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

INTERIM REPORT 2023

CONTENTS

"Albemarle"	Albemarle Corporation, a company listed on the New York Stock Exchange in the United States, which holds 49% equity interest in Windfield through RT Lithium and is one of the world's major lithium product manufacturers
"Albemarle Germany"	Albemarle Germany GmbH, the controlling shareholder of RT Lithium and a subsidiary of a global chemicals company listed on the New York Stock Exchange, namely, Albemarle Corporation, and a connected person of the Company at the subsidiary level
"Articles of Association"	the Articles of Association of Tianqi Lithium Corporation
"A Shares"	domestic shares of our Company with a nominal value of RMB1.00 each which are listed on the Shenzhen Stock Exchange and traded in RMB
"A$" or "AUD$"	Australian dollars, the lawful currency of Australia
"Board of Directors" or "Board"	the Board of Directors of Tianqi Lithium Corporation
"Board of Supervisors"	the Board of Supervisors of Tianqi Lithium Corporation
"CGP1" or "Chemical-Grade Plant No. 1"	Talison Phase I Chemical-Grade Lithium Concentrate Processing Plant
"CGP2" or "Chemical-Grade Plant No. 2"	Talison Phase II Chemical-Grade Lithium Concentrate Production Expansion Plan
"CGP3" or "Chemical-Grade Plant No. 3"	Talison Phase III Chemical-Grade Lithium Concentrate Production Expansion Plan
"CGP4" or "Chemical-Grade Plant No. 4"	Talison Phase IV Chemical-Grade Lithium Concentrate Production Expansion Plan
"Chengdu Tianqi"	Chengdu Tianqi Lithium Co., Limited (成都天齊鋰業有限公司), a wholly-owned subsidiary of the Company
"Chongqing Tianqi"	Chongqing Tianqi Lithium Co., Limited (重慶天齊鋰業有限責任公司), a controlling subsidiary of Chengdu Tianqi
"Company", "our Company", "we", "our", "us" or "Tianqi Lithium"	Tianqi Lithium Corporation (天齊鋰業股份有限公司)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)

DEFINITIONS

"Date of this Interim Report" or "Date of this Report"	30 August 2023
"Director(s)"	director(s) of our Company, including all executive directors and independent non-executive directors
"Group"	the Company and its subsidiaries
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"H Shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"IGO"	IGO Limited, a limited liability company incorporated in Australia on 5 October 2000 and listed on the Australian Securities Exchange (stock code: IGO), which holds 49% equity interest in TLEA through its wholly-owned subsidiary IGO Lithium Holdings Pty. Ltd.
"Jiangsu Tianqi"	Tianqi Lithium (Jiangsu) Co., Limited (天齊鋰業(江蘇)有限公司), a wholly-owned subsidiary of Chengdu Tianqi
"LCE"	lithium carbonate equivalent, a unit of measurement for lithium
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
"PRC" or "China"	the People's Republic of China
"reporting period"	for the period of six months ended 30 June 2023
"RMB" or "Renminbi"	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
"Shehong Tianqi"	Tianqi Lithium (Shehong) Co., Limited (天齊鋰業(射洪)有限公司), a wholly-owned subsidiary of the Company

"Shenghe Lithium"	Sichuan Tianqi Shenghe Lithium Co., Ltd. (四川天齊盛合鋰業有限公司), a controlling subsidiary of the Company, in which the Company holds 39.2% equity interest, Shehong Tianqi holds 40.8% equity interest, and Zijin Lithium (Hainan) Co., Ltd. (紫金鋰業(海南)有限公司) holds 20% equity interest as at the Date of this Interim Report
"Shigatse Zabuye"	Tibet Shigatse Zabuye Lithium High-Tech Co., Limited (西藏日喀則紮布耶鋰業高科技有限公司), an investee of the Company and was owned as to 20% by the Company as at the end of the reporting period
"SQM"	Sociedad Quimica y Minera de Chile S.A., a publicly held company incorporated in Chile on 29 June 1968 and listed on the Santiago Stock Exchange and the New York Stock Exchange, in which Tianqi Lithium HK and Tianqi Chile held 0.26% and 21.90% respectively, of the equity interest as of 30 June 2023
"SQM Indebtedness"	bank borrowings incurred under two syndicated facility agreements with aggregate original loan facilities of US$3.5 billion to finance the purchase price, acquisition costs and fees associated with the SQM Transaction
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Supervisor(s)"	Supervisor(s) of our Company
"Suzhou Tianqi"	Tianqi Lithium New Energy Materials (Suzhou) Co., Ltd., a wholly-owned subsidiary of Chengdu Tianqi
"SZSE"	Shenzhen Stock Exchange
"Talison"	Talison Lithium Pty Ltd, a limited liability company incorporated in Australia on 22 October 2009 and a wholly-owned subsidiary of Windfield
"Talison Lithium Australia"	Talison Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 11 September 2009, in which the Company holds 26.01% equity interest indirectly through Windfield
"Tianqi Group Company"	Chengdu Tianqi Industrial (Group) Co., Limited (成都天齊實業(集團)有限公司), a company with limited liability incorporated in the PRC on 6 December 2003, which is a member of the Single Largest Group of Shareholders of the Company holding 416,316,432 A Shares, representing 25.37% of the total issued share capital of the Company as at the Date of this Report
"Tianqi Lithium HK"	Tianqi Lithium HK Co., Limited, a limited liability company incorporated in Hong Kong on 11 March 2015, which is a wholly-owned subsidiary of Chengdu Tianqi

DEFINITIONS

"TLA"	Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 9 November 2017, formerly a wholly-owned subsidiary of TLH, now a wholly-owned subsidiary of TLEA
"TLEA"	Tianqi Lithium Energy Australia Pty Ltd, in which the Company holds 51% equity interest and the remaining 49% equity interest is held by IGO Lithium
"TLH"	Tianqi Lithium Holdings Pty Ltd, a wholly-owned subsidiary of Chengdu Tianqi
"TLK"	Tianqi Lithium Kwinana Pty Ltd, formerly known as Tianqi Lithium Australia Pty Ltd, a limited liability company incorporated in Australia on 27 April 2016, which is a wholly-owned subsidiary of TLA
"TRP"	Talison tailings retreatment plant
"TSF" or "Tailings Storage Facility"	Talison tailings storage facility
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"Windfield"	Windfield Holdings Pty Ltd, a limited liability company incorporated in Australia on 21 September 2012, a subsidiary of TLEA and with 51% equity interest held by TLEA and the remaining 49% equity interest held by RT Lithium
"Wood Mackenzie"	Wood Mackenzie (Asia Pacific) Pty. Ltd.

THE BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

THE BOARD OF SUPERVISORS

SUPERVISORS

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

AUTHORIZED REPRESENTATIVES

Jiang Anqi
Wong Hoi Ting

JOINT COMPANY SECRETARIES

Zhang Wenyu
Wong Hoi Ting

STRATEGY AND INVESTMENT COMMITTEE OF THE BOARD

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

AUDIT AND RISK COMMITTEE OF THE BOARD

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

NOMINATION AND GOVERNANCE COMMITTEE OF THE BOARD

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

REMUNERATION AND APPRAISAL COMMITTEE OF THE BOARD

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

ESG AND SUSTAINABLE DEVELOPMENT COMMITTEE OF THE BOARD

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

CORPORATE INFORMATION

HEADQUARTERS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

H SHARE REGISTRAR

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

COMPANY'S WEBSITE

http://www.tianqilithium.com/

SHARES INFORMATION

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

INFORMATION DISCLOSURE AND PLACES AVAILABLE FOR INSPECTION

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

LEGAL ADVISER (AS TO HONG KONG LAW)

Clifford Chance LLP

LOCATION WHERE THE INTERIM REPORT IS AVAILABLE FOR INSPECTION

The Board Office of the Company

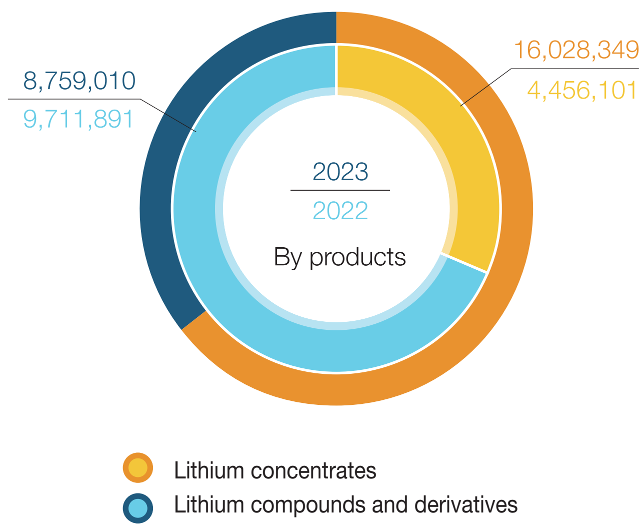
INTERIM RESULTS AS OF 30 JUNE 2023

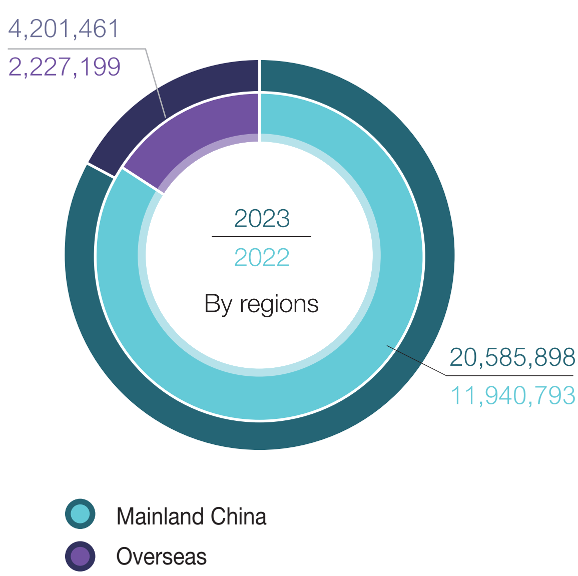
	Amount (RMB'000)	Changes as compared to the same period of last year
Revenue	**24,787,359**	74.95%
Gross profit	**21,584,660**	81.07%
Profit for the period attributable to equity Shareholders of the Company	**6,446,790**	-36.98%
Earnings per share (RMB/Share)	**3.93**	-43.29%

REVENUE (BY PRODUCT CATEGORIES AND SALES REGIONS)

For the six months ended 30 June (RMB'000)

	2023		2022		Changes as compared to the same period of last year
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	
Revenue	**24,787,359**	**100%**	14,167,992	100%	74.95%
By products					
Lithium concentrates	**16,028,349**	**64.66%**	4,456,101	31.45%	259.69%
Lithium compounds and derivatives	**8,759,010**	**35.34%**	9,711,891	68.55%	-9.81%
By regions					
Mainland China	**20,585,898**	**83.05%**	11,940,793	84.28%	72.40%
Overseas	**4,201,461**	**16.95%**	2,227,199	15.72%	88.64%

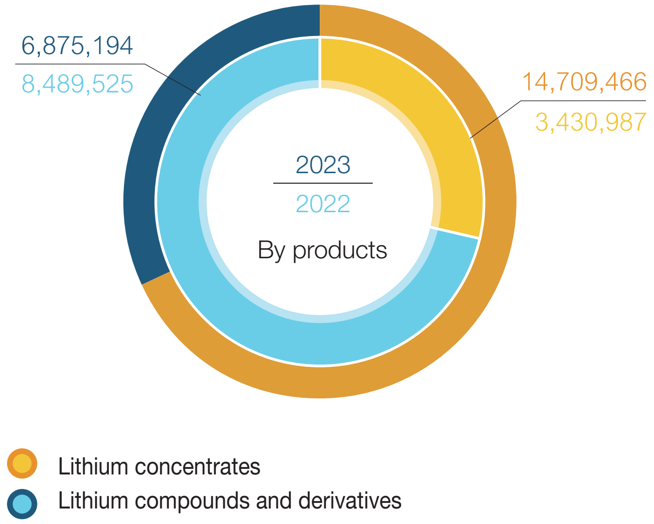


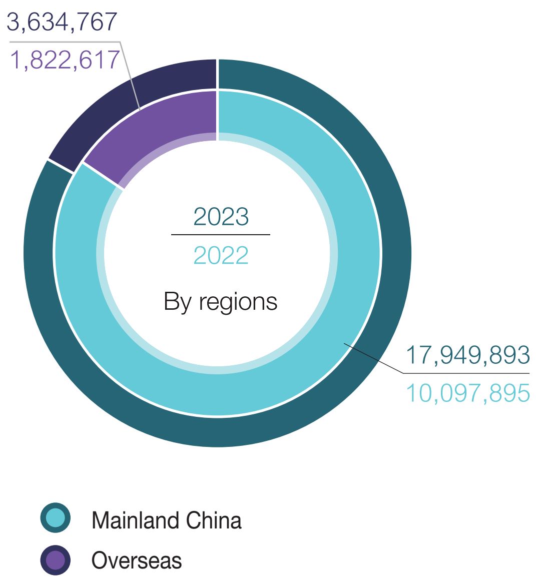


FINANCIAL HIGHLIGHTS

GROSS PROFIT (BY PRODUCT CATEGORIES AND SALES REGIONS)

	For the six months ended 30 June (RMB'000)			
	2023		2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
By products				
Lithium concentrates	**14,709,466**	**91.77%**	3,430,987	77.00%
Lithium compounds and derivatives	**6,875,194**	**78.49%**	8,489,525	87.41%
Total	**21,584,660**	**87.08%**	11,920,512	84.14%
By regions				
Mainland China	**17,949,893**	**87.20%**	10,097,895	84.57%
Overseas	**3,634,767**	**86.51%**	1,822,617	81.83%
Total	**21,584,660**	**87.08%**	11,920,512	84.14%





INDUSTRY AND MARKET ANALYSIS

(I) Policy Environment

Since human society entered the era of industrialization, climate change has imposed a destructive impact on the natural environment on which human beings depend for survival. Therefore, addressing climate change and mitigating global warming has become a common challenge worldwide. According to incomplete statistics, more than 100 countries and regions around the globe have committed to the goal of carbon neutrality to cope with the worsening climate change crisis. To achieve carbon neutrality, major countries or regions across the world have continued to implement policies to promote clean energy transition and the rapid development of new energy-related industries.

At the 75th session of the United Nations General Assembly held in September 2020, China stated that it would scale up its Nationally Determined Contributions and adopt more potent policies and measures to peak carbon dioxide emissions before 2030 and reach carbon neutrality before 2060. To accomplish "carbon peak and carbon neutrality", the Chinese government has successively introduced a train of national strategic plans and measures, including "The Decision of the State Council on Accelerating the Incubation and Development of Strategic Emerging Industries", "Guiding Catalogue of Key Products and Services of Strategic Emerging Industries", "Made in China 2025", "Technology Roadmap for Energy-Saving and New Energy Vehicles", "Measures on the Parallel Management of Average Fuel Consumption Points and New Energy Vehicle Points for Passenger Vehicle Enterprises", "New Energy Vehicle Industry Development Plan (2021-2035)", "Implementation Plan for Carbon Peaking for the Industrial Sectors", "Implementation Plan for New-type Energy Storage Development during the '14th Five-Year Plan' Period", "Announcement on Extended Implementation of the Policy of Waiving Vehicle Purchase Tax for New Energy Vehicles", and "Outline of the Strategic Plan for Expanding Domestic Demand (2022-2035)". Through these strategic plans and measures, China has made it clear that energy-saving and new energy vehicles, electric instruments, electric bicycles, and new forms of energy storage have become the key sectors for investment and development by the country. It aims to further promote the development of strategic emerging industries, reduce dependence on conventional sources of energy, improve energy efficiency, and propel green and low-carbon development by formulating the implementation plans for carbon peak and the new energy vehicle industry development plan to effectively tackle the challenge of global climate change.

In terms of new energy vehicles, China has established a national strategy for the development of new energy vehicles, formulated industrial development plans to achieve by 2020 and 2035 respectively, and launched more than 70 supporting policies and measures sequentially. At the same time, local governments across the country have introduced supporting policies based on actual conditions to jointly advance the development of China's new energy vehicle industry. In 2014, China implemented the purchase tax exemption policy for new energy vehicles for the first time and extended such implementation three times in 2017, 2020, and 2022, respectively. China identified the new energy vehicle sector as one of the three segments whose consumption is encouraged at the Central Economic Work Conference held in December 2022. On 2 June 2023, the State Council executive meeting required the implementation of the purchase tax exemption and reduction policy for new energy vehicles to be extended and such policy to be optimized. Particularly, the meeting decided to extend the implementation to the end of 2027, with the exemption and reduction measures phased out year by year, and set a limit on the exemption and reduction of purchase tax for new energy passenger vehicles. Preliminary estimations indicate that the extended implementation will waive and decrease a vehicle purchase tax totaling RMB520 billion from 2024 to 2027.

In terms of energy storage, the state has issued various incentive policies to catalyze the booming development of the industry of new-type energy storage. Since the release of the "Guiding Opinions on Promoting the Development of Energy Storage Technology and Industry" by the National Energy Administration in September 2017, the National Development and Reform Commission of the People's Republic of China, the National Energy Administration and other departments have successively published policies to lead and drive the development of new-type energy storage.

The development of new energy relies on lithium-ion power batteries whose safety, performance, lifespan and cost are largely determined by battery materials. The rapid growth in the consumption of lithium since 2000 has been primarily driven by the market of rechargeable batteries for portable electronics including smartphones, laptops, and tablets. However, China has begun to vigorously promote and develop the "New Energy Vehicle" industry since 2010 to limit its reliance on fossil fuels and reduce carbon dioxide emissions, and has become a technological leader in the new transportation era. Today, the lithium-ion battery industry is expected to start a second growth curve, with a progressive increase in the proportion of lithium-ion batteries used for energy storage.

In respect of the overseas side, the government has introduced various policies. Europe has been promoting electric vehicles since 2011; in 2019, the European Commission launched the "European Green Deal", solemnly promising the world to fulfill its emission reduction target, that is, reducing greenhouse gas emissions by 50% by 2030 and striving to reduce by 55% compared to 1990 baseline to ensure carbon neutrality by 2050. Since the end of 2019, European countries have also introduced support policies for new energy industries one after another to meet the strict carbon emission assessment requirements of the European Commission and to hedge against the impact of some objective factors on the economy. Since 2021, the European Commission has continuously tightened the new carbon emission limit for OEMs. In February 2023, the European Parliament passed the "Zero Emission Agreement for New Fuel Cars and Vans Sold in Europe by 2035" (the "**No Combustion Act**"), aiming to ban the sale of new fuel cars (excluding internal-combustion engine vehicles that only use synthetic fuels) in Europe in 2035, which will effectively spur the development of the new energy vehicle industry chain. In July 2023, the European Council adopted the "EU Regulation on Batteries and Waste Batteries", which is supposed to regulate the entire life cycle of all types of batteries placed on the EU market. In the same month, the Commonwealth Government of Australia officially released the "Critical Minerals Strategy 2023-2030" to strengthen the planning of Australia's critical minerals industry chain and support the development of its critical minerals sector.

In the United States (the "**US**"), the President of the US signed the "Inflation Reduction Act of 2022" into law on 16 August 2022. The act, which was formally approved in September 2022 and went into effect on 1 January 2023, focuses on energy security, climate change, health care, tax regulation, and other areas. According to the plan mapped in the act, in the next ten years, US$369 billion will be invested in energy security, addressing climate change, supporting investment in the US's domestic energy production and manufacturing, including tax credits for photovoltaic panels, wind turbines and electric vehicles, as well as tackling the impact of pollution on low-income communities, in order to reduce carbon emissions by about 40% by 2030. As required by the "Inflation Reduction Act of 2022", the US government shall grant tax credits of up to US$7,500 and US$4,000 for the purchase of a NEV and a pre-owned vehicle, respectively. Also, the sales cap of 200,000 units for each automobile manufacturer to be eligible for subsidy was cancelled. However, a carmaker should satisfy two conditions simultaneously: A proportion of the battery minerals needs to be extracted from, or processed in, a partner country having a free trade agreement with the US, and a proportion of battery components must be processed and assembled in the US or the electric vehicles are finally assembled in the US. The passage of the act has granted tax credits again to three automobile manufacturers whose subsidies had expired and many other manufacturers whose subsidies will expire soon, encouraging the production of relevant industries in the US or its free trade agreement partner countries and regions, and stimulating demand for new energy vehicles in the United States.

