, and that share is expected to grow to 92% by 2032.

As a result, demand for rechargeable batteries is expected to continue to grow rapidly over the next decade, particularly for use in electric vehicles. Wood Mackenzie Report forecasts that lithium demand will maintain a CAGR of 13.8%, reaching 2.2 million tons of LCE by 2032. Demand for battery-grade lithium products is also expected to increase as a result of the use of lithium-ion batteries in electric vehicles.

Global lithium demand and forecast from 2010 to 2030 (10,000 tons LCE)

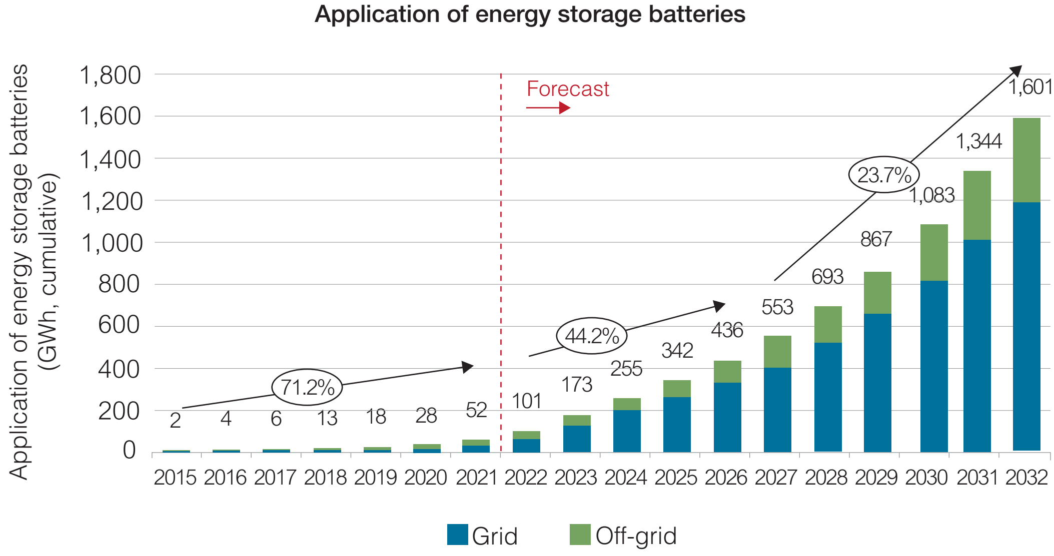


Sources: GGII, CAAM, National Bureau of Statistics, Huachuang Securities

(2) Rapid growth in ESS to help drive lithium demand

In the context of achieving the goal of "carbon neutrality", renewable energy sectors such as wind power and solar power generation will also receive strong support and usher in opportunities for rapid development, which will bring about the vigorous development of the energy storage industry and the expansion of production and implementation of a large number of energy storage projects, thus energy storage batteries will become the field with second largest growth prospect for lithium batteries. In recent years, ESS capacity has grown rapidly in several regions, especially in China, the United States and Europe. According to statistics from Wood Mackenzie Report, in 2015, China's ESS capacity was only 121 MW, but grew to 483 MW by 2021, with a CAGR of 84.9%. Wood Mackenzie Report expects China's ESS capacity to more than double again to 10.7 kW by the end of 2022 and continue to grow strongly at a CAGR of 44.5% between 2022 and 2026. Europe had 7.05 kW of ESS installed capacity in 2021, and Wood Mackenzie Report expects European capacity to grow at a CAGR of 29.4% between 2022 and 2026, while US capacity will grow at a CAGR of 45.2% over the same period.

With the step-by-step implementation of carbon neutrality policies in countries around the world, the proportion of new energy power generation installed capacity has increased, the inherent instability of wind and light power generation has pushed up the demand for energy storage batteries, and energy storage communication base stations with high energy consumption have boosted the demand for high-end energy storage batteries. It is expected that the ESS will greatly boost the demand for lithium iron phosphate.



Source: Wood Mackenzie Report

II. BUSINESS REVIEW

(I) Introduction of the Company and main business

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

The Company's main business includes the production and sales of lithium concentrate products and lithium compounds as well as derivatives.

1. Development and production of upstream lithium resources

The development of lithium resources is the first link in the value chain of the lithium industry, and high-quality raw material is the prerequisite for the sustainable development of the Company. The Company develops spodumene mine and processes into lithium concentrate products including chemical-grade and technical-grade lithium concentrates. As the world's leading lithium product manufacturer, the Company takes the Greenbushes Lithium Mine in Western Australia as its resource base, and owns the lithium mining rights at the Yajiang Cuola Mine in Sichuan. Relying on high-quality lithium resources, the Company has formed a guarantee of sufficient supply of core raw materials for lithium chemical products. At the same time, the Company realized the strategic layout of high-quality lithium resources in salt lakes through holding 20% equity interest in Shigatse Zabuye and 22.16% equity interest in SQM, becoming one of the few companies in the world that have layout of both resources in high-quality lithium mines and salt lake brine-based mines.

According to the Wood Mackenzie Report, Greenbushes Mine, Western Australia is a hard rock spodumene mine with the largest proven reserves and the highest production in the world, and also one of the world's lowest-cost major producers of spodumene. At present, the production capacity of lithium concentrate which has been achieved at the Greenbushes Spodumene Mine can ensure the Company's access to a stable supply of low-cost and high-quality raw materials, as well as improve the operational efficiency, stability and flexibility of lithium compound production.

Shenghe Lithium, a wholly-owned subsidiary of the Company, obtained the full-inspection exploration right of the Cuola Spodumene Mine in Yajiang County in 2008, acquired a cumulative lithium mineral of 19.714 million tons and lithium oxide resources of 255,700 tons after three years of geological exploration, and obtained a mining license issued by the former Sichuan Provincial Department of Land and Resources on April 6, 2012. The Company is conducting a feasibility study on plant selection in respect to restarting the phase I project for mining and processing of the Cuola Spodumene Mine in Yajiang County. Upon completion of the project, it will be conducive to further strengthening the Company's resource guarantee capacity, enhancing the stability of the Company's supply chain of raw material production, and together with the Greenbushes Mine, becoming a dual resource guarantee for the Company's existing and future planned lithium compound production capacity.

2. *Production and sales of lithium compounds products*

The lithium compounds and their derivatives produced by the Company include lithium carbonate, lithium hydroxide, lithium chloride and lithium metal. At present, the Company takes Chengdu as a center for its management, trade and R&D in China, and has set up lithium chemical products manufacturing bases with leading scale and advanced technology in Shehong, Sichuan Province, Zhangjiagang, Jiangsu Province and Tongliang, Chongqing, as well as Western Australia. The Company's lithium chemical products are sold all over the world. Through long-term cooperation with downstream production enterprises, the Company has now gradually established strategic partnerships with downstream enterprises such as major battery material manufacturers, multinational battery companies, and glass fiber and ceramic manufacturers around the world to provide customers with customized services and form a mutually beneficial business community. In addition, the Company also invests and participates in several outstanding companies in the field of solid-state batteries to deploy in the downstream industry, with a view to tracking downstream technology trends and commercialization process and becoming a value-added supplier of key materials.

The Company is committed to giving full play to the value of opening up and cooperation in terms of corporate philosophy, management team, technology research and development, product quality, investment and financing, corporate culture, ESG and sustainable development, to achieve global resource allocation, adhere to international standards, operate in accordance with international rules, and become an influential promoter of global energy transitions.

Sichuan Shehong Base

Jiangsu Zhangjiagang Base

Chongqing Tongliang Base

Western Australia Kwinana Lithium Hydroxide Plant

Suining Anju Lithium Carbonate Plant (under construction)

(II) Business model

1. Procurement model

Tianqi Lithium takes supply chain management as the core of supply quality control. According to the Supplier Management Specifications, Procurement Management Specifications, Bidding Management Specifications and other documents, it conducts centralized management and control of procurement behavior, supplier evaluation system behavior, supplier improvement and optimization behavior, and bidding for procurement behavior, and adopts corresponding management strategies for different types of suppliers, procurement targets and procurement behavior backgrounds, so as to optimize the Company's supply chain structure and supply quality, and continuously improve the supply chain system. The raw materials purchased by the Company for domestic production of lithium chemical products are mainly lithium concentrates and production auxiliary materials such as sulfuric acid, hydrochloric acid, sodium hydroxide, sodium carbonate, calcium hydroxide, calcium chloride, calcium carbonate, liquid oxygen, etc. The energy is mainly natural gas and electricity. Among them, lithium concentrates are all imported from Talison, our subsidiary in Australia, and shipped from Australia to domestic ports, then transported to production subsidiaries; soda ash, sulfuric acid, electricity and natural gas are directly purchased from domestic manufacturers nearby; the Company conducts procurement in accordance with the ISO9001:2000 Quality System and the requirements of the Company's Procurement Management System, and the entire procurement process is strictly controllable. The Company's departments of quality control, procurement, production planning and warehousing regularly determine the quantities and specifications of chemicals to be purchased based on production demand and regularly evaluate suppliers based on a range of factors (including the quality of delivered raw materials and the punctuality of delivery, etc.). They usually order from reputable domestic suppliers who have passed the Company's quality and reliability assessment for maximizing supply efficiency and ensuring convenient logistics and timely shipment. Raw materials are tested by the Company on a random sample basis upon delivery to ensure a high quality, cost effective and agile supply chain system; the raw materials that fail the laboratory test will be returned by the Company. The Company requires all suppliers to ensure that products comply with relevant environmental, health, safety and intellectual property laws and regulations, and evaluates existing raw material suppliers on their performance at least once a year.

The Company's lithium mineral business purchases in Australia are mainly various services and energy, such as mining service, sea freight service, land transportation and port service, blasting and trenching service, etc., with power, diesel and liquefied petroleum gas as the main energy. The suppliers are all local service providers and energy suppliers in Australia, which helps the Company lower operational costs and reduce capital expenditures for equipments and machineries. Accordingly, the Company adheres to rigorous procedures to properly manage risks associated with mining contractors and ensure all necessary information is gathered before their engagement, including health, safety, environment, community relations, training and previous contracting experience, to assess contractors' competence and ensure they meet the relevant regulatory requirements. Water for mineral processing at the Greenbushes Mine of the Company is sourced from rainfall and stored in several processing water dams located on site, with the majority of the water used being recovered and recycled. The Greenbushes Mine currently purchases its power from a local electricity supplier and sources diesel from a reputable supplier.

2. *Production model*

The Company adopts a production model that combines plans and orders based on the forecasts of market demand and customer orders. Based on the market demand for products and the actual situation of the Company, the production department formulates production plans monthly, and schedules and arranges production in a unified manner.

In terms of occupational health and work safety, the Company's domestic production bases strictly comply with the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), Measures for the Administration of Contingency Plans for Work Safety Accidents (《生產安全事故應急預案管理辦法》) and other laws and regulations, and put the life safety of employees as the priority all the time. The Company regularly provides training on health, safety and accident prevention for employees and contractors. The Company requires employees engaged in mining, construction and hazardous chemical production and processing businesses to obtain and maintain relevant safety work permits issued by respective local government authorities in the PRC. The Company has established a system to properly record accidents and follow up such accidents by relevant production teams and administrative personnel in accordance with internal policies. The Company follows international practices and has passed GB/T 28001-2011 Occupational Health and Safety Management System Certification, aligning with international practices. All of the domestic production plants have passed OHSAS18001 or ISO45001 Occupational Health and Safety Management System Certification.

In terms of environmental protection, the Company strictly complies with the environmental laws and regulations governing air pollution, noise emissions, hazardous materials, water and waste emissions and other environmental matters issued by relevant government departments in the jurisdictions where it operates, and implements stringent waste disposal procedures in production plants. The waste from the Company's production is processed in accordance with applicable environmental standards. In 2021, the Company's exhaust gas emission and greenhouse gas emission decreased by 6.6% and 21.8%, respectively, as compared to 2020. Compared with the past, the Company achieved significant progress in environmental protection and passed the ISO14001:2004 Environmental Management System Certification. The Company has also maintained stringent environmental operating conditions in overseas mining operations. For example, the Greenbushes Mine is certified to International Standards ISO9001:2008 Quality Management System Requirements and ISO14001:2004 Environmental Management System Requirements and is externally audited.

In terms of quality control, based on the implementation of comprehensive quality management, the Company closely follows the development trend and demands of the lithium industry, pays close attention to the demands and expectations of domestic and overseas customers and is committed to meeting them with high standards, continuously improves the quality management mechanism, consolidates the management foundation, pursues the excellent quality, and continues to promote the improvement of quality management awareness and capacity building of all employees. The Company's quality management system is constantly changed and improved. Based on the ISO9001 Quality Management System, the Company began to benchmark the international automotive industry quality management standards in 2019. Its domestic plants have successively introduced and passed the IATF16949 Automotive Quality Management System Certification. The Company has been fully capable of meeting the standards and related requirements of the quality management system required by international new energy vehicle manufacturers such as BMW, Mercedes-Benz and Volkswagen. With quality management based on the mindset of processing, approaches and risks, the Company implements stringent standards and risk prevention management in all aspects of its operation, ranging from procurement, production, warehousing to delivery, to ensure full compliance with the standards and requirements of its customers and itself.

The Company's quality control team prepares daily quality analysis reports that are submitted to its senior management and the relevant production team to monitor and improve its production processes. The Company's quality control team also plans periodic audits to fully validate the management system, products and production processes, and promotes continuous improvement through the PDCA cycle. The head office of the Company has established a quality management function, which implements overall planning and control over the quality management of the branches and subsidiaries, controls the Company's future quality strategic direction in a macro level, and controls the management process and management standards of each branch and subsidiary in a micro level. The head office of the Company has formulated various management requirements such as the Quality Management Specifications, Process Control Management Specifications and process quality and safety of plant operation to unify management and control of product quality standards and key quality indicators, and continuously improve product quality, thereby enhancing industry reputation and influence. Since 2019, with the continuous upgrading and management of electric vehicle safety by end customers, customers' requirements for magnetic substances and magnetic metal particles in products have become increasingly strict. The Company actively responds to customers, benchmarking customers' testing requirements, and continuously strengthening the management of magnetic substances. The magnetic substances in products show a trend of gradual decrease. The head office of the Company has led and optimized the customer satisfaction management process and paid more attention to the daily supply and customer service to ensure that customer needs can be met in a more timely and effective manner. In terms of quality culture construction, the Company strengthened quality awareness and cultivated a risk management mindset by carrying out quality awareness promotion activities, and built a good quality atmosphere by holding quality communication activities, laying the foundation for the development of quality management.

In addition, the Company also led or participated in the formulation of national and industrial standards for the major products involved in the production, and actively participated in the formulation of ISO/TC 333 Lithium International Standards.

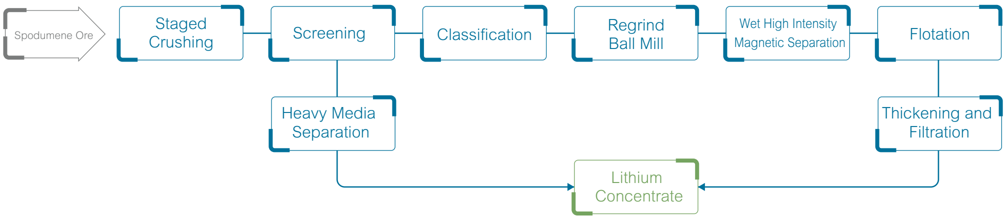
The manufacturing processes of the Company's major products are as follows:

(1) Lithium concentrate

The lithium concentrate used and sold by the Company is sourced from the Greenbushes Mine in Australia developed by Talison, a holding subsidiary. The major products are chemical-grade lithium concentrates and technical-grade lithium concentrates.

Talison processes lithium ore into lithium concentrates at the Greenbushes Mine through the following steps: ① mined ore undergoes downsizing process in a multi-stage crushing circuit, ② crushed ore is sized by screens and coarse ores are concentrated by heavy media separation to separate lithium minerals from multi-density minerals and produce coarse lithium concentrates, ③ classification takes place to separate the remaining ore stream into several size fractions using screens or hydraulic sizing, ④ regrind ball milling is used to further extract lithium concentrates from ore minerals, ⑤ wet high-intensity magnetic separation is applied to remove potentially contaminating minerals, ⑥ flotation is used to produce fine lithium concentrates, and ⑦ thickening and filtration are conducted to produce chemical-grade or technical-grade lithium concentrates.

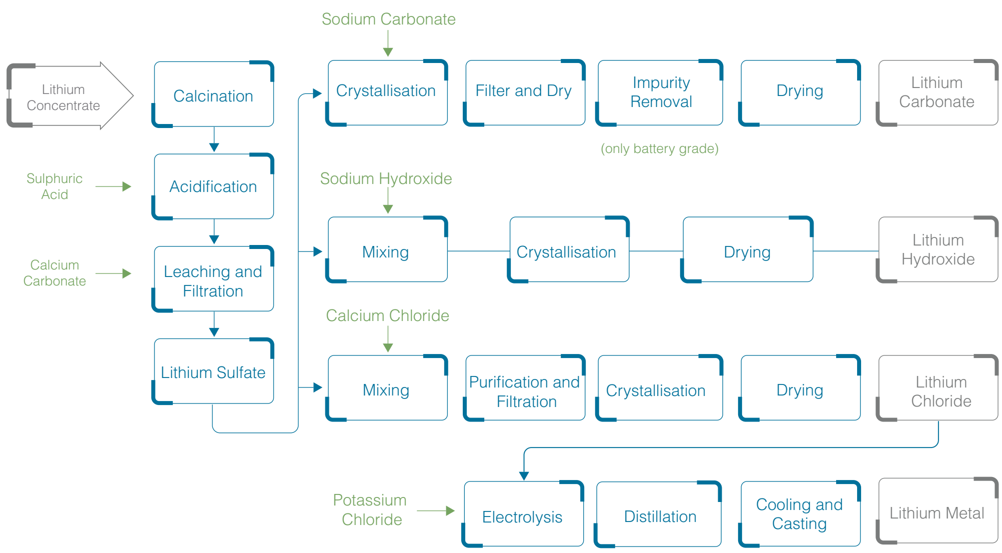
The specific manufacturing processes are as follows:



Talison's production plans of lithium concentrate are prepared on a periodic basis based on anticipated market trends and discussions with customers. Regular production schedules are prepared based on the above plans and existing inventory levels.

(2) Lithium chemical products

Currently, lithium chemical products are primarily operated and produced by Shehong Tianqi, Jiangsu Tianqi and Chongqing Tianqi, subsidiaries of the Company. The Company processes lithium concentrates into lithium carbonate, lithium hydroxide and lithium chloride through the following steps: first, the calcination, grinding and acidification of lithium concentrates are carried out; second, lithium concentrates are converted into lithium sulfate solution by adding calcium carbonate and size mixing, leaching and filtration; third, the lithium sulfate solution is concentrated and filtered by purification and evaporation and concentration treatments, and then sodium carbonate, sodium hydroxide or calcium chloride are added for producing finished lithium carbonate, lithium hydroxide or lithium chloride, respectively; finally, lithium metal is produced using lithium chloride through processes including electrolysis and distillation. The specific processes are as follows:



3. *Sales model*

According to the Distribution Agreement of technical-grade lithium concentrates signed by Talison and its shareholders, the technical-grade lithium concentrates produced by Talison are first sold to Tianqi Lithium and Albemarle, and then sold by Tianqi Lithium and Albemarle.

According to the Supply Agreement of chemical-grade lithium concentrates signed by Talison and its shareholders, the chemical-grade lithium concentrates produced by Talison are mainly sold to Tianqi Lithium and Albemarle (in July 2021, after the transaction of introducing IGO, a strategic investor, by the Company's subsidiary TLEA, Tianqi Lithium's chemical-grade lithium concentrates offtake rights were inherited by TLEA. The lithium concentrates purchased by TLEA from Talison are first to meet the demands of TLK, and the remaining amount meets the demands of Tianqi Lithium's domestic plants and OEM processing. IGO does not have the pre-emptive right to purchase lithium concentrates), among which, the chemical-grade lithium concentrates purchased by Tianqi Lithium are mainly used for self-production or commissioned processing into lithium chemical products. From January to June 2022, the total amount of lithium concentrates sold by Talison to Albemarle was 304,888.16 tons, with the sales amount of RMB3.367 billion.

The Company's lithium concentrate and lithium chemical product business are all charged by a dedicated sales team. They focus on business development, customer service and industry coverage. The Company has dedicated teams taking charge of the sales in China and overseas markets respectively. Their responsibilities include pre-sales consultation and service, logistics coordination, administrative support, product management and development and post-sales service, etc. The sales team analyzes the dynamics of existing customers and market trends to discover sales opportunities. The sales team regularly communicates current offerings and development plans to existing and potential customers. They also gather feedback from customers on the Company's products and assist the Company in understanding and responding to customers' demands for its products.

The Company's lithium chemical products are sold globally, of which the main export products are lithium hydroxide, and are mainly supplied to downstream cathode material manufacturers in Japan, South Korea and others. Most of the Company's existing domestic customers tend to sign short-term contracts, while overseas customers are more likely to adopt a long-term order model. The Company will continue to implement an order model that combines short-term contracts with long-term contracts. Through long-term cooperation with downstream production enterprises, the Company has now gradually established strategic partnerships with downstream enterprises such as major battery material manufacturers, multinational battery companies, and glass fiber and ceramic manufacturers around the world to provide customers with customized services and form a mutually beneficial business community. Meanwhile, the Company intends to enter into European, American and North Asian markets with Hong Kong as a three-in-one platform for trade, technology innovation and finance, to better serve global customers, implement a global cooperation strategy, and form a global industry alliance.

4. Technology and research and development

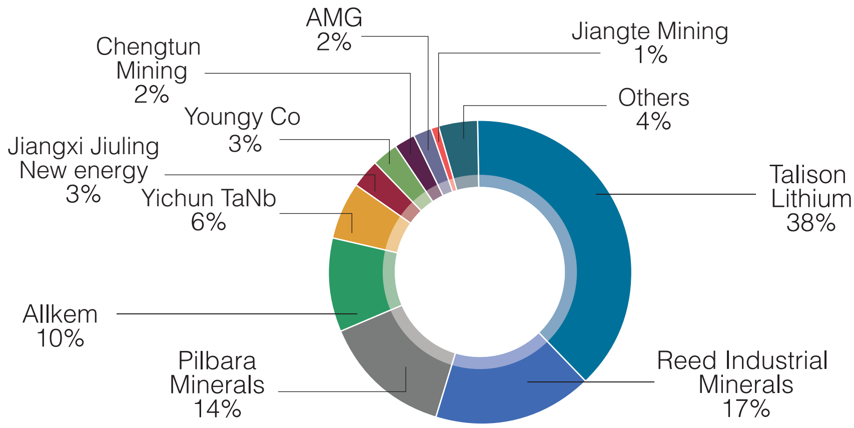
The Company has established a strong and stable research and development team for a long time. The Company continued to consolidate its traditional main business through research and development innovation, and actively deployed the industry's future core new products (technologies) while saving energy, reducing consumption and improving product quality, striving to diversify the Company's business and realize the dual-core driver of "resources + technology". The Company's core research and development team comprises a group of experts who were pruduently selected and have balanced composition. These experts have professional educational backgrounds and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy and other scientific fields essential to the research and development of lithium products. The Company encourages open and constructive competition internally and has research and development teams located in Chengdu, Shehong, Zhangjiagang, Tongliang and Western Australia. The Company owns honor platforms such as National Intellectual Property Advantage Cultivation Enterprise (國家級知識產權優勢培育企業), National High-tech Industrialization Base for Magnesium and Lithium New Materials (國家鎂鋰新材料高新技術產業化基地), National Enterprise Technology Center (國家企業技術中心), National Technological Innovation Demonstration Enterprise (國家技術創新示範企業), Sichuan Provincial Key Laboratory (四川省重點實驗室), and Sichuan Provincial Engineering Technology Research Center (四川省工程技術研究中心).

III. THE COMPANY'S CORE COMPETITIVENESS

1. Resource reserves and production capacity advantages

The Company is a leading new energy material company focusing on lithium in China and globally, and the Company has strong lithium resource reserve and production capacity advantages. Talison, the Company's holding subsidiary, held the Greenbushes Spodumene Mine located in Australia, and Shenghe Lithium, a wholly-owned subsidiary of the Company, owned the mining rights of the Cuola Spodumene Mine in Yajiang County, Sichuan. According to the Wood Mackenzie Report, the Greenbushes Spodumene Mine is the largest hard rock lithium mine in the world as measured by the size of production and reserves. The Greenbushes Mine is the largest lithium mining operation in the world, which accounted for a market share of approximately 38% of the global lithium mining output in 2021. With the reserve grades of 2.0%, the Greenbushes Mine has the largest production volume of chemical-grade lithium concentrates. In addition, the Company realized the layout of high-quality lithium resources in salt lakes through holding equity interests in Shigatse Zabuye and SQM. After the completion of equity acquisition in SQM, the Company can strategically gain exposure to the Salar de Atacama Salt Lake, the world's largest brine-based lithium resource and reserve. SQM is also the largest lithium compounds producer from brine in the world. SQM's sales volume of lithium and its derivatives reached 101,100 tons in 2021, and reached 72,300 tons in H1 2022.

Mined lithium output market share of each operator in 2021 (%)



Source: Wood Mackenzie Report

The Company is one of the few companies in the world that have layout of both raw material resources in high-quality lithium mines and salt lake brine-based mines. The strong ability to control global resources not only enables the Company to avoid the risk of limited resources, but also helps to extend the upstream of the industry chain. With the rapid growth of sales for global new energy vehicles and the active replenishment of inventories in the industry chain, sufficient resource reserves will help the Company to enhance its bargaining power and status in the industry chain in the long run.

In addition, because the development conditions vary with different resources of mines or salt lakes, the production capacity is irreproducible, the expansion cycles are long, and the capital expenditures are significant; and at the same time certain individual resources are subject to national policies in which they are operated and the recovery time of production capacity is relatively long, all these result in that the increases in global lithium resources were limited in 2021. With the completion and operation of tailings storage facilities project, the production capacity of Talison Lithium Concentrates has increased from 1.34 million tons per annum to 1.62 million tons per annum, enabling continuous and stable supply of high-quality spodumene concentrate which ensures a stable supply of raw materials and controllable product quality in lithium products processing plants of the Company.

2. **Scale and industry chain advantages**

According to the Wood Mackenzie Report, Talison, the holding subsidiary of the Company, is the largest mined lithium operator globally in terms of lithium concentrate output in 2021, with a market share of 38%; the Company ranked third in the world in terms of revenue generated from lithium in 2021; and we are also the world's fourth largest and Asia's second largest lithium compound producer in terms of production output in 2021, with a market share of 7% and 12%, respectively. The Company's annual production capacity of lithium chemical products which has been completed can reach 68,800 tons currently. In terms of production output in 2021, the Company is the world's second largest supplier of battery-grade lithium carbonate, and our lithium carbonate products are considered a benchmark in the Chinese market.

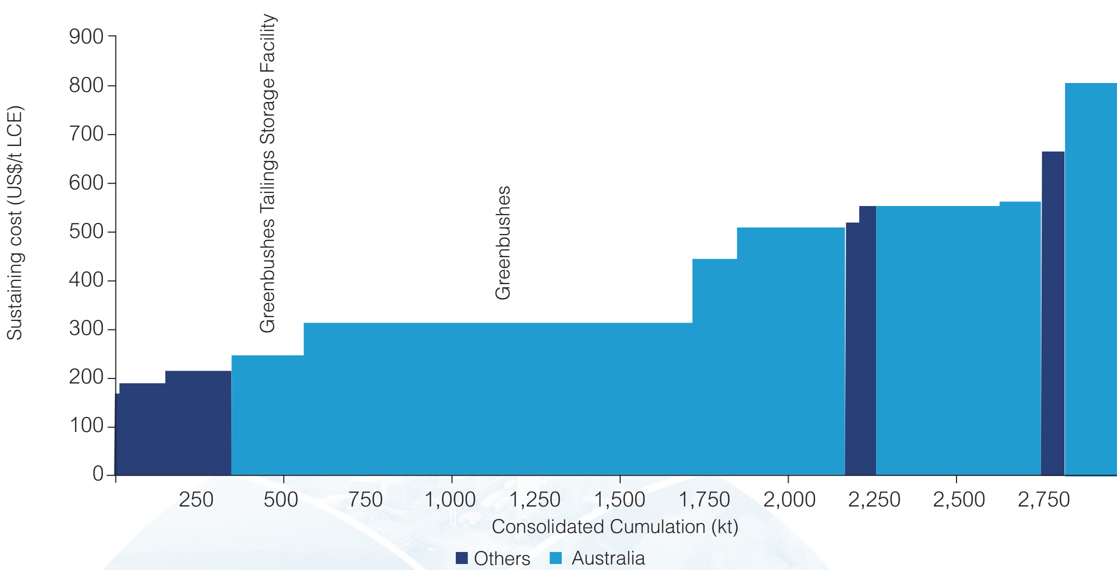
3. **Comprehensive costs advantage**

Our Company is the only producer in China that has achieved 100% self-sufficiency and fully vertically integrated lithium mines through a large, consistent and stable supply of lithium concentrates, according to the Wood Mackenzie Report. The sizable capability to produce a variety of end-products with consistency and quality, and highly advanced production technologies give the Company a cost advantage that leads to improvement of operational efficiency, safety and profitability.