Against the backdrop of carbon neutrality and the electrification trend in the global automotive industry, the strategic value of lithium, a critical material for power batteries, has been constantly highlighted. In the "National Plan for Mineral Resources (2016-2020)" released by China in 2016, lithium was listed among the 24 strategic mineral resources. In September 2020, the European Commission included lithium in its list of "2020 Critical Raw Materials (CRM)". In March 2021, Canada unveiled its Critical Minerals Strategy, identifying an inventory of 31 critical minerals and prioritizing the development of lithium, graphite, nickel, cobalt, copper, and rare earth elements. In February 2022, the United States Geological Survey (USGS) published a list of 50 mineral commodities critical to the U.S. economy and national security, with lithium included in the list as expected.

It can be seen that, regulation, geopolitical factors, and industrial forces have together driven a significant increase in global electric vehicle sales, rapid growth in the application of new forms of energy storage, and continuous demand brought by the application of consumer batteries, which has accelerated the development of the entire industry chain market. In this context, it is anticipated that in the longer term, the demand for downstream end products, especially new energy vehicles and energy storage batteries, will continue to rise, and the competition for global lithium resources will also be intensified.

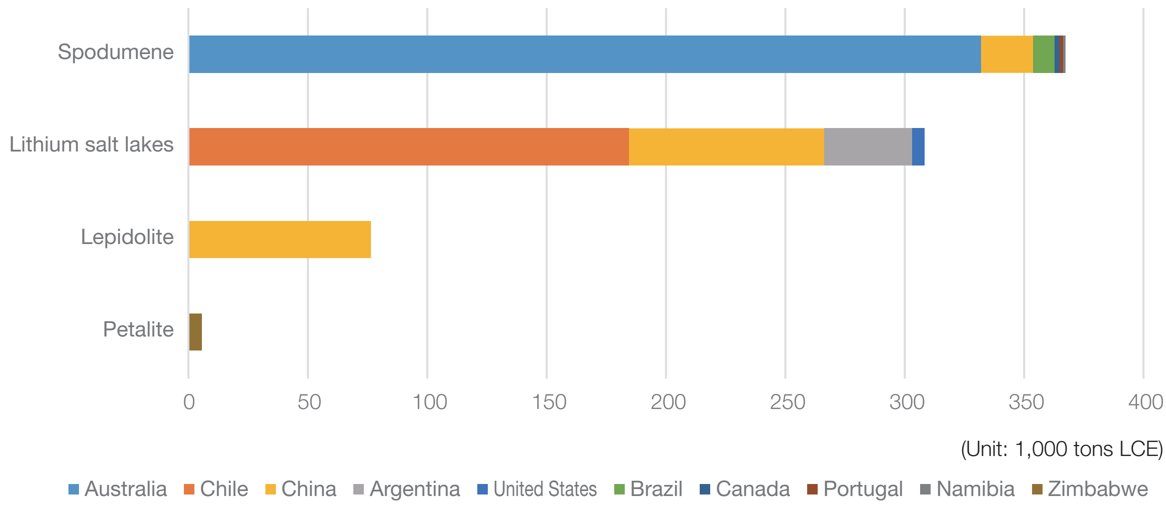
(II) Supply of Lithium Resources and Compounds

1. *Supply of lithium resources*

Currently, the primary supply sources of global lithium include spodumene, lithium salt lakes, lepidolite and petalite. According to Wood Mackenzie's most recent statistics for the second quarter of 2023, the overall global supply of lithium resources (including supply from both lithium minerals and lithium salt lake) reached 757,000 tons LCE in 2022, a 28% increase over the entire supply in 2021. In 2022, China's lithium resource supply accounted for 24% of the global total, a 23% increase over the entire supply in 2021; in particular, lithium salt lakes, lepidolite and spodumene contributed 46%, 42% and 12% of China's supply of lithium resources, respectively.

According to Wood Mackenzie's most recent statistics for the second quarter of 2023, in 2022, the global supply of spodumene, mainly from countries such as Australia, China, Brazil and Portugal, accounted for 48% of overall global supply of lithium resources. In particular, Australia contributed 91% of the overall global supply of spodumene and 44% of overall global supply of lithium resources in 2022. The global supply of lithium salt lakes in 2022 was mainly from Chile, Argentina, China and the US, accounting for 41% of overall global supply of lithium resources. In particular, Chile contributed 60% of the overall global supply of lithium salt lakes and 24% of overall global supply of lithium resources in 2022. The Greenbushes Lithium Mine project contributed 55% of Australia's supply of spodumene and the Atacama lithium salt lake project contributed 77% of Chile's supply of lithium salt lakes, serving as primary sources of the global supply of lithium resources.

Global Distribution of Lithium Resources Supply in 2022



(Source: Wood Mackenzie)

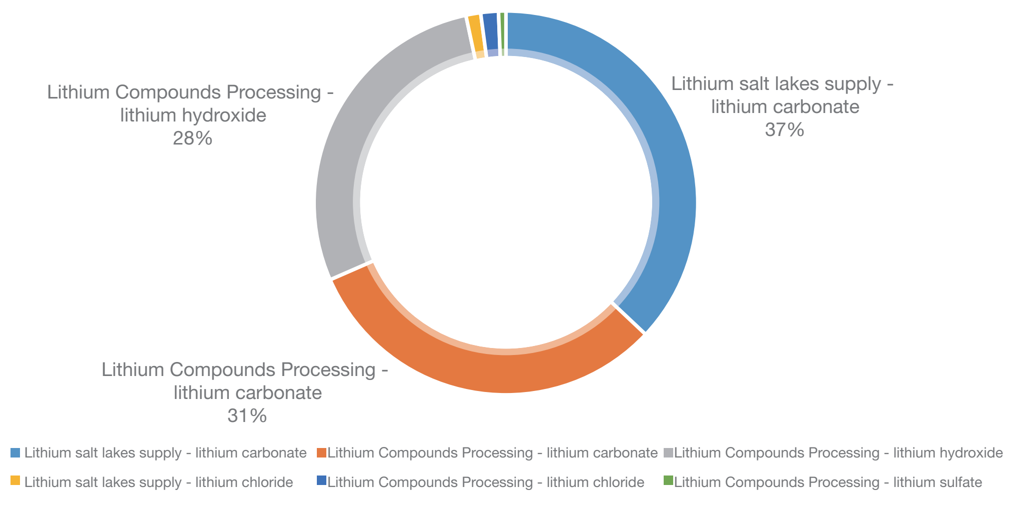
According to Wood Mackenzie's most recent statistics, the overall global supply of lithium resources is expected to reach 1,098,000 tons LCE in 2023, a 45% increase over the entire supply in 2022. In particular, the contribution rate of spodumene supply will rise from 48% to 53%, while that of lithium salt lakes supply will fall from 41% to 36%. The overall global supply of lithium resources is expected to reach 1,875,000 tons LCE in 2025, representing a CAGR of 35% over 2022. In particular, the contribution rate of spodumene supply will climb to 55%, while that of lithium salt lakes supply will decline to 32%. As more greenfield lithium projects and brownfield lithium projects go into production around the world, the global distribution of lithium resources supply will become more diversified and fragmented in the future.

2. *Supply of lithium compounds*

Currently, lithium compounds are mainly produced through two approaches: (i) using brine from lithium salt lakes as raw materials, lithium brine concentrates are generated through different extraction approaches such as evaporation and concentration or direct extraction, to further generate lithium compounds; (ii) using lithium concentrates as raw materials, different kinds of lithium compound products are derived through further processing. According to Wood Mackenzie's most recent statistics for the second quarter of 2023, the total output of global lithium compounds (including lithium compounds extracted from salt lakes and those generated from Lithium Compounds Processing plants) in 2022 was 805,000 tons LCE, a 25% increase over 2021. Specifically, 308,000 tons LCE came from the brine of lithium salt lakes (which has been included in the overall supply of lithium resources according to different statistic scopes), and 497,000 tons LCE were generated by reprocessing lithium concentrates (the "**Lithium Compounds Processing**") by various lithium compounds manufacturers. As a major producer in the Lithium Compounds Processing, China processed 466,000 tons LCE of lithium compounds in 2022, accounting for 94% of the world's total, taking a decisive lead. In 2022, the Company recorded a total output of lithium compounds of 47,000 tons LCE, accounting for more than 10% of the total output of lithium compounds in China.

According to statistics from Wood Mackenzie, the main products derived from lithium salt lakes are lithium carbonate and lithium chloride, while the main products generated through the Lithium Compounds Processing include lithium carbonate, lithium hydroxide, lithium sulfate and lithium chloride. According to Wood Mackenzie's most recent statistics for the second quarter of 2023, the total global outputs of lithium carbonate and lithium hydroxide in 2022 were 551,000 tons LCE and 227,000 tons LCE, respectively.

Distribution of Supply Types of Lithium Compounds

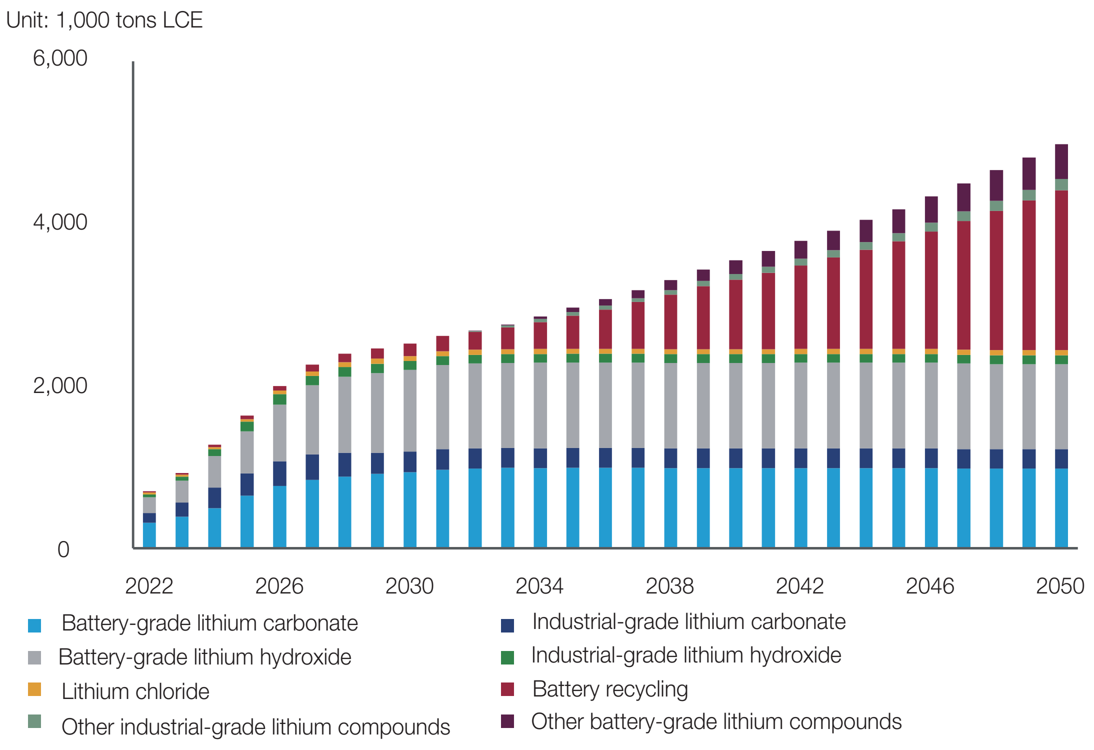


(Source: Wood Mackenzie)

According to Wood Mackenzie's most recent statistics, the Lithium Compounds Processing is expected to remain the main mode to produce lithium compounds in the future. The total global output of lithium compounds is expected to reach 1,049,000 tons LCE in 2023, 1,792,000 tons LCE in 2025, 2,645,000 tons LCE in 2030 and 3,000,000 tons LCE in 2033. The sources of lithium compounds will grow increasingly dispersed in the future as more countries build their own domestic or regional supply chains. Despite that, China will remain the major contributor of lithium compounds in the world. In 2023 and 2025, China is projected to contribute 89% and 84% of the total lithium compounds processed in the world, respectively. In the long run, the proportion of China's total Lithium Compounds Processing in the world's total Lithium Compounds Processing will decline, and the proportion is expected to be 68% and 66% in 2030 and 2033.

According to Wood Mackenzie's most recent statistics, the proportion of recycled lithium batteries will increase in the future. It is expected that the percentage of lithium compounds from recycled lithium batteries to the global supply of lithium compounds will exceed the aggregate percentage of those supplies by lithium salt lakes in Chile and Argentina in 2038, and this percentage will reach 27% in 2043.

Distribution of Lithium Compounds End Products



(Source: Wood Mackenzie)

(III) Market environment analysis

1. *Lithium compounds price levelled off in the first half of 2023*

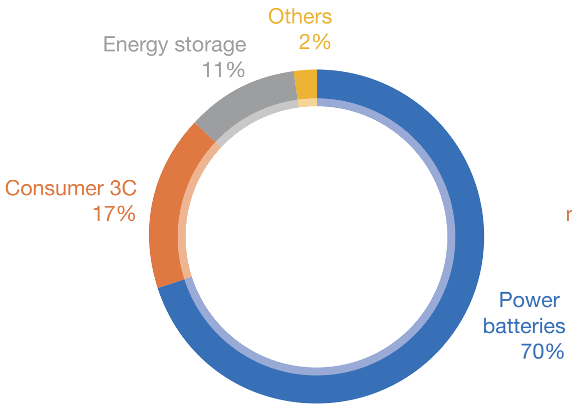
Prices of lithium products fluctuate due to the cyclical nature of the non-ferrous metal sectors and are subject to changes in various factors, including changes in present and forecast supply and demand. The price of lithium chemical products had been on an upward trend since the third quarter of 2020, reaching historical high price in the second half of 2022, and began to stop rising and decline at the end of 2022. The fluctuation in the price of lithium products in the first half of 2023 was mainly due to the gradual easing of shortage in the global supply and demand of lithium since 2023, and the price of lithium products decreased in line with the slowdown of lithium demand. According to the spot prices of lithium compounds provided by SMM, the price of lithium products in June 2023 remained generally stable.

In addition, on 7 July 2023, the CSRC approved the registration of lithium carbonate futures and options to be traded on the Guangzhou Futures Exchange. On 21 July 2023, lithium carbonate futures were officially listed for trading on the Guangzhou Futures Exchange. The listing of lithium carbonate futures and options is conducive to improving the lithium carbonate pricing mechanism, increasing price transparency of the lithium market and promoting the long-term development of the lithium industry.

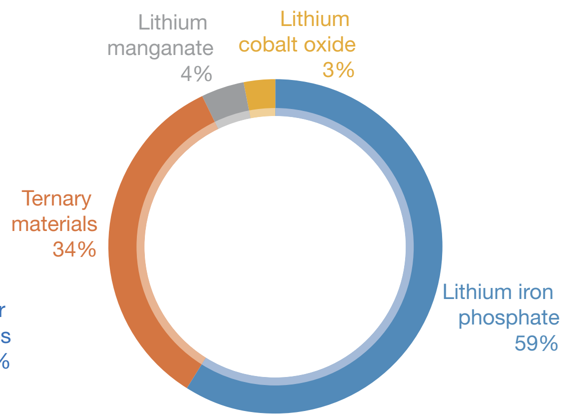
2. *New energy vehicles remained the key driver behind the profitability growth of the upstream industry chain*

The downstream industry chain sectors that consume lithium and lithium chemical products primarily include new energy vehicles, 3C digital products, energy storage, glass, ceramics, disposable batteries, pharmaceuticals, lubricants, etc. Among them, lithium-ion power batteries applied on new energy vehicles demand lithium and lithium chemical products the most. According to data from the United States Geological Survey (USGS), in the 2022 end-use market for the lithium, batteries used in the sectors including new energy vehicles, 3C digital products, and energy storage accounted for 80% of total consumption, while glass and ceramics 7%, lubricants 4%, solvents and powders 2%, air treatment 1%, and medical applications 1%.

Consumption end-users of global lithium-ion batteries in 2022



Structural distribution of cathode materials in 2022

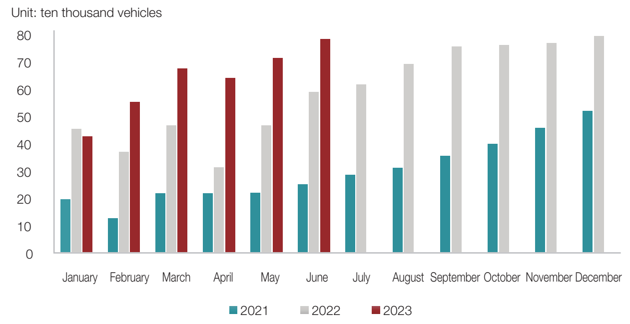


(Source: United States Geological Survey (USGS))

According to a research report published in February 2023 by market research firm Canalys, global sales of new energy vehicles reached 10.10 million units in 2022, representing a 55% increase year on year. Currently, mainland China is the world's largest market for new energy vehicles. In 2022, mainland China sold 5.9 million units new energy vehicles, accounting for 59% of the global total. Europe followed as the second-largest new energy vehicle market with a market share of 26% and a total of 2.60 million new energy vehicles sold.

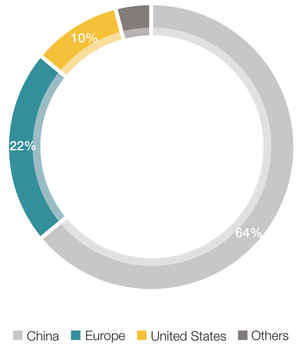
According to a statistical analysis by the China Association of Automobile Manufacturers, the new energy vehicle sector in China maintained significant growth momentum in June 2023, with a steady increase in market share. In June 2023, the production volume and sales volume of new energy vehicles in China amounted to 784,000 units and 806,000 units, respectively, representing a month-on-month growth of 9.9% and 12.5%, and a year-on-year growth of 32.8% and 35.2%, respectively. The sales volume of new energy vehicles accounted for 30.7% of the total new vehicle sales. From January to June 2023, the production volume and sales volume of new energy vehicles in China amounted to 3,788,000 units and 3,747,000 units, respectively, representing a year-on-year growth of 42.4% and 44.1%, respectively. The sales volume of new energy vehicles accounted for 28.3% of the total new vehicle sales.

Monthly Output of New Energy Vehicles in China from 2021 to 2023



(Source: CAAM)

Global Market Distribution of New Energy Vehicles in 2022



(Source: Canalys)

In overseas markets, according to data from the Research Institute of Economics and Finance of Industrial Securities, the new energy vehicles registered in France, Germany, the United Kingdom, Norway, Sweden, Italy, Spain, and Portugal increased by 14.4% year on year to 808,000 units in 2023. With the ease of supply chain issues, the capacity upgrade of Tesla's Gigafactory Berlin-Brandenburg, and the presence of Chinese new energy vehicle brands established in the European market, sales of new energy vehicles in Europe are likely to continue expanding in 2023. Additionally, the demand for new energy vehicles in the United States will grow in 2023, accompanied by a long-term electrification trend. In May 2023, the sales of new energy vehicles in the United States climbed to 121,000 units, with a year-on-year increase of 43.3% and a month-on-month increase of 6.0%. The Research Institute of Economics and Finance of Industrial Securities anticipates that future sales of new energy cars will continue to climb as the "Inflation Reduction Act of 2022" takes effect and the electrification trend develops in the automotive industry.