Our stable supply of low-cost and high-quality lithium raw materials from the Greenbushes Mine in turn positioned the Company to be one of the lowest-cost producers of lithium concentrate. Other lithium concentrate producers generally sit above Greenbushes with production costs upwards of US$386/t of concentrate on an all-in sustaining cost (CIF China) basis, compared to Greenbushes which had costs of US$271/t of lithium concentrate in 2021 (production costs have been normalized to lithium concentrate containing 6% Li_2O).

In addition, the Company's highly advanced production technologies also greatly improve its production and operational efficiency and lower the production costs. At the same time, continuous improvement and commissioning of production equipment by the Company has ensured the highly-controllable production process and product quality as well as stable cost. Capitalizing on the fully vertically integrated business model, the Company is able to achieve significant cost advantage, high profitability and gross profit margin with significant advantages.

Spodumene production cost curve in 2022



Source: Wood Mackenzie Report

4. Technological advantages

Technology research and development capability is the cornerstone of the Company's development and a solid guarantee for sustained and steady business growth. The Company has a high-quality R&D team, the technology to mass produce high-quality lithium chemical products as well as extensive experience in research and innovation. During the reporting period, the Company further strengthened its system construction, improved its technology and process, as well as expanded industry-university collaboration, to further enhance its innovation and research capability.

The Company insists on technological innovation and transformation in a safe and reliable manner based on the efficiency improvement of the existing production lines, environmental optimization and quality assurance, establishes technological R&D and technological improvement targets oriented to the Company's strategies and market demand, sets up special projects to tackle key problems, builds up a team of production technical talents, and strives to practice the new strategic goal of "technology transformation". The Company focuses on the automation effort of each subsidiary engaging in production, which helps to improve both quality control ability and labour productivity. As of June 30, 2022, the Company had a total of 168 patents of all kinds, demonstrating the Company's continuous progress in R&D capabilities and advanced technologies in the industry.

Type	Number
Authorized invention patents in the PRC	85
Authorized invention patents overseas	4
Design patents	11
Utility model patents	68
Total	168

5. Strength of high-quality customers

Throughout over 20 years of history in the lithium industry, the Company has currently developed long-term relationships with many preeminent lithium end users globally and in China, through our dedicated and committed sales forces as well as sales coverage efforts. The Company has a stable and high-quality customers primarily consisting of global top-tier battery manufacturers, battery materials producers, multinational electronics companies and glass producers. During the reporting period, the Company's subsidiaries signed long-term supply contracts regarding lithium products with a number of customers, including CALB, Dynanonic and LG Chem, which is beneficial for the Company to establish long-term strategic cooperative relationships with the core customers and enhance the stability and sustainability in future operations of the Company.

Dedicated Sales Team and Unparalleled Sales Coverage

– The dedicated sales personnel around the world
– The independent sales team covered 1) China's market, 2) markets of Europe, North America and East Asia, 3) areas of sales services, logistics coordination and administrative support, and 4) areas of product management and development

Prolonged History and Long-Term Customer Relationships

– Over 20 years of experience in the lithium industry
– The stable relationship achieved by continuously satisfying the requirements of high quality and consistency from customers
– During the reporting period, the stable relationships with the majority of five largest customers maintained

Customer-oriented R&D

– The dedicated research and development personnel located in China and Australia
– Balanced expert group who had professional educational backgrounds and extensive experience in each scientific field essential to the research and development of lithium products

Adherence to High Environmental, Health and Safety Standards and Ability to Pass the Supplier Certification Process of Customers Successfully

– Passed the ISO14001:2004 Environmental Management System Certification
– Passed GB/T28001-2011 Occupational Health and Safety Management System Certification

6. **Excellent leadership and management team**

The Company's proven track record of successful operations and leading market position bear testament to our team's leadership and execution prowess. The Company has a deep bench of highly qualified management team with extensive experience in the industry. The Company's development history is the epitome of its leadership and management team's strategic vision, execution capabilities, and commitment to delivering on our promises to the customers and vision of developing the lithium industry. We believe that our experienced management team can quickly adapt to the evolving needs of our Company, identify trends in our industry, capture end-market opportunities and ensure that the Company's business development and expansion aligns with the industry trends in China and globally.

During the reporting period, there was no significant change in the core competitiveness of the Company.

IV. OPERATION REVIEW

1. Analysis of the reasons for the growth of 2022 first half results

(1) Benefiting from a number of positive factors, such as the global prosperity of new energy vehicles, accelerated capacity expansion of lithium-ion battery manufacturers and increasing orders of downstream cathode materials, during the reporting period, the sales volume and average selling prices of the major lithium products manufactured by the Company significantly increased as compared to the same period last year;

(2) The 2022 interim results for our associate SQM significantly increased year-on-year, and the share of profits less losses on such associate recognised by the Company during the reporting period amounted to RMB2.359 billion, representing a significant increase as compared to the same period last year.

In the first half of 2022, the revenue of SQM amounted to approximately RMB30.222 billion, profit for the period amounted to approximately RMB10.832 billion, dividends declared to issue on the profit for the period in the first half of 2022 amounted to approximately RMB8.949 billion and total assets amounted to approximately RMB62.276 billion. The sales volume of lithium products in the first half of 2022 was approximately 72,300 tons, representing a year-on-year increase of 50.31%. During the reporting period, the Company received dividends of approximately RMB1.172 billion from SQM.

During the reporting period, earnings per share increased by 13,960%, as compared to the same period last year, primarily due to the year-on-year increase in the profit for the period attributable to equity Shareholders of the Company.

During the reporting period, SES, a joint-stock company of the Company, has been listed on the New York Stock Exchange. The Company lost the significant influence over SES as a result of passive dilution to its shareholdings in SES, and therefore such shareholdings were derecognised as interests in associates, but were recognised as financial assets at FVOCI (non-recycling). As at the date of losing significant influence, the Company included the difference between its fair value and the carrying value of the interests in associates, approximately RMB1.099 billion, in gains on deemed disposal of an associate.

Benefiting from the global prosperity of new energy vehicles, the Company's operating results grew rapidly during the reporting period, achieving a profit for the period attributable to equity Shareholders of the Company of RMB10.230 billion and net cash generated from operating activities of RMB7.067 billion. At the same time, the Company has been actively repaying bank loans through its internal funds and proceeds from the Hong Kong Stock IPO, effectively reducing the size of its liabilities. As of the date of this report, the Company has repaid all syndicated M&A loans arranged by CITIC and other financial liabilities, significantly reducing the debt to asset ratio (the debt to asset ratio decreased to approximately 28% as at the end of July 2022 (unaudited)), and comprehensively achieving its deleveraging target.

2. Operating highlights

Financial position indicators

Total assets

RMB**54.806** billion

Year-on-year increase of

19.66%

Total equity attributable to equity Shareholders of the Company

RMB**24.812** billion

Year-on-year increase of

72.82%

Debt to asset ratio

44.11%

Compared to the end of last year decreased by

12.67%

The debt to asset ratio decreased to approximately 28% as at the end of July 2022 (unaudited)

01 The ongoing improvement in production capacity and output

Established capacity of lithium concentrate

1.62 million tons per annum

Established capacity of lithium chemical products

68,800 tons per annum

Nameplate capacity of lithium concentrate by 2025

2.14 million tons per annum

Interim nameplate capacity of lithium chemical products

114,800 tons per annum

Note: Excluding production capacities of joint-stock companies

02 Active promotion of production expansion projects

Kwinana, Western Australia

- Annual nameplate capacity of lithium hydroxide

  48,000 tons

  The first phase with 24,000 tons of production capacity has been completed and is undergoing product quality certification

Tongliang, Chongqing

- Lithium metal

  Planned new annual production capacity

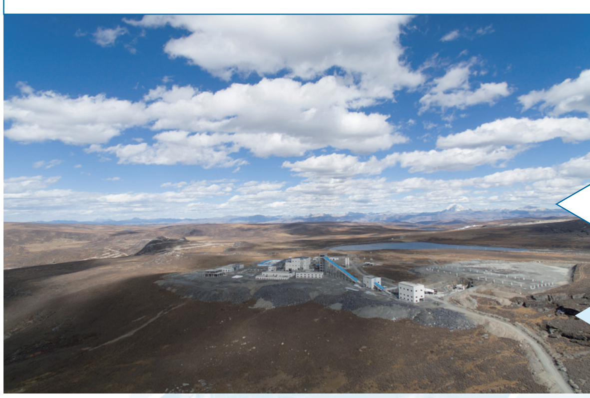
  2,000 tons

Anju, Sichuan

- Annual nameplate capacity of lithium carbonate

  20,000 tons

  Expected to be completed in the second half of 2023



Cuola, Yajiang

- Feasibility study for mine construction is being conducted

3. **Signing long-term supply contracts**

May 9, 2022

Lithium Carbonate supply agreement signed with CALB
May 9, 2022

June 24, 2022

Long-term lithium carbonate supply contract signed with Dynanonic
June 24, 2022

June 27, 2022

Long-term lithium hydroxide supply contract signed with LG Chem
June 27, 2022

4. **Strengthening downstream strategic cooperation**

May 9, 2022
Strategic Partnerships Agreement signed with CALB

May 9, 2022

May 20, 2022
Cooperation Agreement signed with Beijing WeLion, to establish a joint venture with joint funds

May 20, 2022

5. Steadily promoting the strategy of internationalization

On July 13, 2022, the Company's H Shares were listed on the Hong Kong Stock Exchange, and the Company officially became an A+H dual-listed company. The Company will leverage on global capital, continue to strengthen its advantages in the raw material side of lithium concentrates and the production side of lithium compounds to promote the further internationalization development of its business.

V. CONTINGENT LIABILITIES

For more details, please refer to "Section 9. II. 20 Contingent liabilities" in this report.

VI. OUR FUTURE DEVELOPMENT STRATEGY

1. Expand our mining operations to support our future business growth

As a mature mining operator for years, Greenbushes Mine hosts unique resource advantages and mature production processes that make its mining costs highly competitive in the market. At the same time, Greenbushes also plans to continue to expand its production capacity of lithium concentrate through a series of new large-scale and low-risk manufacturing plants. The chemical grade lithium concentrates expansion project (Phase III), currently under construction, is expected to be completed in 2025. According to the BDA Report, the overall production capacity of lithium concentrate in Greenbushes is expected to reach 2.1 million tons per annum when the project is fully completed and put into production. The production expansion project of another chemical grade lithium concentrates processing plant (Chemical Grade Phase IV) in Greenbushes is planned for construction beginning in 2025. In addition, the tailings retreatment plant (TRP) of Greenbushes was completed in the beginning of 2022, and is currently undergoing commissioning. According to the BDA Report, the TRP is expected to increase approximately 280,000 tons of spodumene concentrate per year upon completion of commissioning.

In addition to the above expansion projects of mining operations, in order to ensure a continuous stable supply of low-cost and high-quality lithium raw materials, as well as improve the operational efficiency, stability and flexibility of lithium compound production, the Company also strategically plans to restart the high-quality lithium mining project in Yajiang Cuola Mine in Sichuan to address the potential risks of lithium resource shortage and reliance on import of raw materials in the future.

2. **Further enhance our production capacity for lithium compounds and derivatives and enrich product offerings**

First, the Company will continue to accelerate the effectiveness of the trial production and the continuous production status of the lithium hydroxide project in Kwinana, with the domestic technical teams closely cooperating with the Australian technical teams to solve the problems arising during the course of trial production in a timely manner, while continuously strengthening the standard regulations of overseas companies, so as to achieve the synergies among finances, operations, sales, procurement, human resources and other key business segments, decrease cost and increase operating cash flows, as well as improve the synergies of the Company's core assets and business at home and abroad, providing guarantees for the business growth of the Company. Secondly, the 20,000-ton battery-grade lithium carbonate project in Anju District of Suining, Sichuan Province, is currently picking up the pace of construction. The Company will forward the testing of pile, working drawing design, and subsequent construction as soon as possible to ensure that the project will be constructed in compliance with laws and regulations, and promote the smooth implementation of the project. The Company expects that the project will be completed in the second half of 2023 and enter the commissioning phase. In addition, the Company intends to expand the 2,000-ton lithium metal project in two phases.

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

Currently, at the beginning of the new cycle of the industry, the industry landscape is being reshuffled. The Company will pay close attention to the opportunities in the upstream and downstream of the industry chain, continuously optimize the investment portfolio of the Company, improve the layout of the industry chain, and provide new value growth points for the Company's long-term sustainable development. In terms of upstream resources, the Company will continue to seek partners, try to carry out strategic cooperation and continue to cooperate with the world's leading mining companies to explore new lithium resource development opportunities, so as to expand the layout of high-quality lithium resources. In terms of the downstream industry chain, the Company will continue to strategically deploy new energy materials and next-generation battery technology manufacturers, including solid-state batteries, in the new energy value chain, and deepen the partnerships with them in areas, such as precursor production, battery recycling and other businesses, to prepare for the future trend for better utilization of lithium in new battery applications.