3. *Energy storage is expected to help the lithium-ion battery industry start a second growth curve*

As the “carbon peak and carbon neutrality” have become hot topics all over the world, the entire new energy industry chain is entering a period of explosive growth. Due to the instability of renewable energy, energy storage systems have become an essential condition for dealing with the instability issue. According to data from the China Automotive Battery Innovation Alliance, in the first half of 2023, China’s cumulative sales of energy storage batteries reached 31.5GWh, with 31.2GWh contributed by lithium iron phosphate batteries. Statistics from the Energy Storage Branch of the China Battery Industry Association showed that the energy storage market in China maintained vitality in the second quarter of 2023, with a total of 117 energy storage bidding projects, achieving a total scale of 24.1GWh, representing a 53% increase quarter-on-quarter and a 189% increase year-on-year. The total scale of contract awarded projects for energy storage in the second quarter reached 21.8GWh, representing a 185% increase compared to the previous quarter. Given a progressive increase in the proportion of lithium-ion batteries used for energy storage, the continuous cost reduction, and the maturing business models, the energy storage market promises relatively significant room for development. Hence the lithium-ion battery industry is expected to start a second growth curve.

(IV) Industry outlook

1. *Global EV sales will maintain strong growth momentum*

According to the “Global EV Outlook 2023” released by the International Energy Agency (IEA), along with the implementation of national policies and incentive measures, the growth of global new vehicle sales will accelerate in the second half of 2023. The global EV sales are expected to reach 14 million units by the end of 2023, representing a 35% year-on-year increase, with EV sales accounting for 18% of the total vehicle sales for the year. In addition, considering the latest market data, policies and technologies, the IEA has introduced the Stated Policies Scenario, Announced Pledges Scenario and Net Zero Emissions by 2050 Scenario. In the Stated Policies Scenario, the IEA forecasts that the ownership of EVs (excluding two/three-wheelers) will grow from almost 30 million units in 2022 to about 240 million units in 2030, achieving an average annual growth rate of about 30%. Overall EV sales will exceed 20 million units by 2025 and over 40 million units by 2030, representing over 20% and 30% of all vehicle sales, respectively. In the Announced Pledges Scenario, the global ownership of EVs will reach almost 250 million units by 2030, which is around 5% higher than that in the Stated Policies Scenario, with an average annual growth rate of nearly 35%. By 2030, overall EV sales will hit 45 million units, representing over 35% of total vehicle sales. In the Net Zero Emissions by 2050 Scenario, the ownership of EVs will grow more rapidly, with an average annual growth rate of around 40%, to 380 million units worldwide by 2030. EV sales will reach over 30 million units by 2025 and over 70 million units by 2030, representing approximately 30% and 60% of total vehicle sales, respectively.

The growth in production volume and sales volume of NEVs has boosted the prosperity of the lithium battery industry, and the demand for power batteries has been increasing year by year, becoming a main growth driver of the lithium consumer market. According to the "Lithium Market 2021 Outlook to 2050" issued by Wood Mackenzie, the demand for EVs in China, Europe and North America will continue to rise in the coming years, pushing up the lithium demand. Wood Mackenzie expects an annual growth rate of 17.8% for total lithium demand from 2020 to 2030, but as the market matures, the growth rate is likely to fall to 6.2% annually in the following decade. The growing popularity of rechargeable batteries is expected to drive lithium demand at a 21.6% annual growth rate until 2030, after which it is expected to stabilize at 6.5% per year in the following decade, slowing to 1.1% per year between 2040 and 2050 as the market saturates. It can be seen that the fast development of global downstream industrial chain for lithium-ion batteries will drive the steady increase of the demand for lithium products in the upcoming years.

2. *Strong demand growth in the energy storage sector fuels the lithium demand*

The energy storage market is one of the fields with the most growth potential in the world. In the context of the global energy transition and the increasing proportion of power generated by renewable energy, the energy storage sector is showcasing a rapid development momentum. According to data from the International Energy Agency (IEA), the power generated by renewable energy in the world is expected to increase 13-fold by 2030. Given the dominance of the power generated by renewable energy, energy storage technology will play a crucial role. In addition, the analysis firm Energy Aspects has forecast that the cost of global energy storage systems will decrease by 26% by 2025, and 39% by 2030. The firm has also indicated that the energy storage market will expand rapidly over the next five years, owing to the enormous potential for the energy storage sector and promising cost reductions. Although there are diverse technological routes approaching energy storage batteries, lithium iron phosphate batteries are the most mainstream solution for energy storage batteries, according to the "Energy Storage Technology and Industry Development Trend" report released by the Energy Storage Committee of the China Energy Research Society/China Energy Storage Alliance (CNESA). Therefore, the rapid development of the energy storage sector will boost demand for lithium iron phosphate.

BUSINESS REVIEW

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

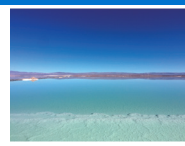
Throughout almost 30 years of history in the lithium industry, the Group has currently developed long-term relationships with many preeminent lithium end users globally and in China, through dedicated sales forces and sales landscape coverage. The Group has a stable and high-quality customer group primarily consisting of global top-tier battery producers, battery materials producers, multinational electronics companies and glass producers. The mutual recognition among leading companies in all sectors of the industry chain has been greatly enhanced, and the mutual dependence and stickiness are gradually increasing. The Group has always maintained stable relationships with a majority of customers. The Group has also integrated itself into much of its customers' R&D work, including developing batteries with long life, high energy density and high reliability and safety, which makes the Group become one of the critical suppliers for many of the customers. The importance of the Group's products within the supply chain of the customers and the products' track record of high quality and consistency have enabled the Group to develop and maintain long-term customer relationships.

During the reporting period, the revenue of the Group increased from RMB14,167,992 thousand in the same period of 2022 to RMB24,787,359 thousand, representing an increase of 74.95%. The gross profit of the Group increased from RMB11,920,512 thousand in the same period of 2022 to RMB21,584,660 thousand, representing an increase of 81.07%. The profit for the year attributable to equity shareholders of the Company decreased from RMB10,230,305 thousand in the same period of 2022 to RMB6,446,790 thousand, representing a decrease of 36.98%. Total assets of the Group increased from RMB72,558,017 thousand as at 31 December 2022 to RMB78,718,135 thousand as at 30 June 2023, representing an increase of 8.49%. Net assets increased from RMB54,758,242 thousand as at 31 December 2022 to RMB56,683,982 thousand as at 30 June 2023, representing an increase of 3.52%. The debt-to-asset ratio increased from 24.53% as at 31 December 2022 to 27.99% as at 30 June 2023.

(I) Development, production, processing and sales of lithium resources

The Group strategically deployed on both high-quality hard rock and salt lake lithium resources. With the Greenbushes Lithium Mine owned by Talison, a controlling subsidiary in Australia, and the Yajiang Cuola Mine in Sichuan, China wholly owned by the Company as resource bases, and through taking positions of equity interest in SQM and Shigatse Zabuye, the Group further expanded its strategic layout of high-quality hard rock and salt lake lithium resources both domestically and internationally. As of the Date of this Report, the equity resources of the Group amounted to approximately 14,293,600 tons LCE.

Global Distribution of the Company's Key Lithium Resources

				
Lithium resources project	Greenbushes mine	Cuola mine	Atacama salt lake	Zabuye salt lake
Category of resources	Spodumene mine	Spodumene mine	Lithium salt lake	Lithium salt lake
Geographic location	Australia	Sichuan	Chile	Tibet
Equity proportion	26.01%	80%	22.16%	20%
Total resources (10,000 tons LCE)	1,286	63.20	4,551	179
Equity resources (10,000 tons LCE)	334.50	50.56	1,008.50	35.80
Operation status	Under production	Preparation for construction	Under production	Under production
			Aggregate of total resources (10,000 tons LCE)	6,079.20
			Aggregate of equity resources (10,000 tons LCE)	1,429.36

Note: The equity resources volume of each lithium resources project is calculated by multiplying the equity proportion held by the Company by the total resources volume.

(Source: Compiled by the Company based on public information)

Currently, the Group has become one of the few global companies that deploy the core resources of the world's high-quality hard rock lithium mines and lithium salt lakes. With global resource deployment constantly improved, the Group managed to mitigate risks of resource limitations while further extending its position in the upstream of the industry chain. In the long term, with the rapid growth of sales for global new energy vehicles and the active replenishment of inventories in the industrial chain, sufficient lithium resource bases will help the Group to enhance its position in the industry and further consolidate its industrial strength.

1. *Greenbushes mine*

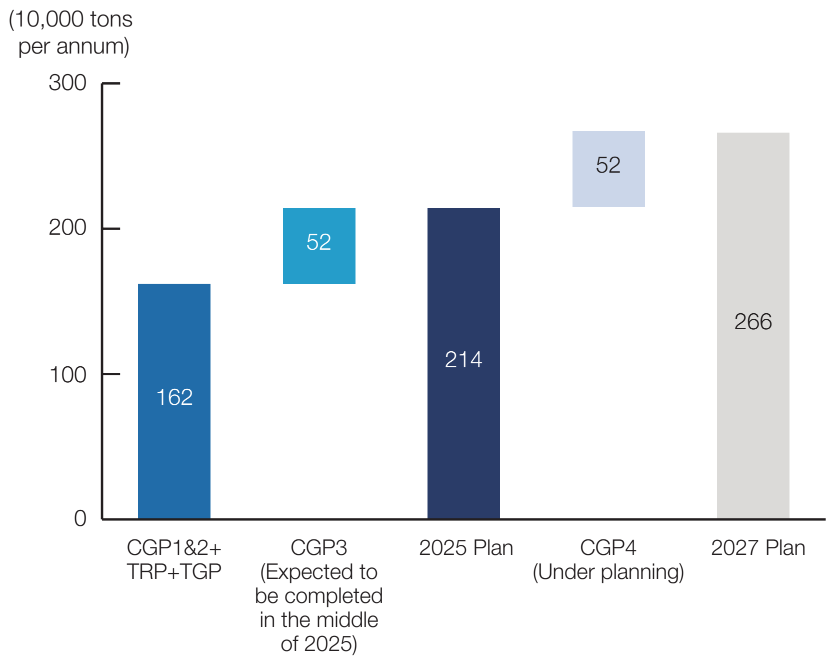
In terms of production output in 2021, Talison, the Company's controlling subsidiary, is the world's largest producer of lithium concentrates and the Group is also the world's fourth largest and Asia's second largest producer of lithium chemical products.

The Group indirectly obtained the control over the Greenbushes Lithium Mine, the largest lithium mine project under production with the highest grade in the world, through its subsidiary in Australia in May 2014. Calculated on the data in the "Competent Person's Report" issued by Behre Dolbear Australia Pty Limited in May 2022 and with reference to the total volume of spodumene mined by Talison in 2022, as of the end of 2022, the project had lithium resources of approximately 12.86 million tons LCE with average grade of lithium oxide of 1.5%. The reserve was approximately 8.24 million tons LCE with average grade of lithium oxide of 1.9%. Currently, the project is under mining stage. During the reporting period, the total mined spodumene at Greenbushes reached 1.95 million tons and the average grade of ores was 2.73%, including technical grade ores and chemical grade ore. Lithium resources at Greenbushes are mainly located at the Central Lode and Kapanga areas. The Central Lode is currently the major source for lithium mining operation while Kapanga is currently still under exploration stage as a mineral resource base. In addition to the above mineral resources, Talison also conducts secondary lithium processing of remaining tailings from previous tantalum mineral operations contained within the Tailing Storage Facility No.1 (TSF1), which existed even before lithium operation in Greenbushes.

The spodumene mine at Greenbushes currently has a total of four lithium concentrate processing plants under operation, namely the Chemical-Grade Plant No. 1, the Chemical-Grade Plant No. 2, the Tailings Retreatment Plant, all of which are used for production of chemical grade lithium concentrates with a grade of 6%, as well as the Technical-Grade Plant, which is used for the production of low iron technical grade lithium concentrates with grade ranging from 5.0% to 7.2%. Among them, the Chemical-Grade Plant No. 2 and the Tailings Retreatment Plant almost complete the capacity ramp-up process. Talison's current nameplate annual capacity is 1.62 million tons. During the reporting period, its lithium concentrate output was 750,000 tons; among which, the total output of chemical-grade lithium concentrates was 700,000 tons and such products were sold to two shareholders of Windfield for further reprocessing of lithium chemical products; the total output of technical-grade lithium concentrates was 50,000 tons. The technical-grade products were sold to shareholders according to the quantity they ordered during the reporting period, with the customers mainly from markets in glass and ceramics, lithium lubricating grease, metallurgy and casting and pharmaceutical sectors, with the remaining 50% to be sold by Albemarle in other regions. According to Wood Mackenzie's most recent statistics for the second quarter of 2023, the Greenbushes Mine is currently the largest lithium mine project under production in terms of production capacity and output in the world. The production capacity of lithium concentrates of Greenbushes in 2022 accounted for 26% of the global total production capacity of lithium concentrates and its output of lithium concentrates in 2022 accounted for 41% of the global total output of lithium concentrates, which indicates the lithium concentrates of Greenbushes can provide a relatively sufficient resource guarantee for the production of the Company's lithium compounds and derivatives.

Meanwhile, Talison is speeding up the construction of the Chemical-Grade Plant No. 3 with a designed capacity of 520,000 tons per annum. It is expected to be completed and put into production in the middle of 2025 and the construction of the project is currently under progression. Moreover, Talison also plans to initiate the construction of the Chemical-Grade Plant No. 4 with a designed capacity of 520,000 tons in 2025, which is preliminarily scheduled to be completed and put into production in 2027.

The Production Capacity of Lithium Concentrate of Greenbushes in Talison



2. *Cuola Mine*

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

Resource classification (JORC Code)	Tonnage (Mt)	Grade (%)	Lithium oxide equivalent (kt)	Lithium carbonate equivalent (kt)
Indicated resources	14.2	1.3	186	461
Inferred resources	5.5	1.3	69	171
Total	19.7	1.3	256	632

Note: Relevant data and classification are reported and classified under the Australian Code for Reporting of Mineral Resources and Ore Reserves issued in 2012.

In May 2023, Shenghe Lithium, a wholly-owned subsidiary of the Company, introduced Zijin Mining Group Co., Ltd. ("**Zijin Mining**") as its strategic investor by means of capital increase and share capital expansion. Under this capital increase scheme, Zijin Lithium (Hainan) Co., Ltd. ("**Hainan Zijin Lithium**"), a wholly-owned subsidiary of Zijin Mining, proposed to contribute cash to subscribe for 20% shares of Shenghe Lithium. The Company and its wholly-owned subsidiary Shehong Tianqi waived all the pre-emptive rights for capital contribution to Shenghe Lithium. Upon completion of this capital increase, the Company holds 39.20% equity interest in Shenghe Lithium, Shehong Tianqi, the wholly-owned subsidiary of the Company, holds 40.80% equity interest in Shenghe Lithium, and Hainan Zijin Lithium holds 20% equity interest in Shenghe Lithium. Upon completion of the capital increase and share capital expansion, the Company still has control over Shenghe Lithium, and Shenghe Lithium is still included in the scope of the consolidated statements of the Company. As of the Date of this Report, Hainan Zijin Lithium has made the payment for the first installment of subscription price to Shenghe Lithium and Shenghe Lithium has completed the capital increase and share capital expansion as well as the industrial and commercial registration updates of corresponding changes of directors, supervisors and senior management, alteration of the articles of association and others.

Introducing Zijin Mining as the strategic investor of Shenghe Lithium is conducive to optimizing the shareholding structure of Shenghe Lithium, giving full play to the resource advantages owned by the Group, leveraging on the strengths of Zijin Mining in mineral development and construction, promoting the construction of the Group's Cuola Spodumene Mine project, further accelerating the conversion of the Group's existing resources into actual production capacity/output supply, enhancing the stability of the Group's supply chain of raw material for production, especially the supply of raw material for domestic lithium compounds production. With the Greenbushes Mine in Australia, the Group has boasted dual resource guarantees for its existing and future planned lithium compounds production capacity.

3. *Other lithium resources*

In addition, the Group is one of the few companies in the world that deploy both in high-quality lithium mines and salt lake brine-based mines.

In August 2014, the Group acquired 20% of the equity interests in Shigatse Zabuye to realize its layout in domestic lithium salt lake resources, i.e. Zabuye salt lake in Tibet. Zabuye salt lake in Tibet is a large comprehensive special salt lake deposit featured with solid-liquid coexistence, and is rich in lithium, boron, potassium, with reserved resources for its principal mineral (lithium carbonate) of 1.79 million tons. According to the "2022 Annual Report" of Tibet Mineral Development Co., Ltd., the controlling shareholder of Shigatse Zabuye, the lithium concentration in the brine of Zabuye salt lake in Tibet is second only to the Atacama salt lake in Chile, ranking the second in the world in terms of lithium grade.

In December 2018, the Group acquired a portion of equity interests in the Atacama lithium salt lake through acquisition of a portion of equity in SQM in Chile. SQM operates the Atacama lithium salt lake project which is the largest brine-based lithium reserve in the world. The project has lithium reserves of approximately 45.51 million tons LCE with a concentration of over 1,500mg/L and a magnesium to lithium ratio of only 6:1, ranking among the top in the world in terms of the resource and grade.

According to Wood Mackenzie's most recent statistics, the supply of lithium compounds and derivatives of SQM ranked the top of the world in 2022. The Group's overall supply of lithium compounds and derivatives (including the proportion of output by SQM attributed to Company) accounted for 9% of the total global output in terms of equity output.

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

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

During the reporting period, the total mining movements in Greenbushes reached 3.63 million bank cubic meters, with total mined spodumene of 1.95 million tons, total expenditure of mining activities of approximately A$68.6 million and total lithium concentrate production of 750,891 tons.

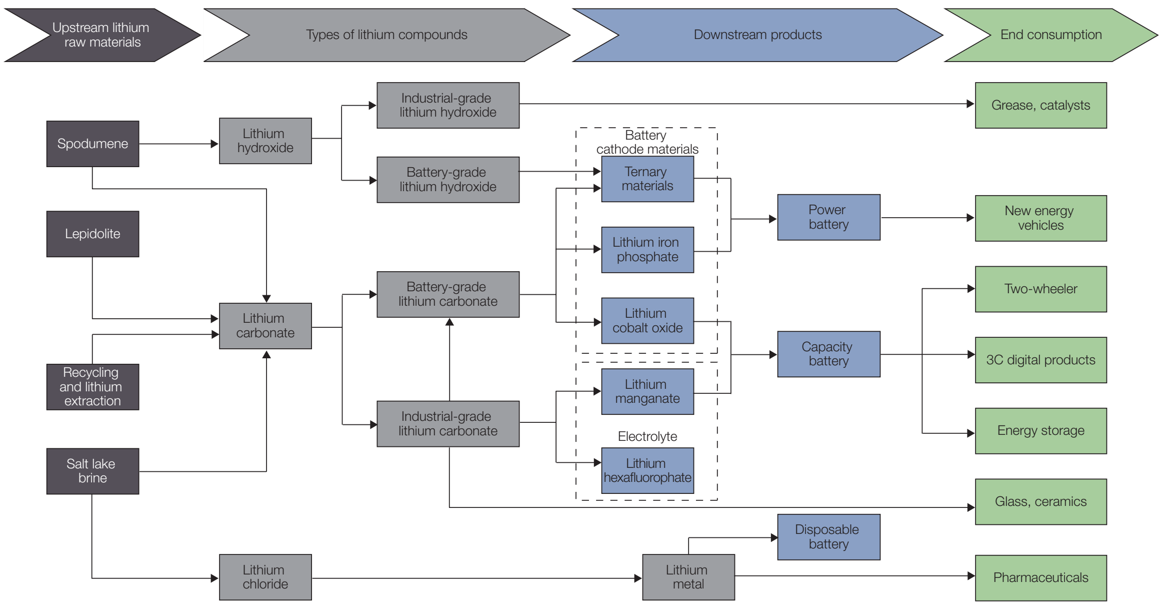
Meanwhile, the Greenbushes Mine continued to carry out exploration and other activities. During the reporting period, 16,231 meters of reverse circulation drilling has been completed from 65 holes, across the Central Lode and Kapanga deposits with an average hole diameter of 133.35mm; 16,962 meters of core drilling has been completed from four core rigs with core returned from 34 holes, across the Central Lode and Kapanga deposits, with an average diameter of 63.5mm. The continuous upgrade of resource level is conducive to the further increase of lithium reserves in Greenbushes. During the reporting period, the capital expenditure for mineral exploration of Greenbushes Mine was RMB0.

The spodumene mine project at Greenbushes currently has a total of four projects under construction, namely the Chemical-Grade Plant No. 3 (CGP3), Mining Service Area (MSA), Accommodation Permanent Village (APV) and Tailing Storage Facility No. 4 (TSF4). The capital expenditure during the reporting period totalled approximately A$213.0 million. In particular, the Chemical-Grade Plant No. 3 has completed the front-end engineering design 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$632 million. During the reporting period, A$64 million of capital cost was expensed on this project. By the end of the reporting period, the total incurred cost has reached A$253 million.

(II) Production, processing and sales of lithium compounds and derivatives

The lithium compounds and derivatives produced by the Group include battery-grade and industrial-grade lithium hydroxide, battery-grade and industrial-grade lithium carbonate, lithium chloride and lithium metal, which are widely used in a number of end markets, mainly including new energy vehicles, electric vessels, energy storage systems, aircraft, ceramics and glass, etc.

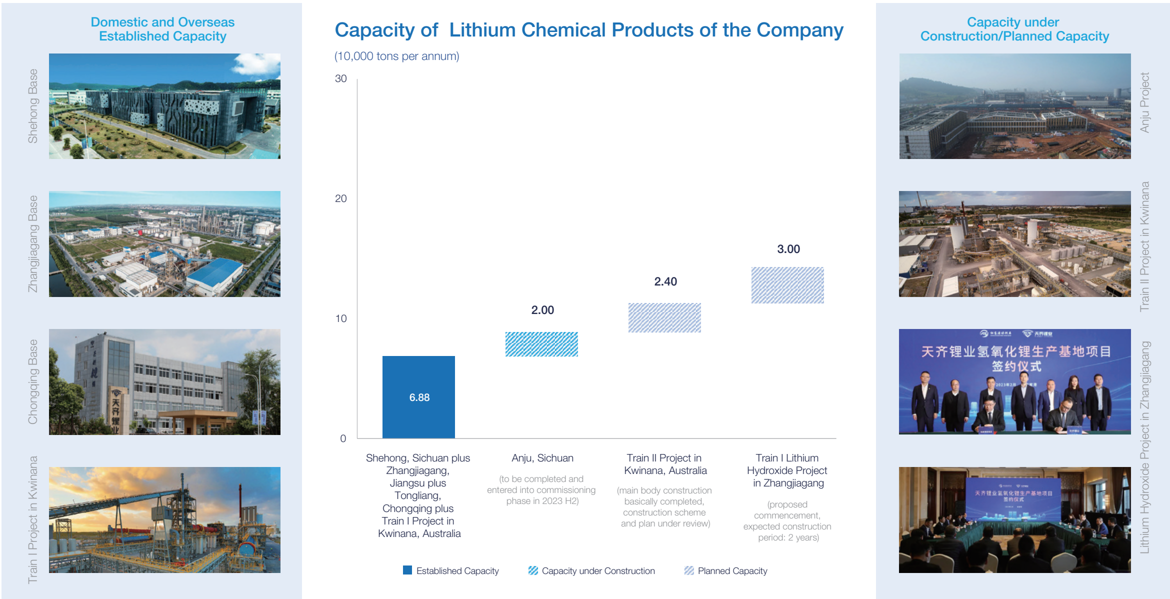
Structure of the Lithium Industrial Chain



(Source: Public Information)

The Group has deeply explored in the processing sector of lithium chemical products for years. At present, there are four production bases for lithium chemical products under operation, which are located in Shehong, Sichuan Province, Tongliang, Chongqing and Zhangjiagang, Jiangsu Province in China as well as Kwinana, Australia, respectively. The Group's lithium chemical products are sold all over the world. Through long-term cooperation with downstream production enterprises, the Group has gradually established strategic partnerships with downstream enterprises such as major battery material producers, 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 Group also further deepens its cooperation with the downstream industrial chains through shareholding in outstanding companies in the fields of solid-state batteries and new energy vehicles, in order for tracking downstream technology trends and commercialization process and providing new fields and updated feedback for the Group's business expansion, which is conducive to the implementation of vertically integrated development strategy while exploring the opportunities for development in the industrial chain circle by the Group.

The Group's current nameplate capacity of lithium chemical products is 68,800 tons per annum, its announced planned capacity of lithium chemical products exceeds 140,000 tons per annum.



(Sources: Compiled by the Company)

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

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

According to Wood Mackenzie's industry report quoted in the prospectus of the Company, Jiangsu Zhangjiagang Base stands as the only fully automated battery-grade lithium carbonate production plant under reliable operation worldwide, boasting globally leading production technology and processing flow. It is considered as a benchmark in the domestic lithium carbonate market in terms of cost control and product quality. Currently, it has an annual production capacity of about 20,000 tons.

The Sichuan Anju project under construction is a lithium carbonate plant with an annual production capacity of 20,000 tons. Currently, the project is progressing in an orderly manner, and the Group expects the plant to be completed and entered into commissioning phase in the second half of 2023.

The Train I Lithium Hydroxide Project in Kwinana Plant, Australia, stands as the world's first fully automated battery-grade lithium hydroxide processing plant in operation, presented as a significant milestone in the overseas expansion of the Group's processing operations. The Train I Project has established a battery-grade lithium hydroxide production line with a nameplate annual production capacity of 24,000 tons and its first ton of battery-grade lithium hydroxide produced in May 2022 has passed internal laboratory testing. The plant is currently in a critical stage of capacity ramp-up and external customer certification. The Train II Lithium Hydroxide Project of Kwinana Plant has also entered its preliminary preparation phase, with the expectation that the overall production capacity of the Kwinana Plant will achieve an annual output of 48,000 tons of battery-grade lithium hydroxide in the future.

In addition, during the reporting period, the Company initiated a project construction in Zhangjiagang Free Trade Zone, Suzhou City, Jiangsu Province, aiming to achieve an annual production capacity of 30,000 tons of battery-grade lithium hydroxide monohydrate. The total planned investment of this project will not exceed RMB2 billion (including the amount for land acquisition and reserved land construction, subject to the amount in the final feasibility study report), with a construction period of two years.

Overview of comprehensive production capacity of global lithium products of the Company

(Unit: 10,000 tons per annum)

Lithium mining processing	Equity proportion	Existing capacity	Planned new capacity	Future total
Talison	26.01%	162	52	214[1]
Total	–	162	52	214

Lithium Compounds Processing	Equity proportion	Existing capacity	Planned new capacity	Future total
Shehong, Sichuan Province	100%	2.42	–	2.42
Tongliang, Chongqing	86.38%	0.06	–	0.06
Anju, Sichuan Province	100%	–	2	2
Zhangjiagang, Jiangsu Province	100%	2	–	2
Kwinana, Australia	51%	2.4	2.4	4.8
Zhangjiagang Free Trade Zone, Jiangsu Province	100%		3	3
Total	**–**	**6.88**	**7.4**	**14.28**

Note 1: This production capacity plan only extends until the completion and commencement of production of the Chemical-Grade Plant No. 3 by the year 2025. In the future, with the construction of Chemical-Grade Plant No. 4, Talison's long-term production capacity plan will reach 2.66 million tons per annum.

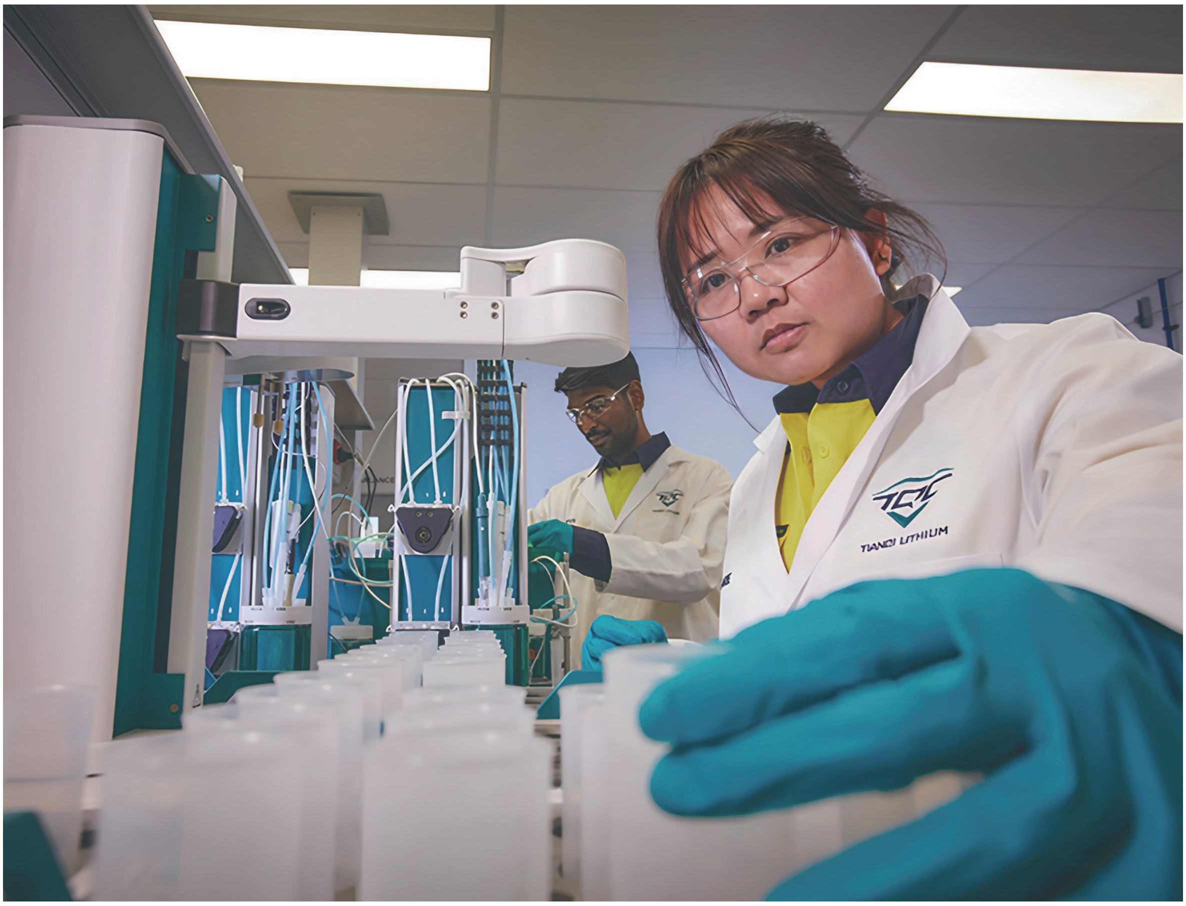
Note 2: The above production capacity data are on a 100% equity basis.

According to the Wood Mackenzie Report, the Group is the only producer in China that has achieved 100% self-sufficiency and fully vertically integration through a large, consistent, and stable supply source of lithium concentrates. The lithium concentrate products produced by the Greenbushes Mine held by its controlling subsidiary provide strong and sufficient resource supports for the Company's midstream Lithium Compounds Processing, enabling the Group to achieve completely self-sufficiency in raw materials for lithium production. In the current market environment, our cost advantages are being gradually highlighted, helping the Group stand out among global lithium enterprises, maximize profitability, and establish strong risk resistance capabilities.

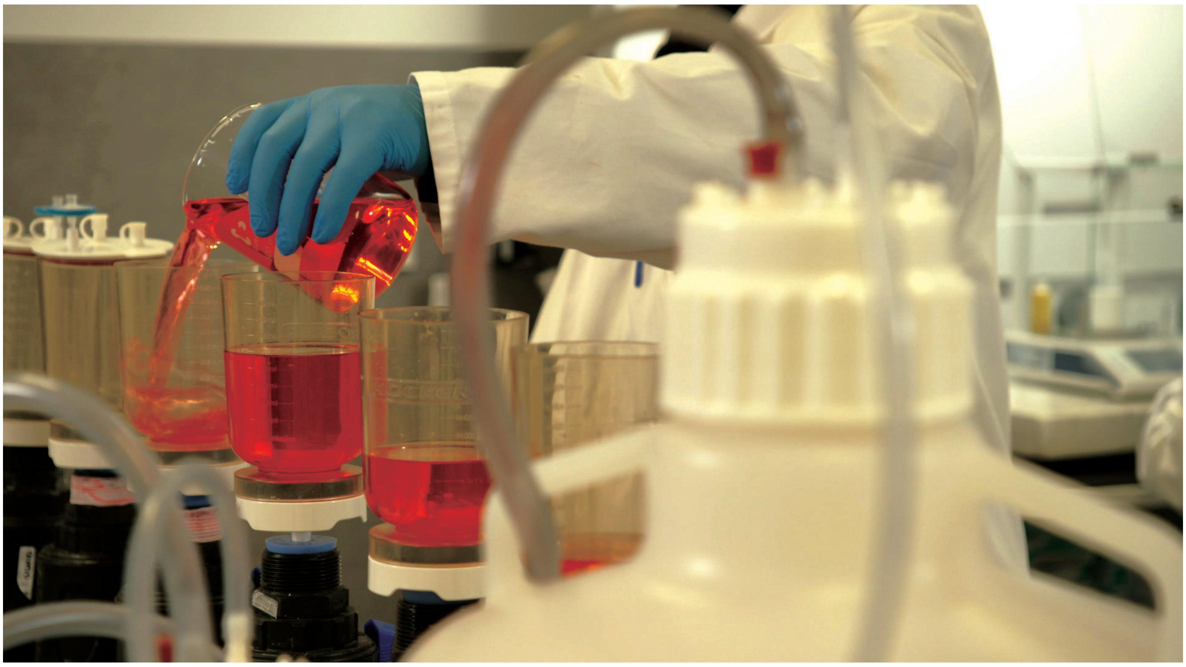
In addition, the advanced production technology of the Group has significantly improved its production and operational efficiency and helped reduce production costs. According to the data of Wood Mackenzie, the lithium carbonate production lines of the Group located in Shehong, Sichuan Province and Zhangjiagang, Jiangsu Province were the two plants operating at the lowest costs for production of lithium carbonate from solid spodumene mines in 2021, which was also below the average of the lithium carbonate production costs in the entire industry. In the future, with the gradual completion and commencement of the new lithium salt capacity in the midstream of the Group and the continuous expansion of the lithium concentrate capacity in the Greenbushes Mine, the self-sufficiency rate of the Group's lithium concentrate is expected to remain high. Through the integrated business layout of "lithium mining + lithium product processing", the profit conversion of high-quality resources will be continuing steadily and the Group will achieve long-term, stable and sustainable development goals in the great cycle of the industry leveraging on its leading lithium compounds production and processing capabilities.

(III) Technology and research and development

Technology research and development capability is the cornerstone of the Group's development and a solid guarantee for sustainable and steady business growth. The Group has established a strong and stable research and development team through sustained efforts. The Group continued to consolidate its traditional main business streams through research and development innovation, and actively deployed the industry's future core new products (technologies) while saving energy, reducing consumption and improving product qualities, striving to diversify the Company's business categories and realize the dual-core drivers of "resources + technology". The Group's core research and development team comprises of a group of experts who were well chosen and demonstrated balanced composition. These experts have professional educational backgrounds and extensive experience in materials engineering, inorganic chemistry, chemical engineering, metallurgy and other scientific fields essential to the research and development of lithium products. The Group encourages open and constructive competition internally and has research and development teams located in Chengdu, Shehong, Zhangjiagang, Tongliang and Australia. The Group demonstrated as honored platforms such as National Intellectual Property Demonstration Enterprise (國家智慧財產權示範企業), National High-tech Industrialization Base for Magnesium and Lithium New Materials (國家鎂鋰新材料高新技術產業化基地), National Enterprise Technology Center (國家企業技術中心), National Technological Innovation Demonstration Enterprise (國家技術創新示範企業), Sichuan Provincial Key Laboratory and Sichuan Provincial Engineering Technology Research Center (四川省工程技術研究中心).



During the reporting period, the Group completed the construction and commissioning of the kilogram-level model line for lithium sulfide products, the key raw material for the next-generation sulfur-based solid-state electrolytes, realizing the stable production of battery-grade lithium sulfide products and successfully conducted numerous rounds of customer sampling activities. The products won high praise from target customers. At present, lithium sulfide products have been sold steadily in limited quantities. In the future, continuous efforts will be made to develop new lithium compound products and diversify the Company's product mix to meet the diversified needs of downstream customers. In 2023, the Group's research and development team further improved the overall quality of the 20μm ultra-thin lithium metal strip through refined resource control and modular upgrade of equipment. Currently, the ultra-thin lithium metal strip has passed CNAS certification, and assisted the Institute of Physics, Chinese Academy of Sciences in developing lithium metal batteries with a world record-breaking energy density of over 700Wh/kg; at the same time, the Company also actively carried out cooperation with downstream players, and has developed anisotropic lithium-copper composite strips for well-known domestic lithium battery companies with a supply capacity at the kilogram level.



In terms of the comprehensive recycling of lithium residues, the Group completed the output of the lab-scale to pilot-scale (60t/dry basis) processing flow packages and the deployment on patents; unveiled and solved difficulties in the high-efficient preparation of silicon-aluminum powder with lithium residues and provided basis for the design and construction of plants for the high-value and comprehensive recycling of lithium residues for the preparation of silicon-aluminum powder. The completion of mid-size pilot project means that the Group explored the development with the principle of “reduction, reuse and recycling” in the recycling of bulk solid waste. While extending the economic value of industrial chains, it practiced the concept of low-carbon ecology in the disposal of solid waste and enhanced the development concept on front-to-end-process control technological route with “reduction from the source, recycling in the process and harmless treatment in the end”. In October 2022, the Company established a wholly-owned subsidiary Tianqi New Lithium New Materials (Yanting) Co., Ltd., which is mainly engaged in the comprehensive recycling of bulk industrial solid waste (lithium residues), and the processing and production of high-quality non-metallic new materials – Silicon-aluminum powder. It now has the world’s first production line with independent intellectual property rights and with an annual output of 30,000 tons of silicon-aluminum powder. The production line is of positive significance for the Company to unblock the high-value utilization chain of the industrial chain, build an innovative platform and incubation base for the comprehensive utilization of resources, and improve the comprehensive utilization rate of bulk industrial solid waste (lithium residues).

In terms of the innovation incubation, the Company is accelerating the project of constructing a world-class R&D platform and built Tianqi Lithium Innovation and Experiment Research Institute in March 2023 to enhance its capabilities in innovation and research of applicable technology and international testing and certification, in order for talent attraction and technological conversion. During the reporting period, the Company completed the first sale of lithium sulfide products for the next-generation solid-state batteries, with great competitiveness in technological route and cost. Moving forward, the Company will continue to expand its customer base, enhance its understanding of the industry, and draft plans to develop potential markets. In terms of incubating external partnership-based projects, the Company is working with some colleges on the "High-value Comprehensive Utilization of Lithium Residues by Grade and Quality" project to find new paths to lithium residues recycling, develop new products for downstream markets, and shed a new light on massive recycling of solid waste. In addition, the Company is also partnering with third parties through the "Research and Development of Li-rich Layered Materials" project and the "Recycling of Waste Lithium-ion Batteries" project to develop technology through technological upgrades and iteration in the industry.