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

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

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

The Company will continuously adhere to the development direction of "technical transformation", concentrate the backbone force of R&D team and focus on the future development goal of building a world-class R&D platform, so as to gradually refine the Company's R&D management system, vigorously improve the level of R&D platform and R&D team, leading the world in green extraction of lithium resources, comprehensive utilization of resources and advanced material application technology and supporting the sustainable and healthy development of the lithium battery industry chain. The Company is accelerating the project of constructing a world-class R&D platform and the plan to build cutting-edge technology incubation innovation center. In the future, with the "One Center One Platform", the Company will strive to create a high-level R&D team with strong professionalism, excellent comprehensive quality and optimal structure. The total number of research and development personnel will be nearly 300 by 2025 as planned by the Company, and the high-level experts from China and overseas will account for 5% of the total, the personnel holding a doctoral degree or vice-senior title over 30%, and the professional research and development personnel with a master's degree or above over 70%. In 2022, the Company will continue to advance the applied science research on lithium-metal cathode for the next generation of high-performance lithium battery and proactively form all-round strategic partnerships with downstream enterprises to incubate products and technologies; the Company will further expand the experimental results of lithium sulfide preparation research, achieve the goal of stable preparation of sizable high-purity products in batches, and customize products closely catered to the needs of downstream customers; the Company will launch the construction of a demonstration production line for extracting lithium from brine to integrate and optimize the modular lithium extraction technology; and the Company will promote the technical transformation project of preparing lithium chloride by crystallization method, and implement the feasibility study, design and main structure construction of the project. In the future, the Company will comprehensively improve the market competitiveness of its high-end lithium products, and focus on improving technologies which serve as a driver of future growth.

6. **Optimize the governance system and consistently upgrade the level of corporate governance**

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

VII. RISKS

1. Risks relating to the market fluctuations of lithium prices

Non-ferrous metal industry belongs to a cyclical industry. Affected by changes in various factors, prices of lithium products fluctuate, and changes in current and expected supply and demand may impact the current and expected prices of lithium products. Decline in lithium prices could materially and adversely affect the businesses, financial condition and results of operations of the Company, including but not limited to the following:

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

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

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

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

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

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

2. **Potential tax risks in IGO transaction**

To alleviate the liquidity stress and lower the financial leverage of the Company as well as enhance the operational capacity of overseas projects, TLEA, a wholly-owned subsidiary of the Company, introduced a strategic investor IGO, a company listed in Australia, by means of capital increase and share expansion. Upon completion of the capital increase, the Company held 51% of the registered capital of TLEA and IGO Lithium Holdings Pty Ltd, a wholly-owned subsidiary of IGO, held 49% of the registered capital of TLEA. The transaction has been completed up to now. Currently, the Australian Taxation Office is still reviewing and assessing the potential taxation implications of the transaction structure of the aforesaid transaction (including the steps for implementing internal restructure). If the Australian Taxation Office considers that the transaction structure fails to comply with the general anti-tax avoidance provisions of Australian Income Tax Assessment Act 1936 substantially in its review opinions, it may cause, including but not limited to the TLA equity transfer related to the internal restructure not applicable to the capital gain tax of approximately A$167 million (excluding penalties and interest and based on indicative capital gain tax calculation) under the same consolidated tax group, as well as additional tax cost such as penalties ranging from 25% to 100% of the total tax payable and interests, which will increase the tax liability of the transaction and could have an adverse effect on the financial condition and results of operations of the Company at present or in the future. As of the date of this report, the Company and its relevant subsidiaries have not received any review or assessment opinions from Australian tax authorities yet, and the actual implication amount and assessment time are still subject to uncertainties.

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

3. **Risks related to the over-time and cost overruns of the construction in progress that may affect the results of operations of the Company**

After repeated commissioning and optimization of the first phase of the lithium hydroxide project in Kwinana of the Company, the first batch of approximately 10 tons of lithium hydroxide products passed the sampling inspection by the Company's internal laboratory, and it was confirmed that all parameters met the battery-grade lithium hydroxide standards as at May 19, 2022. However, the product samples shall be tested by a third-party laboratory and an independent inspection report shall be issued, while TLK will subsequently provide products to different customers for quality certification to realize the commercialized production of the project, and the process is expected to take 4 to 8 months. The actual schedule of completion is still uncertain due to the higher requirements of downstream high-end lithium battery manufacturers on lithium hydroxide products from the suppliers; after the formal commercialized production of the project, it is necessary to gradually improve the load rate for capacity ramp-up before the production capacity becomes available; in the process of capacity ramp-up, if there are any problems affecting the quality and yield, local process optimization and technical transformation are required to gradually reach the designed production capacity. If the above steps are implemented later than expected, the realization of the project income will be delayed and the results of operations of the Company will be adversely affected for a certain period. In addition, if the first batch of lithium hydroxide products produced by the Company fails to obtain the inspection qualification verification of the third-party laboratory as scheduled and pass the customer's sampling test as soon as possible, the Company's early investment in such projects may face the risk of loss, impairment provision or failure to recover completely in the future. The Company has invested a large amount of capital expenditure in the project, and the increase in the input cost may lead to a lower return on investment than expected, and the corresponding capital cost, depreciation charges after the conversion and other operating costs will be increased.

Responses: The management of the Company places great importance on the prospective adverse impact on the Company's operations caused by the continuous investment costs and future commissioning as well as production commencement of the above-mentioned projects. Therefore, it actively delegates professional and technical talents and sends to Australia where they participate in the follow-up commissioning and ramp-up work of the projects, so as to speed up the progress of commissioning, production commencement and achievement of production capacity of projects, and maximize project benefits as soon as possible.

4. **Safety and environmental protection risk**

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

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

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

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

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

6. **Overseas operational risks**

With the rapid expansion of the Company's overseas operations, the legal frameworks and regulatory policies that govern our operations vary in different countries and regions. The Company's business operations and results may be subject to risks and uncertainties related to the countries where the business activities are conducted, including but not limited to the risks from changes in local economic, trade, financial and political conditions and regulatory policies. The Company's overseas operations face challenges in terms of cultural background, regulatory system, talent pool, coordination and management, resource integration, market development, etc.

In addition, the global spread of the COVID-19 pandemic from the beginning of 2020 to the present has created significant uncertainties and economic disruptions. In response to the COVID-19 pandemic, the PRC government and many other countries have implemented numerous measures to try to contain the virus, such as travel bans and restrictions, social distancing, quarantine, stay-at-home or shelter-in-place orders, and business shutdowns. These measures may remain in place for a significant period of time and they are likely to continue to adversely affect our workforce and operations, our customers' businesses and the resulting demand for our products, our suppliers and the supply chain network and the global economies. If the pandemic has not been effectively controlled globally, it will bring material impacts to global economic development, including but not limited to the risk of drastic fluctuations in commodity prices due to macroeconomic downturn, shrinking product demand, economic turmoil, market panic, etc., and the challenges and adverse impact of the pandemic on materials supply and logistics and transportation, transnational operations, etc. The extent to which the COVID-19 pandemic continues to impact our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and spread of the pandemic, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating activities can resume. Even after the COVID-19 pandemic has subsided, we may continue to experience an adverse impact on our business resulting from the global economic slowdown, including any economic recession that has occurred or may occur in the future.

Responses: By continuously optimizing the global governance structure and organizational management process design, the Company strives to strengthen the management and control functions of the parent company and subsidiaries, implement all-round budget management and performance management for domestic and overseas operations, effectively carry out internal audit and internal control, and verify if the internal control is rationally designed and effectively functioned in terms of the results of global operations, taking the integration of domestic and overseas operations as the foothold and aiming at establishing a flat, specialized, institutionalized and intensively managed organization, with corporate culture transmission as the carrier, in a bid to optimize the synergy among its global operations. In response to the impact of the COVID-19 pandemic, the Company strictly abides by the pandemic control policies of the places where its business activities are conducted; in particular, domestic and overseas plants conform with the pandemic prevention and control measures of the countries and regions where they are located, resume work and production in an orderly and safe manner, and advise employees to raise their awareness of pandemic prevention and control, in order to avoid the hindrance of the COVID-19 pandemic to the Company's production and operating activities.

7. Risks subject to macroeconomics

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

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

VIII. FINANCIAL REVIEW

1. Overview

During the reporting period, the Group recorded a revenue of RMB14,167,992 thousand, which increased by RMB11,831,186 thousand as compared to RMB2,336,806 thousand for the six months ended June 30, 2021, and the Group recorded gross profit of RMB11,920,512 thousand, which increased by RMB10,729,559 thousand as compared to RMB1,190,953 thousand for the six months ended June 30, 2021. During the reporting period, the Group's basic earnings per share was RMB6.93 (six months ended June 30, 2021: RMB-0.05).

During the reporting period, profit for the period attributable to equity Shareholders of the Company was RMB10,230,305 thousand, which increased by RMB10,308,450 thousand as compared to RMB-78,145 thousand for the six months ended June 30, 2021, representing a growth rate of 13,191.44%, which was mainly due to the significant increase in gross profit as a result of the increase in selling prices and sales volume of primary lithium products of the Company during the reporting period compared to the same period last year.

2. Year-on-year changes in key financial data (unaudited)

Unit: RMB'000

	The reporting period	The same period last year	Year-on-year increase or decrease	Reasons for the change
Revenue	14,167,992	2,336,806	506.30%	Primarily due to the increase in selling prices and sales volume of primary lithium products of the Company during the reporting period compared to the same period last year
Cost of sales	(2,247,480)	(1,145,853)	96.14%	Primarily due to the increase in sales volume of primary lithium products of the Company during the reporting period compared to the same period last year
Other net income/(loss)	981,916	(199,684)	591.73%	Primarily because during the reporting period, the Company: 1) lost the significant influence over SES, and the investment in SES was measured as financial assets at FVOCI (non-recycling) which had been measured as interests in associates, resulting in gains on deemed disposal of an associate of RMB1,098.63 million; 2) physically delivered partial Series B shares of SQM in terms of collar option, resulting in gains on partial disposal of an associate of RMB740.96 million; partially offset by 3) the increase of RMB978.90 million in net realised and unrealised losses on derivative financial instruments incurred by the collar option during the current period compared to the same period last year

	The reporting period	The same period last year	Year-on-year increase or decrease	Reasons for the change
Selling and distribution expenses	(12,083)	(9,110)	32.63%	Primarily because the increase in sales volume and selling prices led to the corresponding increase in port charges and insurance expense compared to the same period last year
Administrative expenses	(175,412)	(196,274)	-10.63%	
Research and development costs	(11,508)	(7,749)	48.51%	Primarily due to the increase in amortization of assets, office expenses and travel expenses of R&D department
Provision for impairment losses	(42,107)	(1,501)	2705.26%	In the first half of 2022, revenue increased significantly year-on-year, and accordingly the receivables also increased significantly. Therefore, the Company made provision for bad debts based on expected credit losses, resulting in that the estimated impairment loss during the current period was significantly higher than that in the same period last year
Finance costs	(596,589)	(660,942)	-9.74%	
Share of profits less losses of associates	2,523,590	180,721	1296.40%	Primarily due to the significant increase in 2022 interim results for SQM year-on-year. Thus, the share of profits less losses on such associate recognised by the Company during the reporting period increased significantly compared to the same period last year
Income tax	(2,680,447)	(213,740)	1154.07%	Primarily due to the increase in profit before taxation

	The reporting period	The same period last year	Year-on-year increase or decrease	Reasons for the change
Net cash generated from operating activities	7,066,631	904,566	681.22%	Primarily due to the increase in the amount of collections and gross profit corresponding to sales revenue during the reporting period compared to the same period last year
Net cash generated from/(used in) investing activities	592,726	(258,731)	329.09%	Primarily due to the increase in dividends received from SQM during the reporting period compared to the same period last year
Net cash used in financing activities	(5,291,264)	(774,477)	-583.20%	Primarily due to the increase in the repayment of some syndicated loans and the corresponding interest and the increase in dividends paid to minority Shareholders during the reporting period compared to the same period last year
Net increase in cash and cash equivalents	2,368,093	(128,642)	1940.84%	Resulting from the changes of above-mentioned capital activities

3. Analysis of assets and liabilities

Unit: RMB'000

	June 30, 2022 (unaudited)		December 31, 2021 (audited)		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Cash and cash equivalents	**4,255,078**	**7.76%**	1,766,096	3.86%	3.91%	Primarily due to the increase in amount of collections resulting from the significant increase in revenue during the reporting period. The Group maintained a high liquidity. During the reporting period, the capital of the Group was mainly derived from the ordinary business, including the payments received from customers.
Trade and other receivables	**7,918,283**	**14.45%**	3,369,533	7.36%	7.09%	Primarily due to: 1) the significant increase in revenue during the reporting period compared to the same period last year, and accordingly, the significant increase in trade receivables, bank acceptance notes, carried at FVOCI and bills receivables; 2) the significant increase in dividends receivable from SQM at the end of the reporting period compared to the end of last year

	June 30, 2022 (unaudited)		December 31, 2021 (audited)		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion of total assets	Amount	Proportion of total assets		
Inventories	**1,504,198**	**2.74%**	871,756	1.90%	0.84%	
Interests in associates	**24,257,614**	**44.26%**	24,120,755	52.67%	-8.40%	
Property, plant and equipment	**14,057,719**	**25.65%**	13,734,405	29.99%	-4.34%	
Financial assets measured at fair value	**1,452,549**	**2.65%**	695,617	1.52%	1.13%	
Bank loans and other borrowings (current)	**8,312,189**	**15.17%**	9,762,521	21.32%	-6.15%	Primarily due to the repayment of syndicated loans during the reporting period
Trade and other payables	**2,378,670**	**4.34%**	1,536,113	3.35%	0.99%	
Contract liabilities	**92,694**	**0.17%**	164,475	0.36%	-0.19%	
Lease liabilities (current)	**49,173**	**0.09%**	48,940	0.11%	-0.02%	
Bank loans and other borrowings (non-current)	**9,531,935**	**17.39%**	11,800,154	25.76%	-8.37%	Primarily due to the repayment of syndicated loans during the reporting period
Current taxation	**2,223,771**	**4.06%**	686,872	1.50%	2.56%	Primarily due to the increase in profit before taxation
Lease liabilities (non-current)	**219,305**	**0.40%**	200,442	0.44%	-0.04%	

(1) Financing model:

Under the complex and changing environment in the financial markets, the Company has been exploring diverse financing methods and striving for a financing model with complementary funds in the short, medium and long term, the integration of direct financing and indirect financing through a variety of channels to provide itself with stable fund guarantee. When conducting debt financing, the Company has been following the principle of giving attention to both cost and safety. The Company aims to realize competitive financing cost without considering a minimum financing cost as the only objective, so as to avoid the harm to financing safety and the quality of services received. For large capital expenditures with sound expected returns, the Company will prudently consider adopting the methods of equity financing or the integration of equity financing and debt financing to balance risks and enhance value for Shareholders.

(2) Currency structure:

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

(3) Fixed rates:

As of June 30, 2022, the total liabilities of the Company amounted to RMB24,176,130 thousand (December 31, 2021: RMB26,007,356 thousand), of which the outstanding bank loans and other borrowings in total amounted to RMB17,844,124 thousand (December 31, 2021: RMB21,562,675 thousand). As at June 30, 2022, the outstanding bank borrowings and other borrowings of the Company included Renminbi loans and foreign currency loans, approximately 32.41% (December 31, 2021: 29.02%) of which was charged at fixed rates and the remaining was charged at floating interest rates.

4. Assets and liabilities measured at fair value

	As at June 30, 2022 (unaudited) RMB'000	As at December 31, 2021 (audited) RMB'000
Financial assets at FVTPL		
– Investment in monetary fund	**6,000**	–
Financial assets at FVOCI		
– Bank acceptance notes receivable	**2,784,852**	2,014,403
– Equity securities	**1,446,549**	695,617
Derivative financial instruments		
– Collar options	**–**	(381,461)
– Electricity derivatives	**(148)**	(6,940)

5. Asset rights with restrictions as of the end of the reporting period

1) *Security and guarantees*

Collateral for the Facilities include, among other things, pledge over shares of certain of our subsidiaries including, but not limited to:

(a) in connection with the Onshore Syndicated Facility, (i) Shehong Tianqi, (ii) Tianqi Lithium (Jiangsu), (iii) Tianqi Australia Investments 1, (iv) ITS, (v) TLEA, (vi) Chongqing Tianqi, and (vii) Shigatse Zabuye;

(b) in connection with the Offshore Syndicated Facility, (i) Tianqi Xinlong, (ii) Tianqi Australia Investments 2, (iii) TLEA, (iv) Chongqing Tianqi, and (v) Shigatse Zabuye; and (c) all shares of SQM acquired by us through the SQM Transaction.

In addition, the collateral for the Offshore Syndicated Facilities also include the account pledge of ITS, and the Facilities are guaranteed by our Company, Tianqi Xinlong and Mr. Jiang Weiping.

As of the end of the reporting period, the secured bank loans are secured over certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Mainland China subsidiaries		
Property, plant and equipment	**211,288**	253,666
Restricted bank deposits	**107,158**	175,728
Investments in Shigatse Zabuye	**450,638**	285,494
Intangible assets	**88,045**	–
Investment in monetary fund	**6,000**	–
Overseas subsidiaries		
All assets of Windfield	**12,964,473**	9,160,084
All assets of TLAI2 and TLAI1*	**25,986,553**	21,034,783
All assets of TLEA	**–**	7,918,329
All assets of TLK	**–**	5,048,765
Investment in SQM	**23,514,184**	23,652,363
	63,328,339	67,529,212

* All assets of TLAI2 and TLAI1 include investment in SQM.

2) *Legal proceeding relating to CLSA Australia*

In March and April 2021, the judge granted the interlocutory injunction to freeze three bank accounts of our Company and Tianqi Xinlong and to deposit 5% of the shares we hold in Chengdu Tianqi.

3) *Gearing ratio*

As at June 30, 2022, the Group's gearing ratio (dividing total debt (which includes current and non-current bank loans, lease liabilities and other borrowings) by total equity) was 59.13%, which decreased by 51.07% as compared to December 31, 2021.

6. Significant subsequent events

Considered and approved at the 26th meeting of the fifth session of the Board of Directors and the 21st meeting of the fifth session of the Board of Supervisors of the Company, the Company decided to inject repayment funds into the borrowing subject of SQM Indebtedness, namely Tianqi Lithium Australia Investments 2 Pty Ltd. and Tianqi Lithium Australia Investments 1 Pty Ltd., the special purpose vehicles under Tianqi Xinlong Science & Technology (Chengdu) Co., Limited, a wholly-owned subsidiary of the Company, and these special purpose vehicles will further repay SQM Indebtedness to the creditors. As of July 27, 2022, Tianqi Lithium Australia Investments 2 Pty Ltd. and Tianqi Lithium Australia Investments 1 Pty Ltd. had fully repaid the SQM Indebtedness. The Company and its related subsidiaries are going through the procedures to release the relevant pledge guarantees provided for SQM Indebtedness. After the repayment, the debt to asset ratio of the Group further decreased to approximately 28% at the end of July.

For details of other significant subsequent events, please refer to "The interim financial report, non-adjusting events after the reporting period" in this report.

7. Significant investment

For the six months ended June 30, 2022, the Group did not have any significant investment in excess of 5% of the Group's total assets as of June 30, 2022.

8. Exploration of mineral properties, development and mining production activities

Currently, the main raw materials of lithium compounds production of the Company come from the established lithium concentrate of Greenbushes Spodumene Mine, the capacity of which can ensure the Company's access to a stable supply of low-cost and high-quality raw materials, as well as improve the operational efficiency, stability and flexibility of lithium compound production. During the reporting period, the mineral exploration expenditure of Greenbushes Mine was RMB0. During the reporting period, the total run of mining movements in Greenbushes reached 3.27 million bank cubic meters, with mined ore of 1.97 million tons and total lithium concentrate production of 608,244 tons.

Meanwhile, the Greenbushes Mine continues to carry out drilling and other activities. During the reporting period, 8,525m of drilling has been completed from 2 core rigs with core returned from 17 holes across the Central Lode and Kapanga deposits, continuing to translate inferred Resources to indicated Resources targeting Reserve increases.

CGP3 has completed the Frond-End Engineering Design (FEED) in March 2022 and commenced infrastructure constructions since then. The project is expected to be completed and put into use in 2025, with an all-inclusive cost of A$626.8 million. During the reporting period, A$12.1 million capital cost was expensed on this project. The CGP3 construction is carried out within schedule and the accumulated capital expenditure has reached approximately A$106.2 million as of the end of the reporting period.

SECTION 4 CORPORATE GOVERNANCE

I. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Type	Date	Reason
Jiang Anqi	Deputy chairwoman	Elected	April 28, 2022	Elected at the 23rd meeting of the fifth Board of Directors of the Company
Guo Wei	Executive vice president (deputy general manager)	Appointed	April 28, 2022	Appointed at the 23rd meeting of the fifth Board of Directors of the Company
Liu Ying	Executive vice president (deputy general manager)	Appointed	April 28, 2022	Appointed at the 23rd meeting of the fifth Board of Directors of the Company
Li Guo	Vice president (deputy general manager)	Appointed	April 28, 2022	Appointed at the 23rd meeting of the fifth Board of Directors of the Company
Huang Wei	Independent Director	Elected	June 22, 2022	According to the authorization of the fourth extraordinary general meeting for the year 2021, the 25th meeting of the fifth Board of Directors of the Company agreed to appoint Ms. Huang Wei as an independent Director of the fifth Board of Directors of the Company, and the appointment came into effect

II. NUMBER OF EMPLOYEES OF THE GROUP AND THEIR REMUNERATION AND BENEFITS

As of June 30, 2022, there were 1,975 employees on the Group's payroll.

During the reporting period, the Group accrued employee remuneration and benefits totaling RMB243,757,700.

With the goal of "cultivating excellent employees of Tianqi", the Company continues to improve the cultivation system of talents, places great importance on capacity enhancement of employees, and contributes to employees' career development, laying the foundation for Tianqi Lithium's global talent upgrade and reserve. To advance the achievement of the Company's goal of talent cultivation and retain a high-quality talent team, the Company actively identified the capabilities and potential of existing employees and set up targeted cultivation plans, which met the individual career development needs of each employee and steadily supported the Company's talent strategy. To improve the professional skills of employees and stimulate the vitality of employees, the Company continually improved the employee training system and carried out various training activities for employees in both online and offline form.

In accordance with the corresponding laws and regulations and following the principles of specialization, differentiation and unification, the Company has established and continuously improved the remuneration management system, actively built a remuneration and benefit system taking into account external competitiveness and internal fairness, and provided employees with comprehensive remuneration and benefits consisting of fixed payroll, short-term incentives and employee benefits. In the future, the Company will continue to promote long-term talent incentive programs, further enhance the sense of belonging and cohesion of employees, and build a workforce with high loyalty.

III. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company focuses on high standards of corporate governance, so as to enhance value for Shareholders and protect their interests. The Company has established a modern corporate governance structure and set up Shareholders' General Meeting, the Board of Directors, the Board of Supervisors, the special committees of the Board of Directors and senior management in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Mandatory Provisions of Articles of Association of Companies Listing Overseas (《到境外上市公司章程必備條款》) and the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules.

From the listing of the Company's H Shares to the date of this report, the Company's corporate governance mechanism was sound and in compliance with the requirements of the Company Law and relevant regulations of the CSRC. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code. During the reporting period, save as disclosed below, the Company has complied with all applicable code provisions set out in the Corporate Governance Code. The Board will examine the corporate governance practices and operation of the Company from time to time, to ensure the compliance with the relevant requirements under the Hong Kong Listing Rules and to protect Shareholders' interests.

According to the Code Provision C.1.6 of the Corporate Governance Code, independent non-executive Directors and other non-executive Directors shall attend Shareholders' General Meeting and develop a balanced understanding of the views of Shareholders.

Individual independent non-executive Directors of the Company were unable to attend the 2021 annual general meeting held by the Company on May 23, 2022 due to the pandemic or other concurrent important affairs. A number of Directors, Supervisors and senior management of the Company attended the meeting and had adequate communication and engagement with the Shareholders. The Company has circulated the contents of the communication and engagement at the annual general meeting to the Directors for their information. The independent non-executive Directors who were unable to attend the 2021 annual general meeting were also ready to respond to Shareholders' questions and enquiries about their work by electronic means after the meeting.

This report was reviewed by the Audit and Risk Committee of the Board. Saved as those disclosed in this report, during the period from January 1, 2022 to June 30, 2022, no significant changes affecting the performance of the Company should be disclosed in accordance with the paragraphs 32 and 40(2) of Appendix 16 to the Hong Kong Listing Rules.

IV. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules as the code of conduct in dealing in securities of the Company by all Directors, Supervisors and relevant employees (as defined in the Corporate Governance Code) of the Company. According to the specific enquiries made to all Directors and Supervisors, each of them strictly complied with the standards specified in the Model Code during the reporting period. Meanwhile, the Company was not aware of any events of non-compliance with the Model Code by the relevant employees during the reporting period.

V. CHANGES IN THE DIRECTORS' INFORMATION

Since the issuance of the Company's Prospectus, there have been no changes in the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

I. SOCIAL RESPONSIBILITY

Since its inception, Tianqi Lithium has been committed to its social responsibility, with the ambition of promoting the development of the worldwide core new energy industry with lithium. Conforming to the trend of the new energy industry entering a new era and adhering to the development principle of "creating value at no expense of the environment, health and safety", we constantly give back to the high expectations of the community, establish a close connection with the community while achieving sustainable development, so that to promote co-construction and sharing of community and to contribute to economic prosperity. As a private listed company in China, we actively respond to the national rural revitalization strategy, widely disseminate the innovative concept of assisting farmers by consuming the agricultural products, and contribute to the development of urban-rural integration with our corporate commitment.

Practice 1: Xiuyun Village rural revitalization project

In 2021, Tianqi Lithium reached a strategic cooperation in rural revitalization with Xiuyun Village, Cangxi County, Guangyuan City, Sichuan Province to donate RMB1.5 million to the Cangxi County Red Cross Society for the construction of the Xiuyun Village Youth Entrepreneurship Center, helping Xiuyun Village to develop e-commerce livestreaming and improve the reception capacity of homestays. We promote local characteristic eco-agricultural products and develop rural tourism by actively promoting the "purchase instead of donation" model and using e-commerce livestreaming, online shopping and other ways of advertising. We create a close connection between farmers and urban consumers, which will in turn effectively connect urban and rural areas, drive more farmers and the poor to develop by consumption, and promote sustainable rural economic development.

By the end of 2020, the disposable income per capita of Xiuyun Village in Cangxi County achieved a nearly 10-fold increase during eight years, and "Xiuyun Village" ("岫雲村"), an eco-agricultural brand, has been created. In the context of this remarkable accomplishment, Tianqi Lithium helped the village transform its eco-agricultural product cooperative into a young entrepreneur center featuring e-commerce livestreaming and guesthouse reception. At present, the main structure of the young entrepreneur center has been completed and a live video streaming team composed of eight young local entrepreneurs has been formed to present the ecological products from the natural environment of the village to urban residents and attract urban families to tour the village, which serves as an invisible bridge contributing to the high-quality development of Xiuyun Village.

Practice 2: Holding Ganzi Prefecture National Fitness Basketball League

Tianqi Lithium has always placed great importance on positive communications with the communities where we operate, and has taken employee health management as an important ESG issue; under the backdrop of in-depth implementation of the national strategy of National Fitness Program, we have vigorously supported the activities in the communities where we operate. In the first half of 2022, the Company donated RMB0.1 million and under the cooperation with the Working Committee for Organizations Directly under Ganzi Prefecture, the Education and Sports Bureau of Ganzi Prefecture, Ganzi Prefecture Sport Center and the Basketball Association of Ganzi Prefecture, "Ganzi Prefecture National Fitness Basketball League" was successfully held on June 17, 2022.

Practice 3: Purchase instead of donation, and jointly compile Corporate Volunteer Culture: the Soft Power of Sustainable Development

In recent years, the Company has continuously strengthened and expanded the team of staff volunteers, set up special funds for guaranteeing volunteer services, and committed to improving the quality and expanding the boundaries of volunteer services year after year. By virtue of the established volunteer service platform, the Company has been continuously cultivating the three themes of "Education", "Environment" and "Community" to increase continuous investment in social welfare. After years of accumulation of practice, the Company has sorted out the practice in recent years into cases combining theory and experience, and jointly compiled the Corporate Volunteer Culture: the Soft Power of Sustainable Development together with the Sustainable Development Research Center of the School of Management and Economics, University of Electronic Science and Technology of China, which was officially published in 2022. At the same time, we donated RMB20,000 to the Chengdu Charity Federation through the model of "purchase instead of donation", hoping to provide reference for enterprises to carry out volunteer services and contribute to the public welfare. The Company advocates the concept of actively fulfilling its responsibilities as a corporate citizen and builds an alliance of corporate volunteer services, to advance the development of a better and harmonious society.