The Group adheres to technological innovation and transformation based on efficiency improvement, environmental optimization, quality assurance, safety and reliability of existing production lines, and establishes goals for technological research and development and technical improvement under the guidance of the Group's strategy and market demand, sets up special projects to overcome difficulties, and builds a production and technology talent team, in order to achieve the new strategic objective of "technology-oriented transformation". The Group attaches importance to automation construction of its production subsidiaries, which can help improve both its quality control ability and labor productivity. The Company's subsidiaries, namely Jiangsu Tianqi, Chongqing Tianqi and Shehong Tianqi have all obtained the Automobile Quality Management System Certification issued by TÜV Rheinland. The Group's technology center has been certified as the "National Enterprise Technology Center (國家企業技術中心)" and the Group has also been awarded the title of "National Technological Innovation Demonstration Enterprise (國家技術創新示範企業)" issued by the MIIT. The aforesaid certifications are clear affirmations for the Company and its subsidiaries in innovative research and development capability and the development achievements as high-tech enterprises by the relevant authorities, which helps improve the overall competitiveness and brand image of the Group. As of 30 June 2023, the Group owns 218 patents in total, indicating the Group's ever-improving research and development capability and advanced technological level in the industry. The patents currently owned by the Group are set out below:

Invention patents owned by the Company and its subsidiaries **104**

Utility model patents owned by the Company and its subsidiaries **111**

Design patents owned by the Company and its subsidiaries **3**

Total patents owned by the Company and its subsidiaries **218**

(Sources: Internal reports of the Company)

(IV) Overseas Equity Management

During the reporting period, the Group further enhanced its management and control on overseas wholly-owned and controlling subsidiaries, actively participated in the governance of the board of directors and daily management of overseas subsidiaries, proactively exported outstanding domestic production & operation and management experience and promoted the application of such experience to overseas assets.

TLEA, a controlling subsidiary of the Company in Australia, is jointly owned by the Company and IGO, an Australian strategic investor, with a shareholding proportion of 51:49. The business of TLEA consists of the Greenbushes Lithium Mine project and the Kwinana Plant. During the reporting period, the Company designated directors of TLEA to actively participate in the governance, supervision and decision-making processes of TLEA's strategic development, production & operation, project construction and other various matters, and these directors completed several inspections in local areas to communicate with our strategic partners and local management team for important topics or specific matters, the relevant departments from both shareholders and the management team jointly established a working group to discuss and promote the progress of such topics, so as to maximize and protect the interests of shareholders.

The Kwinana Plant is the first fully automated battery-grade lithium hydroxide processing plant in Australia. The Train I of the plant is currently in the stage of capacity ramp-up and external customer certifications on its products, and the Train II of the plant is currently under preliminary preparation. During the reporting period, the Group continued to expand its support team for overseas operation, and built up a strong technical strength together with local technicians to support and promote capacity ramp-up and construction of projects. Meanwhile, the Group also took the initiative to export excellent domestic experience in production & operation and applied such experience into the ramp-up process of the Train I of the plant, effectively improving the efficiency for technical problems solution in overseas projects.

As the controlling shareholder of the world's largest hard rock lithium mine project under production, the Company deeply participates in the corporate governance work of Windfield, a controlling subsidiary in Australia. During the reporting period, the Company fully participated in the discussion, supervision and governance of various major topics such as production & operation, project construction, human resources, community investment, and financial forecast of Talison and the Greenbushes Mine through the board of directors of Windfield. For important matters related to production and operation, the management team and the governance team will organize special meetings to regularly discuss the views of all parties and follow up the latest progress, thus promoting the establishment of multi-dimensional and multi-layered communication and exchange mechanisms.

OUTLOOK

1. Continuously consolidate the deployment on upstream lithium resources

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

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

The Group will continue the established business model of "vertical integration", and steadily implement the capacity expansion plan on basic lithium salt to further demonstrate the synergy effect of industrial chain. The Group will fully leverage and improve the technical advantages and experience in automatic production to steadily improve the utilization rate of resources and continuously lead the automatic production of global lithium chemical products plants.

The Greenbushes Mine of Talison is constructing the Chemical Grade Plant No. 3. The Front-End Engineering Design of the project has been completed in March 2022. By taking into consideration the Australian local market fluctuations, the current expected capital expenditure of the project is AUD$632 million, with a schedule to complete the construction and produce the first ton of lithium concentrates by March 2025. It is expected to further expand the annual lithium concentrate capacity of Talison to 2.14 million tons after its completion. Currently, all construction works are undergoing properly.

The Group will further demonstrate the synergy effect of industrial chain and expand the lithium chemical products capacities to better achieve the balance of lithium concentrates and lithium chemical products processing capacities. Currently, the 20,000-ton battery-grade lithium carbonate project in Anju District, Suining City, Sichuan is about to be completed. The Company expects that the project will complete construction and start commissioning in the second half of 2023.

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

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

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

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

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

The Group will continuously adhere to the development direction of "technical transformation", concentrate on the backbone force of R&D team and focus on the future development goal of building a world-class R&D platform, through gradually enhancing the Company's R&D management system, vigorously improving the level of R&D platform and R&D team, pioneering in the green extraction technologies of global lithium resources, focusing on the comprehensive utilization of resources and advanced material application technology, thus contributing to the sustainable and healthy development of the lithium battery industry chain. The Group is accelerating the project of constructing a world-class R&D platform and the plan to build Tianqi Lithium Innovation and Experiment Research Institute to enhance its capabilities in innovation and research of applicable technology and international testing and certification, in order for talent attraction and technological conversion. In the future, with the "One Center One Platform", the Group will strive to create a high-level R&D team with strong professionalism, excellent comprehensive competency and optimal structure. In the second half of 2023, the Group will continue to advance the applied science research on lithium-metal cathode for the next generation of high-performance lithium battery and proactively establish all-round strategic partnerships with downstream enterprises to incubate new products and technologies; the Group will expand the experimental results of lithium sulfide and other special lithium salt production research, achieve the goal of stable production of high-purity products in batches, and provide customized products to closely cater for the needs of downstream customers; the Group will complete the construction of a laboratory model line for extracting lithium from brine to integrate and optimize the modular lithium extraction technology; and the Group will support the construction of high-value comprehensive utilization of lithium residues in Zhangjiagang 65 acres land project for producing silicon-aluminum powder from technology side while promoting and completing the study of high-value comprehensive utilization of lithium residues for niobium-tantalum recovery, and obtain laboratory's processing flow packages to prepare for the mid-size pilot project next year. In the end, the high-value comprehensive utilization of lithium residues will obtain two kinds of products, namely silicon-aluminum powder and niobium-tantalum concentrate, a strategic critical metal, which will play as a pioneer in promoting the high-value utilization of spodumene smelting slag in the industry. In the future, the Group will comprehensively improve the market competitiveness of its high-end lithium products, and focus on developing and improving technologies which serve as a driver of the Group's future growth.

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

The Board of Directors will focus on "the goal of creating a world-class enterprise of corporate governance", continue to standardize and improve the corporate system construction, ensure that the Board of Directors operates in compliance with relevant laws and regulations, elevate the level of corporate governance in terms of enterprise culture, independence, diversity and so on, enrich the dimensions of the Company's compliance with the Corporate Governance Code, and strive to fully protect the interests of investors and continuously promote the high-quality development of the Company through robust governance mechanism of the Shareholders' General Meeting, the Board of Directors and the Board of Supervisors, accurate and timely information disclosure and sound investor communication platform establishment. Meanwhile, the Company will further strengthen the governance of overseas subsidiaries, actively participate in the governance and management of overseas subsidiaries, and promote the synergy of the Group's domestic and overseas subsidiaries on strategic management and control and the improvement of the overall governance level of the Group.

To better respond to challenges brought about by climate change and speed up the low-carbon transformation of the Group, the Group has promoted the setting of various ESG management and quantitative targets, such as the calculation of carbon on the group level, the evaluation and analysis of carbon footprint of products and the planning on carbon reduction pathways. By leveraging on the comprehensive ESG governance structure, the Group has set the working mechanism for the ESG and Sustainable Development Committee and formulated the sustainable development strategy, striving to become a leader in sustainable development sector in the new energy industry by 2030.

THE RISKS AND COPING MEASURES OF THE GROUP

1. Risks relating to the market fluctuations of lithium prices

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

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

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

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

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

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

Coping measures: Generally speaking, lithium resources have certain industry particularity as compared to other resources in non-ferrous metal industry. Although lithium prices have cyclical risks of price fluctuations, there exists high growth expectation of downstream ends, especially new energy vehicles and energy storage industries in the future, and there is great support from national policies, thus in the medium and long term, the Company still believes that the fundamentals of the lithium industry will continue to improve in the next few years. In addition, on 7 July 2023, the CSRC approved the registration of lithium carbonate futures and options to be traded on the Guangzhou Futures Exchange. On 21 July 2023, lithium carbonate futures were officially listed for trading on the Guangzhou Futures Exchange. The listing of lithium carbonate futures and options is conducive to improving the lithium carbonate pricing mechanism, increasing price transparency of the lithium market and promoting the long-term development of the lithium industry. The Group will continue to leverage on its resource and cost advantage, increase investment in research and development, and accelerate innovation based on introduction, digestion and absorption, thereby steadily improving the level of process technologies. The Group will also enhance its market competitiveness to cope with the potential adverse impact of the cyclical fluctuations of lithium price on the Group by increasing cooperation with the upstream and downstream of the lithium industry chain, and continuously improving the Group's intrinsic value and innovative capability.

2. Potential tax risks in IGO transaction

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

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

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

In November 2022, the product samples of the Train I Lithium Hydroxide Project in Kwinana Plant of the Group had been inspected by SGS-CSTC Standards Technical Services Co., Ltd. in China, a third-party product certification institution, and the product samples met the GB/T26008-2020 standard. TLK has gradually distributed the relevant samples of lithium hydroxide products to the potential purchasers for the purpose of customer certifications, which is expected to take 4 to 8 months.

The Train I Lithium Hydroxide Project in Kwinana Plant of the Group has been in stable production from January to April 2023 since its commercial production was realized in December 2022, and is in the stage of capacity ramp-up; the Project started equipment maintenance in April 2023 as scheduled, and then encountered some technical problems; it has resumed production on 19 June 2023 and is now in the stage of capacity ramp-up. Up to now, the lithium hydroxide sample distributed by the Group to SK On has been certified by it. Apart from this, TLK has not received any feedback on the relevant certification results from other potential purchasers.

The actual schedule of completion is still uncertain due to the higher requirements of downstream high-end lithium battery manufacturers on lithium hydroxide products from the suppliers; after the formal commercialized production of the project, it is necessary to gradually improve the load rate for capacity ramp-up before reaching the designed production capacity; in the process of capacity ramp-up, if there are any problems affecting the quality and yield, local process optimization and technical transformation are required to gradually reach the designed production capacity. If the price of the lithium reduces and the above steps are implemented later than expected, the realization of the project income will be delayed and the results of operations of the Group will be adversely affected for a certain period. In addition, if the lithium hydroxide products produced by the Group fail to pass the customer's sampling test as scheduled, the Group's early investment in such projects may face the risk of loss, impairment provision or failure to be recovered completely in the future. The Group has invested a large amount as capital expenditure in the project, and the increase in the investment may lead to a lower return on investment than expected, and the corresponding capital cost, depreciation after the conversion into fixed assets and other operating costs will be increased.

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

4. **Safety and environmental protection risks**

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

Coping measures: The Company has established the EHS (environment, health and safety) department with professional personnel in place currently as considered and approved at the 32nd meeting of the fifth session of the Board of Directors. The Group will continue to adhere to the project construction and operation management policy of "high-quality, high-standard and high-efficiency", fully demonstrate the safety and environmental protection risk factors in the feasibility study and project design in accordance with the latest regulatory standards, and give priority attention to and conduct forward-looking design; continue to carry out full automation modification of the existing production lines to increase the stability and reliability of operation, minimize manual operation and reduce safety and environmental protection risks; purchase production equipment provided by first-class suppliers with high safety standard, environmental protection and energy saving and high efficiency to equip all new projects, make the production lines fully automated, intelligent and networked, and timely eliminate hidden problems by real-time monitoring, early warning, transmission and collecting feedback. Meanwhile, the Group will continue to purchase accidental injury insurance for employees, strengthen training and assessment for all employees on safe and clean production, attach great importance to the standardization of production operations of employees, and insist on the continuous improvement of safety and environmental protection contingency plans and preventive drills for employees to fundamentally prevent and control safety and environmental protection problems. Moreover, the Company completed the change of session of the Board of Directors and newly appointed a Director with ESG and sustainable development background as considered and approved at the 1st meeting of the sixth session of the Board of Directors. By enhancing the diversity of the professional background of the Board of Directors, the Company will identify potential environmental protection and green development related risks in advance and improve the standards of environmental protection and sustainable development of the Company from the perspective of ESG and sustainable development strategy.

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

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

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

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

Under the background of the global clean energy transition, all countries gradually realized the strategic significance of lithium as an energy metal and successively specified plans on the protection of key metals. Chile, Mexico and other countries proposed nationalization of lithium resources. On the other hand, major countries with lithium resources in the world tend to promote the integrated construction in the upstream and downstream of local lithium industrial chains to further enjoy the added value in the processing of lithium resources. Many countries with the Western ideology turned to trade protectionism. They hindered the global supply chains and supported the development of local enterprises with subsidies and high tariffs. Australian lithium mining enterprises generally released plans on the construction of local lithium chemical products smelting capacity. The United States implemented the "Inflation Reduction Act of 2022" to support investment in the domestic energy production and manufacturing. Through amendments to its foreign investment law, Canada paid more attention to reviewing foreign investors' investment in specific fields, such as critical minerals and artificial intelligence, etc. Chinese companies in the lithium battery industrial chains may be unable to access such countries and markets and they will be confronted with new challenges.

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

FINANCIAL REVIEW

1. Overview

During the reporting period, the Group's revenue was RMB24,787,359 thousand, representing an increase of RMB10,619,367 thousand or 74.95% from RMB14,167,992 thousand for the six months ended 30 June 2022.

During the reporting period, the Group's gross profit was RMB21,584,660 thousand, representing an increase of RMB9,664,148 thousand or 81.07% from RMB11,920,512 thousand for the six months ended 30 June 2022. The basic earnings per share of the Group were RMB3.93.

During the reporting period, the profit for the period attributable to equity shareholders of the Company was RMB6,446,790 thousand, representing a decrease of RMB3,783,515 thousand or 36.98% from RMB10,230,305 thousand for the six months ended 30 June 2022. This decrease was primarily due to the following reasons: (1) the selling price of the Group's lithium compounds and derivatives decreased, resulting in a decrease in the gross profit of lithium compounds and derivatives; (2) the increase in the selling price of lithium concentrates led to an increase in the net profit of the Group's holding subsidiary Windfield, and the profit attributable to non-controlling interests during the reporting period increase accordingly; (3) in the same period of last year, SES, an investee of the Group, was listed on the New York Stock Exchange. The Group lost its significant influence on SES due to passive dilution of its shareholding in SES, resulting in an investment gain as the investment in SES was designated from interests in associate into financial assets at FVOCI (non-recycling). There was no such item during the reporting period, and the investment gain decreased by approximately RMB1.2 billion compared to the same period of last year.

2. Analysis of revenue and cost

During the reporting period, the Group generated revenue from the sales of lithium concentrates and lithium compounds and derivatives. The total revenue increased by RMB10,619,367 thousand to RMB24,787,359 thousand for the six months ended 30 June 2023 from RMB14,167,992 thousand for the six months ended 30 June 2022. The growth in total revenue was primarily because the sales volume of the Group's major lithium products and the average selling price of the Group's lithium concentrates increased during the reporting period compared to the same period last year.

(1) Main business by products and regions

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

Unit: RMB'000

	Six months ended 30 June 2023		Six months ended 30 June 2022		Changes as compared to the same period of last year
	Amount	**Proportion of revenue**	Amount	Proportion of revenue	
Revenue	**24,787,359**	**100%**	14,167,992	100%	74.95%
By products					
Lithium concentrates	**16,028,349**	**64.66%**	4,456,101	31.45%	259.69%
Lithium compounds and derivatives	**8,759,010**	**35.34%**	9,711,891	68.55%	-9.81%
By regions					
Mainland China	**20,585,898**	**83.05%**	11,940,793	84.28%	72.40%
Overseas	**4,201,461**	**16.95%**	2,227,199	15.72%	88.64%

(2) Cost of sales by products and regions

Unit: RMB'000

	Six months ended 30 June 2023		Six months ended 30 June 2022		Changes as compared to the same period of last year
	Amount	Proportion of revenue	Amount	Proportion of revenue	
Cost of sales	**3,202,699**	**100%**	2,247,480	100%	42.50%
By products					
Lithium concentrates	**1,318,883**	**41.18%**	1,025,114	45.61%	28.66%
Lithium compounds and derivatives	**1,883,816**	**58.82%**	1,222,366	54.39%	54.11%
By regions					
Mainland China	**2,636,005**	**82.31%**	1,842,898	82.00%	43.04%
Overseas	**566,694**	**17.69%**	404,582	18.00%	40.07%

3. Gross profit and gross profit margin

During the reporting period, the gross profit margin of the Group was 87.08%, representing an increase of 2.94% from 84.14% for the six months ended 30 June 2022, mainly due to an increase in the sales prices of lithium concentrates as a result of changes in market conditions, and the fact that the rise of price was higher than the increase in cost.

Gross profit and gross profit margin by products

Unit: RMB'000

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
Lithium concentrates	**14,709,466**	**91.77%**	3,430,987	77.00%
Lithium compounds and derivatives	**6,875,194**	**78.49%**	8,489,525	87.41%
Total	**21,584,660**	**87.08%**	11,920,512	84.14%

Gross profit and gross profit margin by regions

Unit: RMB'000

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
Mainland China	**17,949,893**	**87.20%**	10,097,895	84.57%
Overseas	**3,634,767**	**86.51%**	1,822,617	81.83%
Total	**21,584,660**	**87.08%**	11,920,512	84.14%

4. **Other net income**

The other net income of the Group mainly included interest income from bank deposits, net foreign exchange gains and government grants. During the reporting period, the other net income of the Group amounted to RMB336,803 thousand, representing a decrease of RMB645,113 thousand from RMB981,916 thousand for the six months ended 30 June 2022, which was mainly due to a decrease in the Company's gains on deemed disposal of an associate and gains on partial disposal of an associate during the reporting period.

5. **Expenses**

	Six months ended 30 June 2023	Six months ended 30 June 2022	Changes	Explanations of material changes
Selling and distribution expenses	**21,772**	12,083	80.19%	Primarily because of the increase in export sales volume and selling prices of lithium compounds and derivatives leading to the corresponding increase in port charges and insurance expenses compared to the same period last year
Administrative expenses	**361,767**	175,412	106.24%	Primarily due to the increase in employee's salaries, consulting expenses for intermediary agencies and share-based payment expenses compared to the same period last year
Research and development expenses	**14,630**	11,508	27.13%	Primarily due to the increase in R&D staff and the increase in the consulting expenses, office expenses, and traveling expenses of the R&D department
Finance costs	**238,634**	596,589	-60.00%	Primarily due to 1) the decrease in interest expenses compared to the same period last year; 2) the increase in interest income compared to the same period last year

6. Research and development expenses

During the reporting period, the research and development expenses of the Group amounted to RMB14,630 thousand, representing an increase of 27.13% from RMB11,508 thousand for the six months ended 30 June 2022, and accounting for 0.06% of the Group's revenue, which was mainly due to the increase in R&D staff and the increase in the consulting expenses, office expenses, and traveling expenses of the R&D department during the reporting period.