From January to June 2022, Tianqi Lithium donated a total of RMB4,176,035.

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

I. CHANGES IN SHARES

Unit (Shares)

	Before the change		Increase/decrease (+, -)					After the change	
	Number	Proportion	Issuance of new shares	Bonus issue	Conversion of reserves into shares	Others	Subtotal	Number	Proportion
I. Shares subject to trading restrictions on sales	3,277,925	0.22%				-765,168	-765,168	2,512,757	0.17%
Other domestic shareholdings	3,277,925	0.22%				-765,168	-765,168	2,512,757	0.17%
Domestic natural person shareholdings	3,277,925	0.22%				-765,168	-765,168	2,512,757	0.17%
II. Shares not subject to trading restrictions on sales	1,473,821,458	99.78%				765,168	765,168	1,474,586,626	99.83%
RMB ordinary shares	1,473,821,458	99.78%				765,168	765,168	1,474,586,626	99.83%
III. Total number of shares	1,477,099,383	100.00%				0	0	1,477,099,383	100.00%

II. NUMBER OF SHAREHOLDERS OF THE COMPANY AND THEIR SHAREHOLDINGS

Unit (A Shares)

Total number of ordinary Shareholders at the end of the reporting period	204,266	Total number of preferred Shareholders with voting rights resumed at the end of the reporting period (if any) (see note 8)	0

Shareholdings of ordinary Shareholders holding more than 5% of shares or top 10 ordinary Shareholders

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of ordinary shares held at the end of the reporting period	Change during the reporting period	Number of ordinary shares held with trading restrictions on sales	Number of ordinary shares held without trading restrictions on sales	Pledged, tagged or frozen	
							Share status	Number
Chengdu Tianqi Industrial (Group) Co., Limited	Domestic non-state-owned legal person	28.18%	416,316,432	0	0	416,316,432	Pledged	111,600,000
Zhang Jing	Domestic natural person	4.65%	68,679,877	0	0	68,679,877		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	1.89%	27,853,574	0	0	27,853,574		
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.80%	11,841,253	10,053,244	0	11,841,253		
Postal Savings Bank of China Co., Ltd. - Eastern New Energy Vehicle Theme Hybrid Securities Investment Fund (中國郵政儲蓄銀行股份有限公司－東方新能源汽車主題混合型證券 投資基金)	Others	0.70%	10,369,279	1,242,625	0	10,369,279		

Shareholdings of ordinary Shareholders holding more than 5% of shares or top 10 ordinary Shareholders

Name of Shareholder	Nature of Shareholder	Shareholding percentage	Number of ordinary shares held at the end of the reporting period	Change during the reporting period	Number of ordinary shares held with trading restrictions on sales	Number of ordinary shares held without trading restrictions on sales	Pledged, tagged or frozen: Share status	Pledged, tagged or frozen: Number
Bank of Communications Co., Ltd.- HSBC Jintrust Low-Carbon Pioneer Equity Securities Investment Fund (交通銀行股份有限公司－滙豐晉信 低碳先鋒股票型證券投資基金)	Others	0.55%	8,110,480	246,239	0	8,110,480		
Bank of Communications – HSBC Jintrust Dynamic Strategy Mixed Securities Investment Fund (交通銀行－滙豐晉信動態策略混合型證券投資基金)	Others	0.53%	7,866,695	3,051,049	0	7,866,695		
Industrial and Commercial Bank of China Limited – China Universal CSI New Energy Vehicle Industry Index-based Initiated Securities Investment Fund (中國工商銀行股份有限公司－匯添富中證新能源汽車產業指數型發起式證券投資基金) (LOF)	Others	0.51%	7,465,069	235,400	0	7,465,069		
Bank of China Limited – UBS SDIC New Energy Mixed Securities Investment Fund (中國銀行股份有限公司－國投瑞銀新能源混合型證券投資基金)	Others	0.49%	7,165,046	648,584	0	7,165,046		
China Construction Bank Corporation – Zhong Ou Mingrui New Normal Hybrid Securities Investment Fund (中國建設銀行股份有限公司－中歐明睿新常態混合型證券投資基金)	Others	0.34%	5,000,046	1,333,729	0	5,000,046		
Description of strategic investors or general legal persons who became Top 10 ordinary Shareholders due to placement of new shares (if any) (see note 3)	None							
Description of interests or acting- in-concert relationship of the above Shareholders	Among the above-mentioned Shareholders, Ms. Zhang Jing and Mr. Jiang Weiping, the actual controller of Chengdu Tianqi Industrial (Group) Co., Limited (namely, the actual controller of our Company), are spouses. Except for this, the Company is neither aware of any interests among the other Shareholders of outstanding shares, nor aware of whether other Shareholders are parties acting-in-concert according to the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》).							
Description of the above Shareholders involved in entrustment/entrusted voting rights and waiver of voting rights	None							
Special notes on the special repurchase account among the Top 10 Shareholders (if any) (see note 11)	None							

SECTION 6 CHANGES IN SHARES AND INFORMATION ON SHAREHOLDERS

Save as disclosed below, so far as is known to the Directors, immediately following the completion of the global offering of H Shares, the following persons/entities (not being the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and which would be recorded in the register required to be kept under section 336 of the SFO:

Shareholder	Number of Shares held after the Global Offering	Nature of interest	Number of shares directly or indirectly held	Approximate % of the relevant class of shares in our Company[1]	Approximate % of interest in our Company[2]
Tianqi Group Company[3]	Interest of controlled corporations	A Shares	416,316,432 (Long position)	28.18%	25.37%
Ms. Zhang Jing[4]	Beneficial owner	A Shares	68,679,877 (Long position)	4.65%	4.18%
	Interest of spouse	A Shares	416,316,432 (Long position)	28.18%	25.37%

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As of June 30, 2022, Tianqi Group Company had pledged 111,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd. Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

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

III. SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed below, as at June 30, 2022, the Directors are not aware of any other persons (other than the Directors or chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Position	Number of shares held at the beginning of the period	Number of shares held at the end of the period	Proportion of shareholding at the end of the period (%)
ZOU Jun (鄒軍)	Executive director/executive vice president/chief financial officer	643,637	643,637	0.04
GUO Wei (郭維)	Executive vice president	439,540	439,540	0.03
YAN Dong (閻冬)	Senior vice president	444,020	444,020	0.03

Save as disclosed below, so far as is known to the Directors, immediately following completion of the global offering of H Shares, none of our Directors, Supervisors and chief executive of our Company had interests or short positions in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to us and the Stock Exchange, once the Shares are listed:

The following persons/entities (not being the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and which would be recorded in the register required to be kept under section 336 of the SFO:

Name of Director/ Supervisor	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Jiang Weiping[3][4]	Interest of controlled corporations	A Shares	416,316,432 (Long position)	28.18%	25.37%
	Interest of spouse	A Shares	68,679,877 (Long position)	4.65%	4.18%
Zou Jun	Beneficial owner	A Shares	643,637	0.04%	0.04%

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Jiang Anqi, holds 416,316,432 A Shares. By virtue of the SFO, Mr. Jiang Weiping is deemed to be interested in all of the Shares held by Tianqi Group Company. As at June 30, 2022, Tianqi Group Company had pledged 111,600,000 A Shares in total to five financial institutions in the PRC, including Bank of Communications Co., Ltd. Chengdu High-tech Industrial Development Zone Branch (交通銀行股份有限公司成都高新區支行), China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行), China CITIC Bank Corporation Limited Chengdu Branch (中信銀行股份有限公司成都分行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Everbright Bank Co., Ltd. Chengdu Babao Street Sub-branch (中國光大銀行股份有限公司成都八寶街支行).

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

IV. CHANGES IN CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

Changes in controlling Shareholders during the reporting period

☐ Applicable ☑ Not applicable

Changes in de facto controller during the reporting period

☐ Applicable ☑ Not applicable

As of June 30, 2022, our Company was owned as to 28.18% by Tianqi Group Company, which in turn was owned as to 90% by Mr. Jiang Weiping and as to 10% by Ms. Jiang Anqi. Ms. Zhang Jing, the spouse of Mr. Jiang Weiping held 4.65% of the total issued share capital of our Company. As such, Tianqi Group Company, Mr. Jiang Weiping, Ms. Zhang Jing and Ms. Jiang Anqi will be deemed to have control over 32.83% of the total issued share capital of our Company as of June 30, 2022.

After the completion of H Shares offering, our Company was owned as to 25.37% by Tianqi Group Company, which in turn was owned as to 90% by Mr. Jiang Weiping and as to 10% by Ms. Jiang Anqi. Ms. Zhang Jing, the spouse of Mr. Jiang Weiping directly holds 4.18% of the total issued share capital of our Company, and Tianqi Group Company, Mr. Jiang Weiping, Ms. Zhang Jing and Ms. Jiang Anqi continue to hold approximately 29.55% of the total issued share capital of our Company. Therefore, they will remain as our Single Largest Group of Shareholders.

V. DIVIDEND

During the reporting period, the Company had no proposal for 2022 semi-annual profit distribution or capital reserve converted into share capital. The Board will not declare any interim dividend for the reporting period.

VI. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the reporting period, there was no repurchase, sale or redemption of the Company's listed securities by the Company and any of its subsidiaries. The Company completed the global offering of its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on July 13, 2022, issuing 164,122,200 H Shares.

The utilization of the proceeds from H Share Offering of the Company is as follows:

Upon approval by the CSRC in accordance with the Reply on the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) issued on June 2, 2022, the Company issued its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on July 13, 2022. A total of 164,122,200 H Shares (before any exercise of the over-allotment option) were issued at the price of HK$82 per share through both public offering and international placement. After deducting underwriting fees and other issuance expenses, the net proceeds from the Global Offering were approximately HK$13.062 billion, which will be used for the purpose and proportion as set out in the H Share Prospectus of the Company. The table below sets out the proposed purposes of the net proceeds and summary of usage as of August 30, 2022:

Unit: HK$ million

Proposed use of proceeds	Planned use of the net proceeds	Utilized net proceeds as of August 30, 2022	Balance as of August 30, 2022	Expected timeline of use of proceeds
Repay the outstanding balance of the SQM Indebtedness	8,865	8,865	0	/
Fund the construction of Phase I of the Anju Plant	1,170	20	1,150	From September 2022 to June 2024
Repay certain PRC domestic bank loans	1,721	1,721	0	/
Working capital and general corporate purposes	1,306	601	705	From August to September 2022
Total	13,062	11,207	1,855	–

1. MATTERS IN CONNECTION WITH THE ISSUE OF H SHARES OF THE COMPANY AND LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

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

As of the date of this report, the Company has used the proceeds from the H Share issuance to repay all of the syndicated loans for SQM M&A and approximately RMB1.471 billion of domestic loans, and the remaining funds will be used for liquidity replenishment and construction of the Anju project in succession.

2. LISTING OF JOINT-STOCK COMPANY ON THE NEW YORK STOCK EXCHANGE

On February 1, 2022, IVANHOE Capital Acquisition Corp (NYSE: IVAN, IVANHOE Capital Acquisition Corp, hereinafter referred to as “IVANHOE”) held an extraordinary general meeting to consider and approve the business combination with SES, a joint-stock company of the Company, and IVANHOE changed its name to “SES AI Corporation”; on February 3, 2022, it completed a private non-public issuance of its ordinary shares at an issuance price of US$10.0 per share, raising aggregate proceeds of approximately US$275 million; on February 4, 2022, the merged Company’s Class A ordinary shares and warrants commenced trading on the New York Stock Exchange under the new stock codes of “SES” and “SES WS”, respectively. The business combination of SES and IVANHOE will create better conditions for the implementation of its longer-term strategic plan in the future, which will further accelerate the commercialization of lithium metal batteries and lay a solid foundation for its market expansion and development in the related business areas. As of the approval date of this report, the Company held 27,740,256 shares of SES, which were released from the sales restriction. Before the listing of SES, the Company recognised its shares of SES as a long-term equity investment, which was accounted for under the equity method; after the listing of SES, the Company no longer retained its seat on the board of directors of SES, and in accordance with the relevant provisions of the International Financial Reporting Standards, the Company’s shareholdings in SES were derecognised as interests in associates, but were recognised as financial assets at FVOCI (non-recycling). As at the date of losing significant influence, the Company included the difference between its fair value and the carrying value of the interests in associates in gains on deemed disposal of an associate.

3. TERMINATION OF LITIGATION AND ARBITRATION MATTERS

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

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

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

4. PROGRESS OF LITHIUM HYDROXIDE PROJECT IN AUSTRALIA

The first phase of the "Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Output of 24,000 Tons" (hereinafter referred to as the "Lithium Hydroxide Project (Phase I)") launched by the Company in October 2016 was considered and approved by the 37th meeting of the fourth session of the Board of Directors of the Company held on October 25, 2019. The total investment amount of such project was adjusted from A$398 million to A$770 million (equivalent to approximately RMB3.712 billion, calculated at the mid-price of the RMB exchange rate published by the China Foreign Exchange Trade System on October 25, 2019), and the increased investment was self-financed by the Company. Currently, such project has completed the load commissioning for all processes and linked up the whole process, and the plant has entered the formal trial production stage by the end of 2021. After repeated commissioning and optimization, the first batch of approximately 10 tons of lithium hydroxide products passed the Company's internal laboratory sampling and testing, and on May 19, 2022, all parameters were confirmed to meet the battery-grade lithium hydroxide standard. Product samples have been sent to a third-party laboratory for independent testing results. In order to commercialize the production of such project, TLK will subsequently provide products to various customers for quality certification, which is expected to take 4-8 months. During such period, the Company and TLK will continue to focus on achieving and consolidating stable, consistent and reliable plant operations.

5. PROGRESS OF THE PRODUCTION EXPANSION PROJECT OF TALISON LITHIUM CONCENTRATES

On July 24, 2018, the Proposal on Approving the Phase III Lithium Concentrate Production Expansion Plan of Talison was approved at the 18th meeting of the fourth session of the Board of Directors held by the Company, which agreed that Talison would officially launch the construction for continued expansion of the production capacity of chemical grade lithium concentrates, construct an independent, dedicated large-scale chemical grade lithium concentrates production facility and new ore crushing facility to build supporting infrastructure for subsequent production expansion at the same time; the project site is located in Greenbushes, Western Australia with an estimated total project investment of approximately A$516 million, and the funds are self-raised by Talison; the construction was originally planned to be completed and the trial production was originally planned to commence in the fourth quarter of 2020. In light of the market situation, as at December 22, 2020, the Board of Directors of Windfield decided to postpone the trial operation of the project to 2025; as at June 2021, the Board of Directors of Windfield decided to bring forward the trial operation of the project to 2024; as at March 2022, the Board of Directors of Windfield decided to adjust the overall project budget to A$626.8 million, representing an increase of A$69.3 million over the original budget, and postpone the planned trial operation to 2025 based on the latest front-end engineering design research report of the project. The reasons for this adjustment to the total budget include the increase in labor costs, the increase in equipment improvement and camp construction costs, the increase in the cost of freight supply, etc. At present, Talison's existing production capacity can meet the production demands of the Company, and the delayed commissioning of phase III chemical grade lithium concentrates expansion project of Talison will not affect the Company's normal production and operation activities.

6. PROGRESS OF ANJU PROJECT

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

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

In July 2022, the Company's management reviewed the progress and budget of the project as well as the commencement of the construction bidding and agreed to increase the project's budget to RMB1,484,192,800. The project is expected to be completed in the second half of 2023.

7. EXTERNAL INVESTMENT OF THE WHOLLY-OWNED SUBSIDIARY AND ESTABLISHMENT OF JOINT VENTURE

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

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

8. SUCCESSFUL APPOINTMENT OF DIRECTORS OF SQM AND THE DISPOSAL OF A PORTION OF THE SERIES B EQUITY INTERESTS HELD IN SQM

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

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

As of June 28, 2022, the Company has completed the delivery of all the contracts relating to above-mentioned collar options, with physical delivery of 4,526,828 Series B shares of SQM. After the completion of the delivery, the Company still holds 748,490 Series B shares of SQM and 62,556,568 Series A shares of SQM, and the Company's total shareholding percentage in SQM is approximately 22.16%. In accordance with the relevant provisions of the International Financial Reporting Standards, the Company recognises the difference between the price received from the disposal of interests in associate and the carrying value of disposed interests in associate as gains on partial disposal of an associate. The disposal of a portion of the Series B equity interests held in SQM by the Company will not affect the board seats held by the Company in SQM, will not create material obstacles to the Company's participation in the corporate governance of SQM, neither will it have material adverse impact on the Company's future main business and ability to continue as a going concern, and there exist no circumstances that are detrimental to the interests of the Company and all Shareholders (especially for minority Shareholders). Therefore, the disposal is in compliance with the relevant regulations of the CSRC and Shenzhen Stock Exchange.

SECTION 8 RELEVANT INFORMATION ON BONDS

Unit: RMB'000

Name of bonds	Abbreviation of bonds	Code of bonds	Issue date	Value date	Maturity date	Balance of bonds	Interest rate	Repayment method of principal and interest	Trading venue
US$300 million of senior fixed-rate bonds	TIANQI FN N2211	5036	November 28, 2017	November 29, 2017	November 28, 2022	2,009,607	3.75%	Installment of interest and repayment of principal upon maturity	The Hong Kong Stock Exchange

I. FINANCIAL STATEMENTS

Consolidated statement of profit or loss for the six months ended June 30, 2022 – unaudited

(Expressed in Renminbi ("RMB"))

	Note	Six months ended June 30, 2022 RMB'000	2021 RMB'000
Revenue	3(a)	**14,167,992**	2,336,806
Cost of sales		**(2,247,480)**	(1,145,853)
Gross profit		**11,920,512**	1,190,953
Other net income/(loss)	4	**981,916**	(199,684)
Selling and distribution expenses		**(12,083)**	(9,110)
Administrative expenses		**(175,412)**	(196,274)
Research and development costs		**(11,508)**	(7,749)
Provision for impairment losses	5	**(42,107)**	(1,501)
Profit from operations		**12,661,318**	776,635
Finance costs	6(a)	**(596,589)**	(660,942)
Share of profits less losses of associates		**2,523,590**	180,721
Profit before taxation	6	**14,588,319**	296,414
Income tax	7	**(2,680,447)**	(213,740)
Profit for the period		**11,907,872**	82,674
Attributable to:			
Equity Shareholders of the Company		**10,230,305**	(78,145)
Non-controlling interests		**1,677,567**	160,819
Profit for the period		**11,907,872**	82,674
Earnings/(loss) per share	8		
Basic (RMB)		**6.93**	(0.05)
Diluted (RMB)		**6.93**	(0.05)

The accompanying notes form part of the interim financial report.

Consolidated statement of profit or loss and other comprehensive income for the six months ended June 30, 2022 – unaudited

(Expressed in RMB)

	Note	Six months ended June 30, 2022 RMB'000	2021 RMB'000
Profit for the period		11,907,872	82,674
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Equity investments at Fair value through other comprehensive income (FVOCI)			
– net movement in fair value reserves (non-recycling)		(526,870)	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		727,801	(212,038)
Share of other comprehensive income of associates and joint ventures		32,277	10,890
Other comprehensive income for the period		233,208	(201,148)
Total comprehensive income for the period		12,141,080	(118,474)
Attributable to:			
Equity Shareholders of the Company		10,443,165	(203,898)
Non-controlling interests		1,697,915	85,424
Total comprehensive income for the period		12,141,080	(118,474)

The accompanying notes form part of the interim financial report.

Consolidated statement of financial position at June 30, 2022

(Expressed in RMB)

	Note	As at June 30, 2022 (unaudited) RMB'000	As at December 31, 2021 (audited) RMB'000
Non-current assets			
Property, plant and equipment	9	14,057,719	13,734,405
Intangible assets		118,951	118,811
Goodwill		416,101	416,101
Interests in associates	10	24,257,614	24,120,755
Interests in a joint venture		109,237	112,810
Financial assets measured at fair value	11	1,452,549	695,617
Deferred tax assets		402,191	115,568
Restricted deposits		11,139	11,157
Other non-current assets		51,085	22,572
		40,876,586	39,347,796
Current assets			
Inventories	12	1,504,198	871,756
Trade and other receivables	13	7,918,283	3,369,533
Prepaid tax		113,097	235,299
Restricted deposits		138,536	209,828
Cash and cash equivalents	14	4,255,078	1,766,096
		13,929,192	6,452,512
Current liabilities			
Trade and other payables	15	2,378,670	1,536,113
Derivative financial instruments		148	388,401
Contract liabilities		92,694	164,475
Bank loans and other borrowings	16	8,312,189	9,762,521
Lease liabilities		49,173	48,940
Deferred income		5,882	6,093
Current taxation		2,223,771	686,872
		13,062,527	12,593,415
Net current assets/(liabilities)		866,665	(6,140,903)
Total assets less current liabilities		41,743,251	33,206,893

The accompanying notes form part of the interim financial report.

	Note	As at June 30, 2022 (unaudited) RMB'000	As at December 31, 2021 (audited) RMB'000
Non-current liabilities			
Bank loans and other borrowings	16	9,531,935	11,800,154
Deferred income		64,230	66,477
Deferred tax liabilities		1,014,512	978,520
Lease liabilities		219,305	200,442
Provisions		246,192	335,270
Other non-current liabilities		37,429	33,078
		11,113,603	13,413,941
NET ASSETS		30,629,648	19,792,952
CAPITAL AND RESERVES			
Share capital		1,477,099	1,477,099
Reserves		23,334,568	12,879,967
Total equity attributable to equity Shareholders of the Company		24,811,667	14,357,066
Non-controlling interests		5,817,981	5,435,886
TOTAL EQUITY		30,629,648	19,792,952

The accompanying notes form part of the interim financial report.

Consolidated statement of changes in equity for the six months ended June 30, 2022 – unaudited

(Expressed in RMB)

	Note	Attributable to equity Shareholders of the Company										
		Share capital RMB'000	Capital reserves RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Fair value reserves (non-recycling) RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2022		1,477,099	7,178,777	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952
Changes in equity for the six months ended June 30, 2022:												
Profit for the period		-	-	-	-	-	-	-	10,230,305	10,230,305	1,677,567	11,907,872
Other comprehensive income		-	-	-	-	32,277	(526,870)	707,453	-	212,860	20,348	233,208
Total comprehensive income		-	-	-	-	32,277	(526,870)	707,453	10,230,305	10,443,165	1,697,915	12,141,080
Share of other reserves of an associate		-	-	-	-	(404)	-	-	441	37	-	37
Safety production fund		-	-	2,300	-	-	-	-	(2,300)	-	-	-
Dividends paid to non-controlling Shareholders		-	-	-	-	-	-	-	-	-	(1,326,772)	(1,326,772)
Recognition of deferred tax assets related to the issuance of shares of a subsidiary to a non-controlling Shareholder		-	11,399	-	-	-	-	-	-	11,399	10,952	22,351
Balance at June 30, 2022		1,477,099	7,190,176	38,972	466,392	5,020,806	(125,942)	(327,204)	11,071,368	24,811,667	5,817,981	30,629,648

The accompanying notes form part of the interim financial report.

	Note	Share capital RMB'000	Capital reserves RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Exchange reserves RMB'000	(Accumulated losses)/ Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity Shareholders of the Company									
Balance at January 1, 2021		1,477,099	7,178,777	32,290	387,697	(484,140)	(667,109)	(2,723,186)	5,201,428	2,226,398	7,427,826
Changes in equity for the six months ended June 30, 2021:											
Profit for the period		–	–	–	–	–	–	(78,145)	(78,145)	160,819	82,674
Other comprehensive income		–	–	–	–	10,890	(136,643)	–	(125,753)	(75,395)	(201,148)
Total comprehensive income		–	–	–	–	10,890	(136,643)	(78,145)	(203,898)	85,424	(118,474)
Safety production fund		–	–	2,571	–	–	–	(2,571)	–	–	–
Dividends paid to non-controlling Shareholders		–	–	–	–	–	–	–	–	(140,732)	(140,732)
Balance at June 30, 2021		1,477,099	7,178,777	34,861	387,697	(473,250)	(803,752)	(2,803,902)	4,997,530	2,171,090	7,168,620

The accompanying notes form part of the interim financial report.

Condensed consolidated statement of cash flows for the six months ended June 30, 2022 – unaudited

(Expressed in RMB)

	Note	Six months ended June 30, 2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations		**8,478,824**	955,670
Corporate Income Tax paid		**(1,412,193)**	(51,104)
Net cash generated from operating activities		**7,066,631**	904,566
Payment for the purchase of property, plant and equipment and intangible assets		**(576,281)**	(438,505)
Payment for investment in other financial assets		**(6,000)**	–
Dividend received from associates		**1,172,238**	104,932
Proceeds from disposal of partial interest in an associate		**–**	73,215
Dividend received from equity securities		**2,830**	–
Others		**(61)**	1,627
Net cash generated from/(used in) investing activities		**592,726**	(258,731)

The accompanying notes form part of the interim financial report.

		Six months ended June 30,	
	Note	2022	2021
		RMB'000	RMB'000
Financing activities			
Proceeds from bank loans and other borrowings		**3,331,595**	2,205,255
Repayments of bank loans and other borrowings		**(6,655,357)**	(1,947,230)
Dividends paid to non-controlling interests		**(1,326,772)**	(140,732)
Interest paid		**(618,161)**	(824,402)
Capital element of lease rentals paid		**(30,225)**	(14,400)
Interest element of lease rentals paid		**(5,400)**	(4,490)
Net cash outflow from derivative financial instruments		**–**	(26,008)
Restricted deposits for bank loans and other borrowings		**68,570**	25
Others		**(55,514)**	(22,495)
Net cash used in financing activities		**(5,291,264)**	(774,477)
Net increase/(decrease) in cash and cash equivalents		**2,368,093**	(128,642)
Cash and cash equivalents at January 1		**1,766,096**	788,206
Effect of foreign exchange rate changes		**120,889**	(18,056)
Cash and cash equivalents at June 30		**4,255,078**	641,508

The accompanying notes form part of the interim financial report.

II. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (IAS) 34, Interim financial reporting, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue on August 30, 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statement. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with the International Financial Reporting Standards (the "IFRSs").

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and by geographic markets is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of lithium compounds and derivatives	**9,711,891**	1,475,551
– Sales of lithium concentrate	**4,456,101**	861,255
	14,167,992	2,336,806
Disaggregated by geographical location of customers		
– Mainland China	**11,940,793**	1,928,979
– Overseas	**2,227,199**	407,827
	14,167,992	2,336,806

All of the Group's revenue are recognised at a point in time. The above table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of external customers is based on the location at which the goods delivered.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Lithium compounds and derivatives segment: this segment primarily derives its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are currently mainly manufactured in the manufacturing plants of the Group located in mainland China.
- Lithium concentrate segment: this segment primarily undertakes mining, production and sales of lithium concentrate. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

(i) Segment results, assets, and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for six months ended June 30, 2021 and 2022 is set out below.