7. Cash flows

	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000	Changes %	Explanations of material changes
Net cash flows generated from operating activities	**12,112,616**	7,066,631	71.41	Primarily due to the increase in the amount of cash receipts and gross profit corresponding to the sales during the reporting period compared to the same period last year
Net cash flows (used in)/ generated from investing activities	**(131,672)**	592,726	-122.21	Primarily due to the increase in the payment for the purchase of property, plant and equipment and intangible assets during the reporting period compared to the same period last year
Net cash flows used in financing activities	**(14,272,329)**	(5,291,264)	169.73	Primarily due to the increase in the cash dividend distributions and dividends paid to non-controlling interests during the reporting period compared to the same period last year
Net (decrease)/increase in cash and cash equivalents	**(2,291,385)**	2,368,093	-196.76	Resulting from the changes of the above-mentioned capital activities

8. Financial position

The non-current assets increased by RMB4,903,865 thousand from RMB46,597,759 thousand as of 31 December 2022 to RMB51,501,624 thousand for the six months ended 30 June 2023, mainly due to the increase in the property, plant and equipment, interest in associates, and deferred tax assets during the reporting period.

The current assets increased by RMB1,256,253 thousand from RMB25,960,258 thousand as of 31 December 2022 to RMB27,216,511 thousand for the six months ended 30 June 2023, mainly due to the increase in the trade receivables, inventories, and prepaid tax resulting from a significant increase in revenue during the reporting period.

The current liabilities increased by RMB2,348,713 thousand from RMB7,555,107 thousand as of 31 December 2022 to RMB9,903,820 thousand for the six months ended 30 June 2023, mainly due to the increase in the current tax resulting from a significant increase in profit before taxation during the reporting period.

The non-current liabilities increased by RMB1,885,665 thousand from RMB10,244,668 thousand as of 31 December 2022 to RMB12,130,333 thousand for the six months ended 30 June 2023, mainly due to the increase in the bank loans and other borrowings during the reporting period.

As at 31 December 2022 and 30 June 2023, the net current assets of the Group amounted to RMB18,405,151 thousand and RMB17,312,691 thousand, respectively, and the net assets amounted to RMB54,758,242 thousand and RMB56,683,982 thousand, respectively.

As at 31 December 2022 and 30 June 2023, the cash and cash equivalents of the Group amounted to RMB12,289,948 thousand and RMB10,089,720 thousand, respectively.

9. Income tax expenses

During the reporting period, the income tax of the Group amounted to RMB6,930,834 thousand, representing an increase of RMB4,250,387 thousand from RMB2,680,447 thousand for the six months ended 30 June 2022, which was mainly due to the increase in the taxable income caused by the increase in profit before taxation of Windfield, an overseas subsidiary of the Company, for the current period.

10. Capital expenditure

During the reporting period, the capital expenditure of the Group was RMB1,708,068 thousand, representing an increase of RMB1,131,787 thousand from RMB576,281 thousand for the six months ended 30 June 2022. The capital expenditure mainly consisted of expenditures incurred for the purchase of property, land and equipment (including right-of-use assets) and intangible assets. Funds used as capital expenditure of the Group were mainly sourced from cash flows generated from operating activities of the Group, bank borrowings and proceeds from share issuance.

11. Interest-bearing bank and other borrowings

As at 30 June 2023, the interest-bearing bank and other borrowings of the Group amounted to RMB10,163,502 thousand. The interest-bearing bank and other borrowings of the Group that would be due within one year, due within one to two years and due within two to five years amounted to RMB248,435 thousand, RMB958,269 thousand, and RMB8,956,798 thousand, respectively. As at 30 June 2023, the Group's outstanding loans included Renminbi loans and foreign currency loans and approximately 0.00% (31 December 2022: 8.35%) of such outstanding loans was charged at fixed interest rates, with the remaining charged at floating interest rates.

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

12. Restricted assets

As at 30 June 2023, assets with a total carrying value of RMB63,526,158 thousand of the Group were used as collaterals for bank loans and other banking facilities. Such assets mainly included Windfield's total assets in Australia of RMB28,610,783 thousand, 100% equity interest in TLAI1 of RMB24,290,817 thousand, and equity investment in SQM of RMB10,527,792 thousand.

13. Gearing ratio

As at 30 June 2023, the Group's gearing ratio, defined as total liabilities (which include current and non-current bank loans, lease liabilities and other borrowings) divided by total equity, was 18.46%, increased by 2.56 percentage points as compared to that as at 31 December 2022.

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

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

15. Contingent liabilities

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

16. Employees and remuneration system

As at 30 June 2023, the Group had a total of 2,628 employees. During the reporting period, the Group accrued employee remuneration and welfare totaling RMB454,681 thousand. In accordance with the "PRC Labor Contract Law (中華人民共和國勞動合同法)" and other laws and regulations, the Company followed the principles of professionalism, differentiation and unification, established and continuously improved the remuneration management system, actively built the remuneration and welfare system taking into account both external competitiveness and internal fairness, and provided employees with a comprehensive remuneration and welfare consisting of fixed wages, short-term incentives, long-term incentives and employee benefits. In the future, the Group 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.

With the goal of "developing excellent employees of Tianqi", the Company continues to improve its talent development system and attaches great importance to employees' capacity enhancement, which has contributed to employees' career development and laid foundation for building and upgrading Tianqi Lithium's global talent pool. To achieve the goal of the Company in talent development and maintain an excellent talent team, the Company actively identified the capabilities and potential of existing employees and set up targeted training plans, which were in line with the personalized career development needs of employees and steadily supported the Company's talent strategy. To improve the professional skills of employees and stimulate their vitality, the Company continues to improve its employee training system and provides various training programs for employees in both online and offline forms.

17. Significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures

As at 30 June 2023, the Group held a significant investment in SQM, its associate, representing more than 5% of the total assets of the Group as at 30 June 2023. The initial investment of the Group in SQM totalled US$4,115 million (the initial investment amount of the B shares in SQM which had been disposed of was excluded). As at 30 June 2023, the Group held 748,490 Series B shares of SQM and 62,556,568 Series A shares of SQM, which together accounted for 22.16% of the total share capital of SQM, and the carrying amount of the Group's equity interest in SQM was approximately RMB27,769,269 thousand, representing approximately 35.28% of the total assets of the Group as at 30 June 2023. The accumulated impairment of equity interest of the Group in SQM was approximately RMB3,011,580 thousand. As at 30 June 2023, the fair value of the equity investments of the Group in SQM was approximately RMB29,057,833 thousand. During the reporting period, the investment income recognised by the Group in SQM was approximately RMB1,998,801 thousand, and the dividends received from SQM were equivalent to approximately RMB1,456,398 thousand.

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

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

For further details of SQM's business and interests, please refer to the section headed "Management Discussion and Analysis—Business Review—Development, production, processing and sales of lithium resources" and note 10 to the financial statements.

Save as disclosed above, the Group did not have any significant investment held, or any material acquisition or disposal of subsidiaries, associates and joint ventures involving an amount exceeding 5% of the total assets of the Group as of 30 June 2023.

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

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

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

The Company held the 34th meeting of the fifth session of the Board of Directors, the 24th meeting of the fifth session of the Board of Supervisors and the first extraordinary general meeting of 2023 on 10 March 2023 and 14 April 2023, respectively, at which the following proposals concerning the election of the new sessions of the Board of Directors and the Board of Supervisors were considered and approved, including the election of Mr. Jiang Weiping, Ms. Jiang Anqi, Mr. Ha, Frank Chun Shing and Mr. Zou Jun as executive Directors of the sixth session of the Board of Directors, Mr. Xiang Chuan, Ms. Tang Guoqiong, Ms. Huang Wei and Ms. Wu Changhua as independent non-executive Directors of the sixth session of the Board of Directors, and Ms. Wang Dongjie and Ms. Chen Zemin as non-employee representative Supervisors of the sixth session of the Board of Supervisors. Meanwhile, Mr. Hu Yi was elected as the employee representative Supervisor of the sixth session of the Board of Supervisors at the employee representative meeting held by the Company. On 14 April 2023, the Company held the first meeting of the sixth session of the Board of Directors to elect Mr. Jiang Weiping as the Chairman and Ms. Jiang Anqi as the vice Chairlady of the sixth session of the Board of Directors, as well as members of the Board committees. Moreover, Mr. Ha, Frank Chun Shing was appointed as the president (general manager) of the Company, Mr. Zou Jun was appointed as the chief financial officer (officer in charge of finance) and executive vice president of the Company, Mr. Guo Wei and Ms. Liu Ying were appointed as executive vice presidents (vice general managers) of the Company, Ms. Xiong Wanyu, Mr. Zhang Wenyu and Mr. Li Guo were appointed as vice presidents (vice general managers) of the Company, and Mr. Zhang Wenyu was appointed as the secretary to the sixth session of the Board of Directors. At the first meeting of the sixth session of the Board of Supervisors held by the Company on the same date, Ms. Wang Dongjie was elected as the Chairlady of the sixth session of the Board of Supervisors. The terms of office of the above-mentioned persons are three years and shall expire on the dates of expiration of the terms of office for the sixth session of the Board of Directors and the Board of Supervisors, respectively. Besides, on 13 July 2023, the 5th meeting of the sixth session of the Board of Directors approved to appoint Ms. Xiong Wanyu (vice president of the Company) as the senior vice president of the Company, and the term shall expire on the date of expiration of the term of office for the sixth session of the Board.

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

The “Proposal on the Strategic Plan for the Next Five Years (2023-2027) of the Company” was considered and approved at the 35th meeting of the fifth session of the Board of Directors held by the Company on 30 March 2023. Over the next five years, by fully leveraging the capacity and advantages of existing lithium resources and processing plants, the Company plans to constantly develop the upstream high-quality lithium resources, expand the processing capacity of lithium chemical products, promote partnerships across the downstream industrial chain and relevant opportunities, and strive to increase its market share in related fields. Guided by the application of electric vehicles and energy storage, the Company aims to establish a strong presence across the industrial chain and proactively connect upstream and downstream operations to achieve synergies that reduce pollution, lower carbon emissions, and address climate change. Ultimately, the Company will grow towards a high value-added and technology-driven enterprise.

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

At the 35th meeting of the fifth session of the Board of Directors and the 2022 annual general meeting convened on 30 March 2023 and 16 June 2023, respectively, the "2022 Profit Distribution Plan" was considered and approved, pursuant to which the Company proposed to distribute cash dividends of RMB30.00 (tax inclusive) for every 10 shares to all shareholders on the basis of the share capital entitled to profit distribution as registered on the record date of the profit distribution, with no profit distribution in the form of conversion of capital reserve into share capital or distribution of bonus shares. In accordance with the "Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 9 – Share Repurchase", the shares in the repurchase account are not entitled to profit distribution. Therefore, the total number of shares in the Company entitled to profit distribution is the total share capital after deducting the number of shares held in the repurchase account of the Company. As of the record date of the profit distribution to the Company's A Shares, the total share capital of the Company was 1,641,221,583 Shares (including 1,477,099,383 A Shares and 164,122,200 H Shares), and after deduction of 467,966 A Shares repurchased by the Company, the total number of the Company's A Shares and H Shares entitled to profit distribution is 1,476,631,417 and 164,122,200, respectively. The Company completed the profit distribution regarding A Shares and H Shares on 30 June 2023 and 16 August 2023, respectively, in which total cash dividends paid for A Shares and H Shares amounted to RMB4,429,894,251.00 (tax inclusive) and RMB492,366,600.00 (tax inclusive), respectively. As of the Date of this Report, the Company's profit distribution plan for 2022 had been completed.

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

At the 17th meeting of the fourth session of the Board of Directors convened by the Company on 30 May 2018, the proposals such as the "Proposal on the Major Asset Purchase Plan of the Company" were considered and approved, pursuant to which the Company proposed to purchase 62,556,568 Series A shares in issue of SQM which Nutrien Ltd. held indirectly, with a total transaction amount of approximately US$4.066 billion. At the 21st meeting of the fourth session of the Board of Directors convened by the Company on 29 August 2018, the "Proposal on the Capital Increase to the Wholly-owned Subsidiaries" was considered and approved. According to the Company's arrangement, the entity to carry out this transaction was Tianqi Xinlong, a wholly-owned subsidiary of the Company; to improve Tianqi Xinlong's capital strength and promote the completion of this transaction, the Company made the capital increase to Tianqi Xinlong. At the 26th meeting of the fifth session of the Board of Directors convened by the Company on 19 July 2022, the "Proposal on the Capital Increase to the Wholly-owned Subsidiaries" was considered and approved, pursuant to which the Company proposed to inject capital into Tianqi Xinlong, which acquired the equity interests in SQM, by means of capital increase, for the purpose of fund-raising such as repaying loans, project construction and supplying liquidity.

At the 35th meeting of the fifth session of the Board of Directors and the 25th meeting of the fifth session of the Board of Supervisors convened by the Company on 30 March 2023, the "Proposal on the Capital Increase to the Wholly-owned Subsidiaries" was considered and approved. Tianqi Xinlong, a wholly-owned subsidiary of the Company, which acquired the equity interests in SQM, generated a certain amount of internal related recurrent loans incurred during the equity acquisition and repaying syndicated loans of overseas merger and acquisition. To improve Tianqi Xinlong's capital strength, the Company proposed to inject capital into Tianqi Xinlong with the monetary capital of RMB5.7 billion, which was included in registered capital. As of the Date of this Report, the Company has completed the capital increase to Tianqi Xinlong.

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

In order to further broaden the Company's financing channels, optimize the debt financing structure, and diversify its debt financing instruments to ensure the stability of cash flows, the 35th meeting of the fifth session of the Board of Directors and the 2022 annual general meeting were convened by the Company on 30 March 2023 and 16 June 2023, respectively, which considered and passed the Proposal on the Application for Registration and Issuance of Debt Financing Instruments. The Company intends to file an application to the National Association of Financial Market Institutional Investors for the registration and issuance of debt financing instruments of no more than RMB6.0 billion (including RMB6.0 billion), which would be issued in several tranches according to the actual capital needs. The maturity period for the debt financing instruments registered and issued shall be no more than five years. The specific term of issuance will be determined with reference to the capital needs of the Company and the market conditions. The category of debt financing instruments could be classified as short-term financing bonds, medium-term notes and other debt financing instruments recognized by the National Association of Financial Market Institutional Investors. The proceeds will be used in replenishing the liquidity, repaying the Company's debt and other purposes that comply with the requirements of the laws and regulations in accordance with relevant laws and regulations and the requirements of the regulatory authorities.

6. **Battery-grade lithium hydroxide monohydrate project with an annual capacity of 30,000 tons of the wholly-owned subsidiary of the Company**

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

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

On 30 May 2023, Shenghe Lithium, a wholly-owned subsidiary of the Company, introduced a strategic investor Zijin Mining, by means of capital increase and share capital expansion. According to the "Capital Increase and Share Capital Expansion Agreement" entered into by them, in this capital increase, Hainan Zijin Lithium, a wholly-owned subsidiary of Zijin Mining, proposed to contribute cash to subscribe for the newly registered capital of Shenghe Lithium. The Company and its wholly-owned subsidiary Shehong Tianqi waived all the pre-emptive rights for capital contribution to Shenghe Lithium. Upon completion of this capital increase, the Company holds 39.20% equity interest in Shenghe Lithium, Shehong Tianqi, a wholly-owned subsidiary of the Company, holds 40.80% equity interest in Shenghe Lithium, and Hainan Zijin Lithium holds 20% equity interest in Shenghe Lithium. Upon completion of the capital increase and share capital expansion, the Company still has control over Shenghe Lithium, and Shenghe Lithium is still included within the scope of the consolidated statements of the Company.

As of the Date of this Report, Hainan Zijin Lithium has made the payment for the first installment of the subscription price to Shenghe Lithium and Shenghe Lithium has completed the capital increase and share capital expansion as well as the industrial and commercial registration updates of corresponding changes of directors, supervisors and senior management, alteration of the articles of association and others.

8. **External investment in new energy vehicles by the wholly-owned subsidiary of the Company and participation in the series A equity financing of smart Mobility Pte. Ltd.**

In accordance with the strategic development needs, the Company held the 5th meeting of the Sixth session of the Board of Directors on 13 July 2023, which considered and approved the "Proposal on External Investment by the Wholly-Owned Subsidiary and Signing the Share Subscription Agreement". Tianqi Lithium HK, a wholly-owned subsidiary of the Company, intends to participate in the Series A equity financing of smart Mobility Pte. Ltd. ("**SM**") by means of subscribing for the newly registered capital, and signs the Share Subscription Agreement (the "**Subscription Agreement**") with SM. According to the proposed Subscription Agreement, the Company plans to, as the lead investor, participate in SM's Series A equity financing with its own funds of US$150 million, and subscribe for 17,605,633 Class A ordinary shares issued by SM. The aggregate financing amount for this round of financing of SM ranges from US$250 million to US$300 million. Prior to this investment of the Company, the substantial shareholders of SM were Zhejiang Geely Holding Group Co., Ltd. and Mercedes-Benz Group AG. After this investment, the Company will hold 17,605,633 Class A ordinary shares of SM, accounting for 2.83% of the total share capital of SM after the investment. As of the Date of this Report, the transaction is yet to be completed.

9. Progress of our Lithium Hydroxide Project in Australia

At the 31st meeting of the third session of the Board of Directors convened by the Company on 5 September 2016, the "Proposal on Construction of the Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons" was considered and approved, pursuant to which the Company proposed to invest and construct the Battery-grade Lithium Hydroxide Monohydrate Project in Kwinana, Australia with an annual capacity of 24,000 tons (the "**Lithium Hydroxide Project (Train I)**" or the "**Project**"). The Project was carried out by TLK, a subsidiary of the Company incorporated in Australia.

The Company disclosed the announcements in relation to the progress of the Lithium Hydroxide Project (Train I) in May 2022 and December 2022 respectively. As disclosed in those announcements, after multiple times of commissioning and optimization, the first batch of approximately 10 tons of lithium hydroxide products passed our internal laboratory's sampling test, and on 19 May 2022, all parameters were confirmed to meet the battery-grade lithium hydroxide standard. Subsequently, samples of this batch of lithium hydroxide products were sent by TLK to SGS-CSTC Standards Technical Services Co., Ltd. in China for independent inspection, and this third-party laboratory confirmed such samples met the GB/T26008-2020 standard in November 2022. TLK has gradually distributed samples of such lithium hydroxide products to potential purchasers for the purpose of customer certification as planned, which is expected to take four to eight months. TLK's management reasonably estimated that the output of the Project was expected to grow steadily from December 2022. Therefore, the Company was of the view that the capacity of the Lithium Hydroxide Project (Train I) would have been up to the standard of commercialized production since 30 November 2022.

The Train I Lithium Hydroxide production line has been in stable production from January to April 2023 since its commercial production realized in December 2022, and is in the stage of capacity ramp-up; the Project started equipment maintenance in April 2023 as scheduled, and then encountered some technical problems; it has resumed production on 19 June 2023 and is now in the stage of capacity ramp-up.

In addition, TLK distributed the products to the potential purchasers for the purpose of certification in December 2022 and January 2023, respectively. Up to now, the lithium hydroxide sample distributed by the Group to SK On has been certified by it. Apart from this, TLK has not received any feedback on the relevant certification results from other potential purchasers.

10. Purchase of equity interest of Essential Metals Limited in Australia by a controlling subsidiary of the Company and its progress

The Company held the 33rd meeting of the fifth session of the Board of Directors on 5 January 2023, which considered and approved the "Proposal on Proposed Purchase of Equity Interest of Essential Metals Limited in Australia by a Controlling Subsidiary of the Company and Signing the Scheme Implementation Agreement". It is agreed that TLEA, a controlling subsidiary of the Company, entered into the "Scheme Implementation Agreement" with Essential Metals Limited (an Australian listed company, ASX: ESS, "**ESS**"), to purchase all shares of ESS at a price of AUD$0.50 per share and a total price of approximately AUD$136 million (equivalent to approximately RMB632 million) (the "**Transaction**"). On 8 January 2023, TLEA, a controlling subsidiary of the Company, signed the Scheme Implementation Agreement with ESS.

On 20 March 2023, ESS submitted an application to the Australian Securities Exchange and released the Transaction scheme for the information and review of its shareholders. On 20 April 2023, ESS convened a shareholders' general meeting to deliberate on the Transaction. Based on the voting results of the shareholders' general meeting, more than half of the shareholders participated in the vote. However, among the voting shareholders, the number of shares in favor of the Transaction failed to reach over 75% of the total shares with voting rights. Therefore, the Transaction was not approved by the ESS shareholders' general meeting.

In accordance with the "Scheme Implementation Agreement" previously signed between TLEA and ESS, obtaining approval from the shareholders' general meeting was one of the prerequisites for implementing the Transaction. In the event that the Transaction was not approved at the ESS shareholders' general meeting, TLEA had the right to unilaterally terminate the "Scheme Implementation Agreement". On 20 April 2023, TLEA issued a notice on termination of the transaction to ESS in accordance with the relevant provisions of the "Scheme Implementation Agreement", and received a confirmation reply from ESS on the same day. Pursuant to the relevant provisions of the "Scheme Implementation Agreement", neither party shall be liable to pay any breakup fee due to the termination of the Transaction resulting from the aforementioned circumstances.

As the Transaction was not approved at the ESS shareholders' general meeting, neither party thereto shall bear any compensation liability due to the termination of the Transaction. Therefore, the termination of the Transaction will not have a significant adverse impact on the Company's financial condition and operating results for the reporting period, nor harm the interests of the Company and its shareholders as a whole.

CORPORATE GOVERNANCE PRACTICES

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

Save as those disclosed in this Report, during the reporting period, no significant changes affecting the performance of the Company should be disclosed in accordance with the paragraph 40(2) of Appendix 16 to the Hong Kong Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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). 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.

CHANGES OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES AND CHANGES IN THEIR INFORMATION

During the reporting period, the Company promoted the election of the new sessions of the Board of Directors and the Board of Supervisors in accordance with laws and regulations. For details, please refer to "Other Significant Events during the Reporting Period – Promotion of the election of the new sessions of the Board of Directors and the Board of Supervisors according to laws and regulations" in the "Management Discussion and Analysis" section of this Report.

In addition to the above-mentioned personnel changes due to the election of the new sessions, other changes in the positions of Directors, Supervisors and chief executives during the reporting period are as follows:

Name	Position	Type	Date	Reason
Jiang Anqi	Member of the ESG and Sustainable Development Committee	Elected	14 April 2023	Elected at the 1st meeting of the sixth session of the Board of Directors
Xiang Chuan	Chairman of the Strategy and Investment Committee	Elected	14 April 2023	Elected at the 1st meeting of the sixth session of the Board of Directors
	Member of the Nomination and Governance Committee, member of the ESG and Sustainable Development Committee	Resigned	14 April 2023	Adjusted according to the resolution of the 1st meeting of the sixth session of the Board of Directors
Tang Guoqiong	Member of the Nomination and Governance Committee, member of the Remuneration and Appraisal Committee	Elected	14 April 2023	Elected at the 1st meeting of the sixth session of the Board of Directors
	Member of the Strategy and Investment Committee	Resigned	14 April 2023	Adjusted according to the resolution of the 1st meeting of the sixth session of the Board of Directors
Huang Wei	Member of the Audit and Risk Committee, Chairlady of the Nomination and Governance Committee	Elected	14 April 2023	Elected at the 1st meeting of the sixth session of the Board of Directors
Wu Changhua	Member of the Strategy and Investment Committee, Chairlady of the ESG and Sustainable Development Committee	Elected	14 April 2023	Elected at the 1st meeting of the sixth session of the Board of Directors
Pan Ying	Independent non-executive Director, Chairman of the Nomination and Governance Committee, Chairman of the Strategy and Investment Committee, member of the Remuneration and Appraisal Committee, member of the Audit and Risk Committee	Resigned	14 April 2023	Expiry of term of office
Yan Jin	External Supervisor, Chairlady of the Board of Supervisors	Resigned	14 April 2023	Expiry of term of office

Ms. Huang Wei was appointed as an independent non-executive director of Beijing Capital Grand Limited (a company listed on the Main Board of the Hong Kong Stock Exchange, stock code: 1329) on 9 May 2023. Meanwhile, Ms. Huang Wei also served as a director of Baker Tilly Hong Kong Valuation Advisory Limited.

According to the Remuneration Plan for Directors and Supervisors of the Company, in addition to the senior management's remuneration, the Directors who concurrently serve as the senior management will also receive fixed Directors' remuneration. During the reporting period, there were adjustments in relation to the senior management's remuneration standard for 2023 for the executive Directors, Mr. Ha, Frank Chun Shing and Mr. Zou Jun, of which the senior management's annual remuneration standard for Mr. Ha, Frank Chun Shing increased to RMB4,328,411, and the senior management's annual remuneration standard for Mr. Zou Jun increased to RMB3,578,040. The Directors' remuneration received by Mr. Ha, Frank Chun Shing and Mr. Zou Jun remained the same at RMB237,000 per annum. The above remuneration standard excludes benefits, equity incentives, and is not the actual remuneration received by the Directors and Supervisors. The actual remuneration of the Directors and Supervisors will be disclosed in 2023 Annual Report based on the accounting results.

Save as those disclosed in this Report, there is no other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

AUDIT AND RISK COMMITTEE

The Board has established the Audit and Risk Committee (the "**Audit and Risk Committee**"), the current members of which include Ms. Tang Guoqiong (Chairlady), Ms. Huang Wei and Mr. Xiang Chuan.

The Audit and Risk Committee, together with the management of the Company, has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2023.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

As at 30 June 2023, the interests and short positions of our Directors, Supervisors and chief executives of our Company in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Hong Kong Listing Rules, were set out as follows:

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

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. During the reporting period, Tianqi Group Company participated in the Securities Lending Business for Refinancing, and as of the end of the reporting period, a total of 1,411,100 shares were lent out. The ownership of the shares lent out through Securities Lending Business for Refinancing will not be transferred, therefore, the actual number of shares held by Tianqi Group Company is still 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 30 June 2023, Tianqi Group Company had pledged 14,100,000 A Shares in total to four 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 Everbright Bank Co., Ltd. Chengdu Wuhou Sub-branch (中國光大銀行股份有限公司成都武侯支行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行).

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

Save as disclosed above, as at 30 June 2023, none of our Directors, Supervisors and chief executive of our Company had interests or short positions in the shares, underlying shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or which were required to be entered in the register required to be kept pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, to the knowledge of the Directors, the following persons (other than the Directors, Supervisors and chief executive) had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register of the Company required to be kept by the Company pursuant to section 336 of the SFO:

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[1]	Approximate percentage of shareholding in the total share capital of the Company[2]
Tianqi Group Company[3]	Interest of controlled corporations	A Shares	416,316,432 (L)	28.18%	25.37%
Ms. Zhang Jing[4]	Beneficial owner	A Shares	68,679,877 (L)	4.65%	4.18%
	Interest of spouse	A Shares	416,316,432 (L)	28.18%	25.37%
Morgan Stanley International Holdings Inc.	Interest of controlled corporations	H Shares	28,570,062 (L)	17.40%	1.74%
			8,014,032 (S)	4.88%	0.49%
Morgan Stanley & Co. International plc	Interest of controlled corporations	H Shares	17,245,690 (L)	10.50%	1.05%
			8,014,032 (S)	4.88%	0.49%
Morgan Stanley International Limited	Interest of controlled corporations	H Shares	17,245,690 (L)	10.50%	1.05%
			8,014,032 (S)	4.88%	0.49%

Shareholder	Nature of interest	Class	Number of shares directly or indirectly held	Approximate percentage of shareholding in the relevant class of shares of the Company[(1)]	Approximate percentage of shareholding in the total share capital of the Company[(2)]
Morgan Stanley Investments (UK)	Interest of controlled corporations	H Shares	17,245,690 (L)	10.50%	1.05%
			8,014,032 (S)	4.88%	0.49%
Pacific Asset Management Co., Ltd.	Other	H Shares	15,513,600 (L)	9.45%	0.95%
HWABAO TRUST CO., LTD	Trustee	H Shares	14,360,200 (L)	8.75%	0.88%
LG Chem, Ltd.	Beneficial owner	H Shares	14,360,200 (L)	8.75%	0.88%
China International Capital Corporation (International) Limited	Interest of controlled corporations	H Shares	14,013,716 (L)	8.54%	0.85%
			29,277,000 (S)	17.84%	1.78%
Morgan Stanley (Hong Kong) Holdings Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Holdings Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Asia Limited	Underwriter	H Shares	11,324,372 (L)	6.90%	0.69%
Morgan Stanley Hong Kong 1238 Limited	Interest of controlled corporations	H Shares	11,324,372 (L)	6.90%	0.69%
Zijin Mining Group Co., Ltd.	Interest of controlled corporations	H Shares	9,573,400 (L)	5.83%	0.58%
Gold Mountains (Hong Kong) International Mining Company Limited	Beneficial owner	H Shares	9,573,400 (L)	5.83%	0.58%
China International Capital Corporation Hong Kong Securities Limited	Underwriter	H Shares	9,354,916 (L)	5.70%	0.57%
			24,618,200 (S)	15.00%	1.50%
Jiang Jinzhi (蔣錦志)	Interest of controlled corporations	H Shares	9,269,600 (L)	5.65%	0.56%

Notes:

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

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

(3) Tianqi Group Company, which is owned as to 90% by Mr. Jiang Weiping and 10% by Ms. Zhang Jing, holds 416,316,432 A Shares. During the reporting period, Tianqi Group Company participated in the Securities Lending Business for Refinancing, and as of the end of the reporting period, a total of 1,411,100 shares were lent out. The ownership of the shares lent out through Securities Lending Business for Refinancing will not be transferred, therefore, the actual number of shares held by Tianqi Group Company is still 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 30 June 2023, Tianqi Group Company had pledged 14,100,000 A Shares in total to four 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 Everbright Bank Co., Ltd. Chengdu Wuhou Sub-branch (中國光大銀行股份有限公司成都武侯支行), Industrial Bank Co., Ltd. Chengdu Branch (興業銀行股份有限公司成都分行) and China Zheshang Bank Co., Ltd. Chengdu Branch (浙商銀行股份有限公司成都分行).

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

Save as disclosed above, as at 30 June 2023, so far as is known to the Directors, none of any other persons (other than Directors, Supervisors and chief executive) had any interests or short positions in the Shares or underlying Shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Report, none of the Company, or any of its subsidiaries have entered into any arrangement to enable the Directors or Supervisors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company, and none of the Directors and Supervisors or their respective spouses and children under the age of 18 had been granted any right to subscribe for the share capital or debt securities of the Company or had exercised any such right during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, there was no purchase, redemption or sale of the Company's listed securities by the Company and any of its subsidiaries.

UTILIZATION OF THE PROCEEDS FROM H SHARE OFFERING OF THE COMPANY

Upon approval by the CSRC in accordance with the Reply on the Approval for the Issuance of Overseas Listed Foreign Shares by Tianqi Lithium Corporation (Zheng Jian Xu Ke [2022] No. 1114) issued on 2 June 2022, the Company issued its H Shares and was listed on the Main Board of the Hong Kong Stock Exchange on 13 July 2022. A total of 164,122,200 H Shares (before any exercise of the over-allotment option) were issued at the price of HK$82 per share through both public offering and international placement. After deducting underwriting fees and other issuance expenses, the net proceeds from the Global Offering were approximately HK$13.062 billion, which will be used for the purpose and proportion as set out in the H Share prospectus of the Company. The table below sets out the proposed purposes of the net proceeds and summary of usage as of 30 June 2023:

Unit: HK$ million

Proposed use of proceeds	Planned use of the net proceeds	Utilized net proceeds as of 30 June 2023	Balance as of 30 June 2023	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	788.08	381.92	From April 2023 to June 2024
Repay certain PRC domestic bank loans	1,721	1,721	0	
Working capital and general corporate purposes	1,306	1,306	0	
Total	13,062	12,680.08	381.92	

CONTINUING CONNECTED TRANSACTIONS

During the six months ended 30 June 2023, the Group carried out continuing connected transactions with Albemarle Germany. Albemarle Germany is the controlling shareholder of RT Lithium and an associate of RT Lithium. As RT Lithium is a substantial shareholder of Windfield and a connected person of our Company at the subsidiary level, Albemarle Germany is a connected person of our Company at the subsidiary level. As such, the transactions between the Group and Albemarle Germany constitute continuing connected transactions of the Company.

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

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

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

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

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

PRODUCTS AND OFF-TAKE ALLOCATION

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

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

PRICING POLICY OF THE ALBEMARLE OFF-TAKE AGREEMENT

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

From 1 January 2016 to 30 June 2023, as we and Albemarle Germany have taken up all of the main production of lithium concentrates from our Greenbushes mine, Talison Lithium Australia did not sell lithium concentrates to any third parties. Since September 2019, the directors of Windfield have resolved at the board meeting that the sales price in the next three years should be updated every six months based on the FOB price (US$/t) published by Fastmarket, Benchmark Mineral Intelligence, and Asian Metal (collectively referred to as price reporting agencies) for the previous quarter. In December 2022, the board of directors of Windfield resolved that for the next three years and from January 2023, the sales price of chemical-grade lithium concentrate products should be updated quarterly with reference to the FOB price (US$/t) published by four price reporting agencies (Fastmarket, Benchmark Mineral Intelligence, S&P Platts and Asian Metal) in the lithium product market for the previous quarter.

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

PRICING POLICY OF THE ALBEMARLE DISTRIBUTION AGREEMENT

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

TERM OF THE ALBEMARLE AGREEMENTS

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

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

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

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

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

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

APPLICATION FOR WAIVERS

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

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

	During the six months ended 30 June 2023		For the year ending 31 December 2023
	Actual transaction volume (tons)	Actual transaction amounts (RMB'000)	Annual cap (tons)
Albemarle Agreements	386,467.20	15,377,231	740,000

EMPLOYEE STOCK OWNERSHIP PLAN

References are made to the announcement of the Company dated 30 August 2022 and the circular of the Company dated 30 September 2022 (the Circular) in relation to, among other things, proposed adoption of the Employee Stock Ownership Plan of the Year 2022 (the "**Employee Stock Ownership Plan**" or the "**Plan**") (Draft). Shareholders of the Company approved to adopt the Plan at the extraordinary general meeting of the Company held on 17 October 2022. With the new requirements under Chapter 17 of the Hong Kong Listing Rules taking effect on 1 January 2023, the Plan constitutes a share award scheme funded by existing shares of the Company under Chapter 17 of the Hong Kong Listing Rules. The Plan and participants of the Plan will waive the voting rights entitled by the direct or indirect holding of the Company's shares through the Plan.

The source of shares in the Plan is ordinary A Shares of Tianqi Lithium repurchased through the Company's designated repurchase account, and the price at which the Plan receives the shares repurchased by the Company is RMB0/share. On 23 September 2022, a total of 1,780,366 A Shares were repurchased by the Company, representing 0.11% of the total share capital of the Company. The maximum, minimum and average repurchase price was RMB112.90/share, RMB109.70/share and RMB112.33/share, respectively, and the total amount paid for the repurchase was RMB199,985 thousand. 1,312,400 shares of the Company held in the designated account for share repurchase (securities account: 0899990607) were transferred to the "Tianqi Lithium Corporation – Employee Stock Ownership Plan of the Year 2022" (securities account: 0899357438) by means of non-transaction transfer on 21 December 2022 and the transfer price was RMB0/share. As of the end of the reporting period, there were 1,312,400 shares of the Company in the account for the Employee Stock Ownership Plan, accounting for 0.08% of the total share capital of the Company. As at 31 December 2022, 1,062,400 shares had been granted under the Plan, accounting for approximately 0.0647% of the total share capital of the Company as at 31 December 2022, and the remaining 250,000 shares were reserved shares. During the reporting period, the Company recovered an aggregate of 49,300 shares originally granted to seven former employees. As of 30 June 2023, the Plan held 1,312,400 shares, among which, 1,013,100 shares had been granted, accounting for approximately 0.0617% of the total share capital of the Company as at 30 June 2023, and the remaining 299,300 shares consisted of reserved shares and shares recovered from former employees.

The subscription under the Employee Stock Ownership Plan is based on "units", with each unit equal to RMB1.00, and the upper limit of units under the Plan is RMB200 million. The corresponding number of shares is calculated by dividing RMB200 million by the average price for repurchased shares.

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

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

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

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

	Number of participants	Total number of units	Total number of underlying shares	Approximate percentage of total issued share capital of the Company
Proposed to grant	240	20,000	Approximately 1,780,366 shares	0.11%
Granted	233 (Note 1)	11,381	1,013,100 shares	0.0617%

Note 1: During the reporting period, a total of 49,300 shares originally granted to 7 former employees were recovered and were deposited in the account of the Employee Stock Ownership Plan.

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

	As of 1 January 2023	Number of shares granted during the reporting period	Unlocked during the reporting period	Lapsed during the reporting period	Cancelled during the reporting period	Recovered during the reporting period	As of 30 June 2023
Five highest paid individuals (including Directors) (in aggregate)	45,500	0	0	0	0	0	45,500
Directors							
Ha, Frank Chun Shing	16,900	0	0	0	0	0	16,900
Zou Jun	14,300	0	0	0	0	0	14,300
Other employees	1,016,900	0	0	0	0	49,300	967,600

The term of the Plan is 48 months, starting from the date when the Company announced that the last tranche of target shares has been transferred to the Plan, i.e., 21 December 2022. The Plan will be automatically terminated if it is not extended upon expiry. The lock-up period for the target shares subscribed/granted under the Plan is 36 months, starting from the date when the Company announced that the last tranche of target shares has been transferred to the Plan, i.e., 21 December 2022; the shares will be unlocked at one time after the lock-up period expires. During the lock-up period, the participants shall not request any distribution of rights and interests of the Employee Stock Ownership Plan. The assessment for the Employee Stock Ownership Plan consists of corporate performance and individual performance assessment, and the shares will be unlocked on a pro rata basis based on the assessment results.