	Six months ended June 30, 2022		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Revenue from external customers	9,871,415	4,296,577	14,167,992
Inter-segment revenue	16,796	2,339,766	2,356,562
Reportable segment revenue	9,888,211	6,636,343	16,524,554
Reportable segment profit (adjusted profit before taxation)	7,499,441	5,020,749	12,520,190
Interest income from bank deposits	3,912	1,382	5,294
Finance costs	(110,858)	(75,259)	(186,117)
Depreciation and amortisation for the period	(100,483)	(212,791)	(313,274)
Reportable segment assets	22,428,784	18,033,435	40,462,219
Capital expenditure*	68,910	541,256	610,166
Reportable segment liabilities	8,243,305	9,451,961	17,695,266

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets, and liabilities (Continued)

	Six months ended June 30, 2021		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Revenue from external customers	1,475,551	861,255	2,336,806
Inter-segment revenue	67,069	372,161	439,230
Reportable segment revenue	1,542,620	1,233,416	2,776,036
Reportable segment profit (adjusted profit before taxation)	295,560	577,498	873,058
Interest income from bank deposits	395	1,171	1,566
Finance costs	(93,737)	(64,497)	(158,234)
Depreciation and amortisation for the period	(95,640)	(99,304)	(194,944)
Reportable segment assets	10,029,462	9,632,194	19,661,656
Capital expenditure*	22,729	235,331	258,060
Reportable segment liabilities	6,400,145	2,236,428	8,636,573

* Capital expenditure consists of purchase of property, plant and equipment (including right-of-use assets) and intangible assets.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment profit or loss

	Six months ended June 30, 2022 RMB'000	Six months ended June 30, 2021 RMB'000
Revenue		
Reportable segment revenue	**16,524,554**	2,776,036
Elimination of inter-segment revenue	**(2,356,562)**	(439,230)
Consolidated revenue (note 3(a))	**14,167,992**	2,336,806
Profit		
Reportable segment profit	**12,520,190**	873,058
Elimination of inter-segment profits	**(740,503)**	(148,231)
Reportable segment profit derived from external customers	**11,779,687**	724,827
Interest income	**5,300**	1,612
Finance costs	**(596,589)**	(660,942)
Share of profits less losses of associates	**2,523,590**	180,721
Unallocated head office and corporate income/(expenses)	**876,331**	50,196
Consolidated profit before taxation	**14,588,319**	296,414

4 OTHER NET INCOME/(LOSS)

	Six months ended June 30, 2022 RMB'000	2021 RMB'000
Interest income from bank deposits	5,300	1,612
Government grants	3,719	12,515
Net realised and unrealised gains/(losses) on derivative financial instruments	(890,645)	88,253
Net gains on disposal of property, plant and equipment	4	27
Gains on deemed disposal of an associate (note 10)	1,098,633	–
Net losses on dilution of interest in associates	–	(166,512)
Gains/(Losses) on partial disposal of an associate	740,963	(4,498)
Net foreign exchange gains/(losses)	22,414	(130,424)
Others	1,528	(657)
	981,916	(199,684)

5 PROVISION FOR IMPAIRMENT LOSSES

	Six months ended June 30, 2022 RMB'000	2021 RMB'000
Provision for impairment losses on		
– trade and other receivables	42,107	1,501

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	571,702	670,401
Interest on lease liabilities	5,568	5,056
Interest on discounted bills receivable	36,749	11,060
Unwind of discount on rehabilitation and closure provision	3,206	2,488
Less: interest expense capitalised into construction in progress	(20,636)	(28,063)
	596,589	660,942

The borrowing costs have been capitalised at a rate of 2.4% (unaudited) and 2.4% (unaudited) for the six months ended June 30, 2021 and 2022, respectively.

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
(b) Other items		
Amortisation cost of intangible assets	7,026	6,639
Depreciation charge		
– owned property, plant and equipment	274,346	169,853
– right-of-use assets	32,129	23,960
Research and development expenses	11,508	7,749
Cost of inventories (note 12(a))	2,247,480	1,145,853

7 INCOME TAX

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Current tax – Mainland China Corporate Income Tax		
Provision for the period	**1,520,038**	23,257
Current tax – Hong Kong and overseas		
Provision for the period	**1,359,034**	66,002
Deferred tax		
Origination and reversal of temporary differences	**(198,625)**	124,481
	2,680,447	213,740

(i) Under the PRC Corporate Income Tax Law, the PRC's statutory income tax rate is 25%. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

Income tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%.

Pursuant to the rules and regulations of the British Virgin Islands, the Group's subsidiary in British Virgin Islands is not subject to any assessable income tax in the British Virgin Islands.

Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries and the applicable statutory income tax rates were listed in table below:

	Six months ended June 30,	
	2022	2021
The United Kingdom#	**19%**	19%
Australia*	**30%**	30%
Canada#	**15%**	15%
Chile#	**27%**	27%

* Windfield Holdings Pty Ltd. ("Windfield") and its wholly-owned Australian resident entities are taxed as a tax-consolidated group. Tianqi Lithium Holdings Pty Ltd. ("TLH"), Tianqi Lithium Australia Investments 2 Pty Ltd. ("TLAI2") and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield and TLH respectively.

\# No provision was made for the United Kingdom, Canada and Chile Profits Tax as the Group's overseas subsidiaries in the United Kingdom, Canada and Chile did not earn any assessable income subject to local tax law during the reporting period.

7 INCOME TAX *(Continued)*

(ii) Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalog of Encouraged Industries in Western Region" issued by relevant tax authorities in PRC, companies in the western region that engage in the industries encouraged by the state can enjoy the preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2030. The Company and certain subsidiaries of the Group in mainland China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity Shareholders of the Company of RMB10,230,305,000 (six months ended June 30, 2021: loss of RMB78,145,000) and the weighted average of 1,477,099,383 ordinary shares (2021: 1,477,099,383 shares) in issue during the period.

(b) Diluted earnings/(loss) per share

For the six months ended June 30, 2022 and 2021, there were no dilutive potential ordinary shares. Accordingly, the diluted earnings/(loss) per share for the six months ended June 30, 2022 and 2021 are the same as basic earnings/(loss) per share of the respective periods.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

For the six months ended June 30, 2022, additions to right-of-use assets were RMB46,840,000.

(b) Acquisitions and disposals of owned assets

During the six months ended June 30, 2022, the Group acquired items of property, plant and equipment with a cost of RMB569,584,000 (six months ended June 30, 2021: RMB352,985,000). Items of property, plant and equipment with a net book value of RMB50,000 (six months ended June 30, 2021: RMB4,000) were disposed of during the six months ended June 30, 2022, resulting in a net gain on disposal of RMB4,000 (six months ended June 30, 2021: RMB27,000).

10 INTEREST IN ASSOCIATES

The carrying amounts of investments in associates is listed below:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Sociedad Química y Minera de Chile S.A. ("SQM")	23,779,113	23,652,363
Shanghai Aerospace Power Technology Co., Ltd.	27,863	28,275
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited	450,638	285,494
Solid Energy System Corporation ("SES") (i)	–	154,623
	24,257,614	24,120,755

(i) On December 5, 2017, the Group invested RMB82,641,000, representing effective interest of 11.72%, and appointed a director in SES. This investment enables the Group to keep updated with the new generation of battery technology and improve the production technology and quality of the Group's lithium metal and to achieve stable sales.

Upon SES's listing on the New York Stock Exchange on February 4, 2022, the Group was no longer entitled to appoint any director. As a result, the Group lost its power to participate in the financial and operating policy decisions of SES and therefore lost the significant influence over SES. The Group designated its retained interest in SES as financial assets at FVOCI (non-recycling) (see note 11) as the investment is held for strategic purposes. This deemed disposal resulted in a gain of RMB1,098,633,000 for the Group.

11 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	Note	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Financial assets at FVPL – non-current			
– Investment in monetary fund		6,000	–
Equity securities designated at FVOCI (non-recycling) - non-current			
– Equity securities	(i)	1,446,549	695,617
		1,452,549	695,617

(i) As disclosed in note 10, the Group's interest in SES was accounted for as the Group's financial assets at FVOCI (non-recycling) upon its listing and the fair value of the Group's interest in SES is RMB652,632,000 as at June 30, 2022.

12 INVENTORIES

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Inventories		
Raw materials	**539,694**	196,248
Work in progress	**486,767**	339,347
Finished goods	**219,349**	138,224
Low-value consumption goods	**260,115**	199,714
	1,505,925	873,533
Less: write down of inventories	**(1,727)**	(1,777)
	1,504,198	871,756

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Carrying amount of inventories sold	**2,247,480**	1,145,853

All of the inventories are expected to be recovered within one year.

13 TRADE AND OTHER RECEIVABLES

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Trade receivables	3,311,976	657,468
Less: allowance for doubtful debts	(56,237)	(14,525)
	3,255,739	642,943
Bills receivable	841,597	448,224
Other receivables	934,124	193,189
Less: allowance for doubtful debts	(10,536)	(10,141)
	923,588	183,048
Deposits and prepayments	69,842	19,877
Value added tax recoverable	18,847	45,059
Goods and services tax recoverable	23,818	15,979
Bank acceptance notes, carried at FVOCI	2,784,852	2,014,403
	2,897,359	2,095,318
	7,918,283	3,369,533

All of the trade receivables, bills receivable and other receivables are expected to be recovered or recognised as expense within one year.

13 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Within 1 year	4,097,336	1,091,167

Trade receivables and bills receivable are due within 15 to 90 days from the date of billing. No interests are charged on the trade receivables and bills receivable.

14 CASH AND CASH EQUIVALENTS

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Cash and bank balance	4,404,753	1,987,081
Less:		
Non-current restricted deposits	(11,139)	(11,157)
Current restricted deposits	(138,536)	(209,828)
	4,255,078	1,766,096

15 TRADE AND OTHER PAYABLES

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Bills payable	64,610	123,530
Trade creditors	1,383,106	765,116
Accrued payroll and benefits	69,970	91,929
Other taxes payable	423,802	204,647
Interest payable	1,342	1,535
Other payables	435,840	349,356
	2,378,670	1,536,113

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables) of the Group, based on the invoice date, is as follows:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Within 1 year	1,444,881	885,899
1 to 2 years	1,558	1,609
2 to 3 years	518	421
More than 3 years	759	717
	1,447,716	888,646

16 BANK LOANS AND OTHER BORROWINGS

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Current		
Secured bank loans	**390,180**	236,177
Unsecured bank loans	**2,177,153**	1,938,574
Corporate bonds	**2,015,898**	1,911,679
Current portion of non-current		
Secured bank loans	**3,728,958**	4,469,151
Unsecured bank loans	**–**	208,587
Secured other borrowings from third-parties	**–**	998,353
	8,312,189	9,762,521
Non-current		
Secured bank loans	**12,060,743**	15,097,503
Unsecured bank loans	**–**	208,587
Other borrowings from a related party	**1,200,150**	1,171,802
Secured other borrowings from third-parties	**–**	998,353
	13,260,893	17,476,245
Less:		
– Current portion of non-current secured bank loans	**(3,728,958)**	(4,469,151)
– Current portion of non-current unsecured bank loans	**–**	(208,587)
– Current portion of secured other borrowings from third-parties	**–**	(998,353)
	(3,728,958)	(5,676,091)
	9,531,935	11,800,154

16 BANK LOANS AND OTHER BORROWINGS *(Continued)*

As of the end of the reporting period, the secured bank loans are secured over certain equity interest in subsidiaries of the Group and other assets of the Group as follows:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Mainland China subsidiaries		
Property, plant and equipment	**211,288**	253,666
Restricted bank deposits	**107,158**	175,728
Investments in Shigatse Zabuye	**450,638**	285,494
Intangible assets	**88,045**	–
Investment in monetary fund	**6,000**	–
Overseas subsidiaries		
All assets of Windfield	**12,964,473**	9,160,084
All assets of TLAI 2 and TLAI 1*	**25,986,553**	21,034,783
All assets of TLEA	**–**	7,918,329
All assets of TLK	**–**	5,048,765
Investment in SQM	**23,514,184**	23,652,363
	63,328,339	67,529,212

* All assets of TLAI 2 and TLAI 1 include investment in SQM.

17 CAPITAL, RESERVES AND DIVIDENDS

Dividends

(a) No dividend to equity Shareholders of the Company was proposed after the end of reporting period for the six months ended June 30, 2022 (2021: nil).

(b) No dividends payable to equity Shareholders of the Company attributable to the previous financial year, approved and paid during the six months ended June 30, 2022 (2021: nil).

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team headed by the finance manager performing valuations for the financial instruments, including collar options which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. Discussion of the valuation process and results with the chief financial officer and the audit committee is held twice a year, to coincide with the reporting dates.

	Fair value measurements As at June 30, 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
– Investment in monetary fund	–	6,000	–	6,000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,784,852	–	2,784,852
– Equity securities	1,283,594	162,955	–	1,446,549
Derivative financial instruments				
– Electricity derivatives	–	(148)	–	(148)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial assets and liabilities measured at fair value *(Continued)*

(i) Fair value hierarchy (Continued)

	Fair value measurements As at December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,014,403	–	2,014,403
– Equity securities	585,000	110,617	–	695,617
Derivative financial instruments				
– Collar options	–	–	(381,461)	(381,461)
– Electricity derivatives	–	(6,940)	–	(6,940)

During the six months ended June 30, 2022, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of Investment in Monetary fund is calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of bank acceptance notes receivable measured at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of electricity derivatives in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

For Level 2 financial assets at FVOCI, fair values are generally obtained through the use of valuation methodologies with observable market inputs or by reference to recent transaction prices.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at December 31, 2021 and June 30, 2022.

19 COMMITMENTS

Capital commitments outstanding as at June 30, 2022 not provided for in the interim financial report were as follows:

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Contracted for	**1,166,847**	659,332
Authorised but not contracted for	**2,263,643**	394,519
	3,430,490	1,053,851

20 CONTINGENT LIABILITIES

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

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Six months ended June 30,	
	2022 RMB'000	2021 RMB'000
Short-term operating leases expenses:		
Tianqi Group Company	**1,087**	1,080
Purchases of goods/service from:		
Tianqi Group Company	**668**	645
Obtaining other borrowings from:		
Tianqi Group Company	**–**	451,835
Interest expenses:		
Tianqi Group Company	**28,348**	20,894

21 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balance with related parties

	As at June 30, 2022 RMB'000	As at December 31, 2021 RMB'000
Non-trade related		
Other borrowings from:		
Tianqi Group Company	**1,200,150**	1,171,802
Trade related		
Amounts due to:		
Tianqi Group Company	**5,396**	5,356

(c) Guarantee provided by related parties

The bank loans and other borrowings of RMB12,008,590,000 and RMB7,700,647,000 as at December 31, 2021 and at June 30, 2022, respectively, were guaranteed by related parties. The guarantee provided by related parties was discharged upon the listing of the Company's shares on the Stock Exchange and full repayment of SQM indebtedness.

22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On July 13, 2022, the Company was listed on Hong Kong Stock Exchange. Upon completion of the initial public offer, the Company issued 164,122,200 shares, with a par value of RMB1 each and initial offer price of HK$82 each.

(b) On July 27, 2022, the Group fully repaid outstanding SQM indebtedness with principal amount of approximately US$1,129,284,000.

(c) As at the date of this report, the Group fully repaid outstanding other borrowings from a related party with principal amount of approximately RMB1,110,335,000.

III. REVIEW OF INTERIM RESULTS BY THE AUDIT AND RISK COMMITTEE

This report, including the unaudited consolidated interim results for the six months ended June 30, 2022, the accounting standards and practices adopted by the Group, have been reviewed by the audit and risk committee of the Company (the "Audit and Risk Committee") in accordance with the Listing Rules. The Audit and Risk Committee also discussed matters relating to audit, risk management, internal management and control and financial statements, including the review of the Group's consolidated financial statements during the interim period.