For further details of the Employee Stock Ownership Plan, please refer to the announcements of the Company published on the SZSE on 24 August 2022, 31 August 2022 and 22 December 2022, respectively and the announcements of the Company published on the Hong Kong Stock Exchange on 23 August 2022, 30 August 2022 and 21 December 2022, respectively.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed in this Report, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2023 and up to the Date of this Report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in Renminbi ("RMB"))

	Note	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Revenue	3(a)	**24,787,359**	14,167,992
Cost of sales		**(3,202,699)**	(2,247,480)
Gross profit		**21,584,660**	11,920,512
Other net income	4	**336,803**	981,916
Selling and distribution expenses		**(21,772)**	(12,083)
Administrative expenses		**(361,767)**	(175,412)
Research and development costs		**(14,630)**	(11,508)
Reversal of/(provision for) impairment losses	5	**89,592**	(42,107)
Profit from operations		**21,612,886**	12,661,318
Finance costs	6(a)	**(238,634)**	(596,589)
Share of profits less losses of associates		**2,040,282**	2,523,590
Profit before taxation	6	**23,414,534**	14,588,319
Income tax	7	**(6,930,834)**	(2,680,447)
Profit for the period		**16,483,700**	11,907,872
Attributable to:			
Equity shareholders of the Company		**6,446,790**	10,230,305
Non-controlling interests		**10,036,910**	1,677,567
Profit for the period		**16,483,700**	11,907,872
Earnings per share	8		
Basic (RMB)		**3.93**	6.93
Diluted (RMB)		**3.93**	6.93

The accompanying notes form part of the interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in RMB)

	Note	Six months ended 30 June 2023 RMB'000	Six months ended 30 June 2022 RMB'000
Profit for the period		**16,483,700**	11,907,872
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)		**(100,167)**	(526,870)
Share of other comprehensive income of associates and joint ventures		**(3,480)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		**1,435,004**	727,801
Share of other comprehensive income of associates and joint ventures		**15,936**	32,277
Other comprehensive income for the period		**1,347,293**	233,208
Total comprehensive income for the period		**17,830,993**	12,141,080
Attributable to:			
Equity shareholders of the Company		**7,662,074**	10,443,165
Non-controlling interests		**10,168,919**	1,697,915
Total comprehensive income for the period		**17,830,993**	12,141,080

The accompanying notes form part of the interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**17,815,252**	15,619,771
Intangible assets		**144,213**	116,295
Goodwill		**416,101**	416,101
Interests in associates	10	**28,300,114**	27,170,214
Interests in a joint venture		**137,739**	123,435
Financial assets measured at fair value	11	**1,840,985**	1,953,152
Deferred tax assets		**2,738,025**	1,162,423
Restricted deposits		**108,317**	29,522
Other non-current assets		**878**	6,846
		51,501,624	46,597,759
Current assets			
Inventories	12	**3,126,358**	2,143,943
Trade and other receivables	13	**12,734,983**	10,914,838
Prepaid tax		**817,255**	469,991
Restricted deposits		**448,195**	141,538
Cash and cash equivalents	14	**10,089,720**	12,289,948
		27,216,511	25,960,258
Current liabilities			
Trade and other payables	15	**3,602,121**	3,558,019
Contract liabilities		**77,422**	351,227
Bank loans and other borrowings	16	**248,435**	127,335
Lease liabilities		**32,611**	46,041
Current taxation		**5,943,231**	3,472,485
		9,903,820	7,555,107
Net current assets		**17,312,691**	18,405,151
Total assets less current liabilities		**68,814,315**	65,002,910

The accompanying notes form part of the interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 30 June 2023 (unaudited) RMB'000	As at 31 December 2022 (audited) RMB'000
Non-current liabilities			
Bank loans and other borrowings	16	9,915,067	8,263,408
Deferred income		58,140	59,447
Deferred tax liabilities		1,542,715	1,350,557
Lease liabilities		265,004	268,243
Provisions		301,039	259,912
Other non-current liabilities		48,368	43,101
		12,130,333	10,244,668
NET ASSETS		56,683,982	54,758,242
CAPITAL AND RESERVES			
Share capital		1,641,222	1,641,221
Reserves		51,271,871	48,514,552
Total equity attributable to equity shareholders of the Company		52,913,093	50,155,773
Non-controlling interests		3,770,889	4,602,469
TOTAL EQUITY		56,683,982	54,758,242

The accompanying notes form part of the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company											
		Share capital RMB'000	Capital reserves RMB'000	Treasury shares RMB'000	Special reserves RMB'000	PRC statutory reserves RMB'000	Other reserves RMB'000	Fair value reserves (non-recycling) RMB'000	Exchange reserves RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		1,641,221	18,219,299	(199,985)	39,270	831,954	5,078,318	(479,729)	605,632	24,419,793	50,155,773	4,602,469	54,758,242
Changes in equity for the six months ended 30 June 2023:													
Profit for the period		-	-	-	-	-	-	-	-	6,446,790	6,446,790	10,036,910	16,483,700
Other comprehensive income		-	-	-	-	-	12,456	(100,167)	1,302,995	-	1,215,284	132,009	1,347,293
Total comprehensive income		-	-	-	-	-	12,456	(100,167)	1,302,995	6,446,790	7,662,074	10,168,919	17,830,993
Equity-settled share-based payments		-	-	-	-	-	13,779	-	-	-	13,779	-	13,779
Share of other reserves of an associate		-	-	-	-	-	7	-	-	-	7	-	7
Safety production fund		-	-	-	(5,673)	-	-	-	-	5,673	-	(54)	(54)
Issuance of shares of a subsidiary to a non-controlling shareholder		-	-	-	-	-	-	-	-	-	-	1,990	1,990
Share issuance expenses		-	3,721	-	-	-	-	-	-	-	3,721	-	3,721
Dividends		-	-	-	-	-	-	-	-	(4,922,261)	(4,922,261)	-	(4,922,261)
Dividends paid to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(11,002,435)	(11,002,435)
Balance at 30 June 2023		1,641,221	18,223,020	(199,985)	33,597	831,954	5,104,560	(579,896)	1,908,627	25,949,995	52,913,093	3,770,889	56,683,982

The accompanying notes form part of the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in RMB)

	Note	Attributable to equity shareholders of the company									Non-controlling interests	Total equity
		Share capital	Capital reserves	Special reserves	PRC statutory reserves	Other reserves	Fair value reserves (non-recycling)	Exchange reserves	Retained profits	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		1,477,099	7,178,777	36,672	466,392	4,988,933	400,928	(1,034,657)	842,922	14,357,066	5,435,886	19,792,952
Changes in equity for the six months ended 30 June 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 30 June 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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in RMB)

		Six months ended 30 June	
	Note	2023	2022
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		**17,997,953**	8,478,824
Corporate Income Tax paid		**(5,885,337)**	(1,412,193)
Net cash generated from operating activities		**12,112,616**	7,066,631
Payment for the purchase of property, plant and equipment and intangible assets		**(1,708,068)**	(576,281)
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		**27**	–
Payment for investment in other financial assets		**–**	(6,000)
Dividend received from associates		**1,573,094**	1,172,238
Dividend received from equity securities		**2,830**	2,830
Others		**445**	(61)
Net cash (used in)/generated from investing activities		**(131,672)**	592,726

The accompanying notes form part of the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2023 - UNAUDITED

(Expressed in RMB)

	Note	Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
Financing activities			
Proceeds from investment of a subsidiary from a non-controlling shareholder		1,990	–
Proceeds from bank loans and other borrowings		7,090,329	3,331,595
Repayments of bank loans and other borrowings		(5,606,348)	(6,655,357)
Dividend paid to equity holders of the Company		(4,429,894)	–
Dividends paid to non-controlling interests		(11,002,435)	(1,326,772)
Interest paid		(200,051)	(618,161)
Capital element of lease rentals paid		(38,028)	(30,225)
Interest element of lease rentals paid		(5,927)	(5,400)
Restricted deposits for bank loans and other borrowings		(76,520)	68,570
Others		(5,445)	(55,514)
Net cash used in financing activities		(14,272,329)	(5,291,264)
Net (decrease)/increase in cash and cash equivalents		(2,291,385)	2,368,093
Cash and cash equivalents at 1 January		12,289,948	1,766,096
Effect of foreign exchange rate changes		91,157	120,889
Cash and cash equivalents at 30 June		10,089,720	4,255,078

The accompanying notes form part of the interim financial report.

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 30 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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 2022 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 Group has applied the following new and amended to IFRSs issued by the IASB to this interim financial report for the current accounting period:

IFRS 17, Insurance contracts

Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to IAS 12, Income taxes: International tax reform Pillar Two model rules

None of these 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 lithium concentrates, lithium compounds and derivatives.

(Expressed in thousands of Renminbi, unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Disaggregation of revenue

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of lithium compounds and derivatives	**16,028,349**	9,711,891
– Sales of lithium concentrate	**8,759,010**	4,456,101
	24,787,359	14,167,992
Disaggregated by geographical location of customers		
– Mainland China	**20,585,898**	11,940,793
– Overseas	**4,201,461**	2,227,199
	24,787,359	14,167,992

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.

(b) Segment reporting

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

- Lithium compounds and derivatives segment: this segment primarily derive its revenue from the manufacturing and sale of lithium compounds and derivatives, which mainly includes metal and compounds. These compounds and derivatives are 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.

(Expressed in thousands of Renminbi, unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(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 is set out below.

	Six months ended 30 June 2023		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Revenue from external customers	8,590,024	16,197,335	24,787,359
Inter-segment revenue	34,222	12,864,912	12,899,134
Reportable segment revenue	8,624,246	29,062,247	37,686,493
Reportable segment profit (adjusted profit before taxation)	3,145,623	26,548,720	29,694,343
Interest income from bank deposits	117,129	45,924	163,053
Finance costs	(38,631)	(158,039)	(196,670)
Depreciation and amortisation for the period	(159,093)	(285,256)	(444,349)

	As at 30 June 2023		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Reportable segment assets	30,833,337	35,119,568	65,952,905
Reportable segment liabilities	13,700,391	16,449,537	30,149,928

(Expressed in thousands of Renminbi, unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

	Six months ended 30 June 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)

	As at 31 December 2022		
	Lithium compounds and derivatives RMB'000	Lithium concentrate RMB'000	Total RMB'000
Reportable segment assets	36,785,171	26,861,624	63,646,795
Reportable segment liabilities	12,210,001	17,583,569	29,793,570

(Expressed in thousands of Renminbi, unless otherwise stated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment revenue, segment profit, segment assets and liabilities

	Reportable segment amount Six months ended 30 June		Unallocated head office and corporate items Six months ended 30 June		Elimination of inter-segment amounts Six months ended 30 June		Consolidated Six months ended 30 June	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 RMB'000
Reportable segment revenue	**37,686,493**	16,524,554	**–**	–	**(12,899,134)**	(2,356,562)	**24,787,359**	14,167,992
Reportable segment profit (adjusted profit before taxation)	**29,694,343**	12,684,922	**2,001,527**	2,643,899	**(8,281,336)**	(740,502)	**23,414,534**	14,588,319
Share of profits less losses of associates	**–**	164,732	**2,040,282**	2,358,858	**–**	–	**2,040,282**	2,523,590
Interest income	**163,053**	5,294	**11,000**	6	**(3,363)**	–	**170,690**	5,300
Finance cost	**(196,670)**	(186,117)	**(76,188)**	(438,906)	**34,224**	28,435	**(238,634)**	(596,589)
Depreciation and amortisation for the period	**(444,349)**	(313,274)	**(119)**	(295)	**27,335**	67	**(417,133)**	(313,501)

	Reportable segment amount		Unallocated head office and corporate items		Elimination of inter-segment amounts		Consolidated	
	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	**As at 30 June 2023 RMB'000**	As at 31 December 2022 RMB'000	**As at 30 June 2023 RMB'000**	As at 31 December 2022 RMB'000	**As at 30 June 2023 RMB'000**	As at 31 December 2022 RMB'000
Reportable segment assets	**65,952,905**	63,646,795	**34,337,691**	29,657,574	**(21,572,461)**	(20,746,352)	**78,718,135**	72,558,017
Reportable segment liabilities	**30,149,928**	29,793,570	**4,821,455**	3,822,118	**(12,937,230)**	(15,815,913)	**22,034,153**	17,799,775

(Expressed in thousands of Renminbi, unless otherwise stated)

4 OTHER NET INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income from bank deposits	**170,690**	5,300
Government grants	**58,466**	3,719
Net realised and unrealised losses on derivative financial instruments	**–**	(890,645)
Net (loss)/gains on disposal of property, plant and equipment	**(1,490)**	4
Gains on deemed disposal of an associate	**–**	1,098,633
Gains on partial disposal of an associate	**–**	740,963
Net foreign exchange gains	**81,735**	22,414
Dividend income from equity investments at FVOCI (non-recycling)	**12,523**	2,830
Others	**14,879**	(1,302)
	336,803	981,916

5 (REVERSAL OF)/PROVISION FOR IMPAIRMENT LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(Reversal of)/provision for impairment losses on		
– trade and other receivables	**(89,592)**	42,107

(Expressed in thousands of Renminbi, unless otherwise stated)

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(a) Finance costs		
Interest on bank loans and other borrowings	**313,011**	571,702
Interest on lease liabilities	**5,571**	5,568
Interest on discounted bills receivable	**19,188**	36,749
Unwind of discount on rehabilitation and closure provision	**4,279**	3,206
Less: interest expense capitalised into construction in progress	**(103,415)**	(20,636)
	238,634	596,589

The borrowing costs have been capitalised at a rate of 2.0% (unaudited) and 7.1% (unaudited) for the six months ended 30 June 2022 and 2023, respectively.

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
(b) Other items		
Amortisation cost of intangible assets	**5,519**	7,026
Depreciation charge		
– owned property, plant and equipment	**379,783**	274,346
– right-of-use assets	**31,831**	32,129
Research and development expenses	**14,630**	11,508
Cost of inventories# (note 12(a))	**3,202,699**	2,247,480

(Expressed in thousands of Renminbi, unless otherwise stated)

7 INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax – Mainland China Corporate Income Tax		
Provision for the period	**197,254**	1,520,038
Current tax – Hong Kong and overseas		
Provision for the period	**8,178,830**	1,359,034
Deferred tax		
Origination and reversal of temporary differences	**(1,445,250)**	(198,625)
	6,930,834	2,680,447

(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 30 June	
	2023	2022
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. TLH, TLAI2 and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. TLEA, TLA and their wholly-owned Australian resident entities are taxed as a multiple entry tax-consolidated group. The head entities within the tax-consolidated groups are Windfield, TLH and TLEA respectively.

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

(Expressed in thousands of Renminbi, unless otherwise stated)

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 1 January 2011 to 31 December 2030. The Company and certain subsidiaries of the Group in mainland China fall within the eligible industry category and are entitled to enjoy the preferential income tax rate.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB6,446,790,000 (six months ended 30 June 2022: RMB10,230,305,000) and the weighted average of 1,641,221,583 ordinary shares (2022: 1,477,099,383 shares) in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB6,446,790,000 (six months ended 30 June 2022: RMB10,230,305,000) and the weighted average number of 1,642,283,983 ordinary shares (2022: 1,477,099,383 shares) in issue assuming conversion of all dilutive potential ordinary shares during the period, calculated as follows:

	Six months ended 30 June	
	2023	2022
	'000	'000
Weighted average number of ordinary shares at 30 June	**1,641,222**	1,477,099
Effect of Employee Stock Ownership Plan	**1,062**	–
Weighted average number of ordinary shares at 30 June	**1,642,284**	1,477,099

(Expressed in thousands of Renminbi, unless otherwise stated)

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

For the six months ended 30 June 2023, additions to right-of-use assets were RMB24,592,000.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of RMB2,101,460,000 (six months ended 30 June 2022: RMB569,584,000). Items of property, plant and equipment with a net book value of RMB3,065,000 (six months ended 30 June 2022: RMB50,000) were disposed of during the six months ended 30 June 2023, resulting in a net loss on disposal of RMB1,490,000 (six months ended 30 June 2022: net gain on disposal of RMB4,000).

10 INTEREST IN ASSOCIATES

The carrying amounts of investments in associates is listed below

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Sociedad Química y Minera de Chile S.A. ("SQM")	**27,769,269**	26,564,160
Shanghai Aerospace Power Technology Co., Ltd	**30,179**	29,821
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited	**500,666**	576,232
	28,300,114	27,170,214

11 FINANCIAL ASSETS MEASURED AT FAIR VALUE

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Equity securities designated at FVOCI (non-recycling) - non-current		
– Equity securities	**1,840,985**	1,953,152

(Expressed in thousands of Renminbi, unless otherwise stated)

12 INVENTORIES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Inventories		
Raw materials	**1,053,695**	673,211
Work in progress	**697,473**	617,330
Finished goods	**1,038,884**	556,024
Low-value consumption goods	**339,737**	300,858
	3,129,789	2,147,423
Less: write down of inventories	**(3,431)**	(3,480)
	3,126,358	2,143,943

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Carrying amount of inventories sold	**3,202,699**	2,247,480

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

(Expressed in thousands of Renminbi, unless otherwise stated)

13 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Trade receivables	8,461,410	7,487,291
Less: allowance for doubtful debts	(17,560)	(110,017)
	8,443,850	7,377,274
Bills receivable	128,411	515,944
Other receivables	498,326	101,827
Less: allowance for doubtful debts	(15,075)	(12,490)
	483,251	89,337
Deposits and prepayments	109,965	77,588
Value added tax recoverable	1,184,273	213,376
Goods and services tax recoverable	15,283	46,031
Bank acceptance notes, carried at FVOCI	2,369,950	2,595,288
	3,679,471	2,932,283
	12,734,983	10,914,838

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

(Expressed in thousands of Renminbi, unless otherwise stated)

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 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Within 1 year	**8,572,261**	7,893,218

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 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Cash and bank balance	**10,646,232**	12,461,008
Less:		
Non-current restricted deposits	**(108,317)**	(29,522)
Current restricted deposits	**(448,195)**	(141,538)
	10,089,720	12,289,948

(Expressed in thousands of Renminbi, unless otherwise stated)

15 TRADE AND OTHER PAYABLES

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Bills payable	477,807	185,881
Trade creditors	1,754,956	2,154,852
Accrued payroll and benefits	104,828	147,578
Other taxes payable	60,509	540,540
Other payables	1,204,021	529,168
	3,602,121	3,558,019

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

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Within 1 year	2,226,918	2,339,523
1 to 2 years	4,135	386
2 to 3 years	493	69
More than 3 years	1,217	755
	2,232,763	2,340,733

(Expressed in thousands of Renminbi, unless otherwise stated)

16 BANK LOANS AND OTHER BORROWINGS

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Current		
Secured bank loans	–	58,923
Unsecured bank loans	–	40,000
Current portion of non-current		
secured bank loans	143,435	27,037
unsecured bank loans	105,000	–
secured other borrowings from third-parties	–	1,375
	248,435	127,335
Non-current		
Secured bank loans	9,643,502	7,690,445
Unsecured bank loans	520,000	–
Secured other borrowings from third-parties	–	601,375
	10,163,502	8,291,820
Less:		
– Current portion of non-current secured bank loans	(143,435)	(27,037)
– Current portion of non-current unsecured bank loans	(105,000)	–
– Current portion of secured other borrowings from third-parties	–	(1,375)
	(248,435)	(28,412)
	9,915,067	8,263,408

(Expressed in thousands of Renminbi, unless otherwise stated)

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 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Mainland China subsidiaries		
bill receivable	–	58,923
Overseas subsidiaries		
All assets of Windfield	**28,610,783**	20,517,736
Restricted bank deposits	**96,766**	18,156
100% equity interests of TLAI1	**24,290,817**	23,412,747
Investment in SQM	**10,527,792**	3,776,593
	63,526,158	47,784,155

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 30 June 2023 (2022: 4,922,261,000).

(b) 4,922,261,000 and 4,429,894,000 dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid respectively during the six months ended 30 June 2023 (2022: nil).

(Expressed in thousands of Renminbi, unless otherwise stated)

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

	Fair value measurements At 30 June 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at FVOCI				
– Bank acceptance notes receivable	**–**	**2,369,950**	**–**	**2,369,950**
– Equity securities	**1,368,422**	**472,563**	**–**	**1,840,985**

	Fair value measurements At 31 December 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
– Bank acceptance notes receivable	–	2,595,288	–	2,595,288
– Equity securities	1,480,022	473,130	–	1,953,152

During the six months ended 30 June 2023, there were no transfers between Level 1 and Level 2. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in thousands of Renminbi, unless otherwise stated)

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

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

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

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.

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 31 December 2022 and 30 June 2023.

19 COMMITMENTS

Capital commitments outstanding at 30 June 2023 not provided for in the interim financial report were as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Contracted for	**2,206,026**	1,477,053

20 CONTINGENT LIABILITIES

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

(Expressed in thousands of Renminbi, unless otherwise stated)

21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Short-term operating leases expenses:		
Tianqi Group Company	**1,356**	1,087
Purchases of goods/service from:		
Tianqi Group Company	**685**	668
Interest expenses:		
Tianqi Group Company	**–**	28,348

(b) Balance with related parties

	As at 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Trade related		
Amounts due to:		
Tianqi Group Company	**30**	920