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# TIANQI LITHIUM

**Tianqi Lithium Corporation**

**天齊鋰業股份有限公司**

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

**(Stock Code: 9696)**

## **INSIDE INFORMATION ANNOUNCEMENT ON THE PROGRESS OF CAPITAL INCREASE AND SHARE EXPANSION OF THE COMPANY'S FORMER WHOLLY-OWNED SUBSIDIARY AND THE INTRODUCTION OF STRATEGIC INVESTORS**

This announcement is made by Tianqi Lithium Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

### **OVERVIEW**

On 8 December 2020, the Board of Directors (the “**Board**”) of the Company considered and approved the “Proposal on the Capital Increase and Share Expansion of the Company's Wholly-Owned Subsidiary and the Introduction of Strategic Investors.” Pursuant to the terms of the proposed “Investment Agreement” and related agreements, the Company's former wholly-owned subsidiary, Tianqi Lithium Energy Australia Pty Ltd (“**TLEA**”), intended to introduce Australian listed company IGO Limited (“**IGO**”) as a strategic investor through a capital increase and share expansion. Upon completion of the capital increase, the Company would hold 51% of TLEA's registered capital, while IGO Lithium Holdings Pty Ltd (“**IGO Lithium**”), a wholly-owned subsidiary of IGO, would hold 49% of TLEA's registered capital (the “**Transaction**”). On 9 December 2020, the Company, TLEA, IGO, and IGO Lithium reached an agreement on the relevant matters, and the chairperson of the Company, authorized by the Board, signed the Investment Agreement on behalf of the Company. On 5 January 2021, the Company's shareholders approved the aforementioned proposal at an extraordinary general meeting. To ensure the smooth implementation of the Transaction, the shareholders authorized the Board, and the Board further authorized the chairperson, to sign relevant agreements and documents related to the Transaction based on actual circumstances.

As of 6 July 2021, TLEA and relevant overseas subsidiaries of the Company had received the full amount of USD1.395 billion from IGO for the capital increase in TLEA (including the USD70 million transaction deposit previously paid). TLEA has completed the registration of equity change in accordance with the delivery procedures, and the Transaction has been completed.

## POTENTIAL TAX RISKS OF THE TRANSACTION

One of the conditions precedent to the closing of the Investment Agreement and related agreements is the completion of the internal equity restructuring of TLEA (the “**Internal Restructuring**”). This involves the transfer of 100% of the equity interest in Tianqi Lithium Australia Pty Ltd (“**TLA**”) held by the Company’s wholly-owned subsidiary, Tianqi Lithium Holdings Pty Ltd (“**TLH**”), to TLEA. The steps of the Internal Restructuring primarily include:

1. TLEA submits an application to the UK HM Revenue & Customs to change its tax residency from the United Kingdom to Australia, obtains approval from HM Revenue & Customs, and secures confirmation from the Australian Taxation Office (ATO).
2. After TLEA is recognized as an Australian tax resident, TLH determines that TLEA will join the TLH Australian Consolidated Tax Group (the “**TLH Consolidated Tax Group**”), which comprises the Company’s wholly-owned subsidiaries TLH, TLA, Tianqi Lithium Kwinana Pty Ltd (“**TLK**”), Tianqi Lithium Australia Investments 1 Pty Ltd, and Lithium Australia Investments 2 Pty Ltd.
3. Following TLEA’s inclusion in the TLH Consolidated Tax Group, TLH transfers its 100% equity interest in TLA to TLEA within the TLH Consolidated Tax Group. This transfer, including but not limited to TLEA’s acquisition of TLH’s 100% equity interest in TLA, is intended to qualify for a capital gains tax exemption, with no objection from the ATO.

In accordance with the requirements of the third step, the Company must obtain confirmation from the ATO that the transfer of TLA’s equity from TLH to TLEA, conducted within the TLH Consolidated Tax Group, qualifies for a capital gains tax exemption under the “single tax entity” rule, and that the ATO does not plan to impose taxes on the equity transfer. As stipulated in the Investment Agreement, any tax costs related to the Internal Restructuring shall be borne by Tianqi Lithium Corporation and its subsidiaries prior to the closing of the Transaction. If such tax costs result in a diminution in the value of the target company, the portion attributable to IGO shall be deducted from the Transaction price.

Given the potentially lengthy review and assessment period by the ATO regarding the tax implications, and to facilitate the timely completion of the Transaction, the Company negotiated with IGO and agreed to complete the project closing by 30 June 2021, as per the timeline stipulated in the Investment Agreement. In this regard, on 21 June 2021, the Company, its relevant subsidiaries, IGO, and IGO Lithium signed a Tax Sharing Agreement.

As of 26 March 2025, the ATO was still reviewing and assessing the potential tax implications of the Transaction structure (including the steps of the Internal Restructuring). If the ATO determines that the Transaction structure does not substantially comply with the general anti-avoidance provisions of the Australian Income Tax Assessment Act 1936, it may result in consequences including, but not limited to, the denial of capital gains tax exemptions under the Multiple Entry Consolidated Group (MEC group) for the TLA equity transfer involved in the Internal Restructuring. This could also lead to additional tax costs, including penalties ranging from 25% to 100% of the tax payable and interest, thereby increasing the tax burden of this Transaction and adversely affecting the Company’s current or future financial position and operating performance. As of 26 March 2025, the Company and its relevant subsidiaries did not receive any review or assessment opinions from the ATO, and the actual impact remains uncertain. For details, please refer to the “Financial Review” and “Major Risks and Countermeasures of the Group” sections of the Company’s 2024 Annual Report disclosed on 27 March 2025.

## **Progress Update**

Recently, the Company's wholly-owned subsidiary, TLH, received a Preliminary Position Paper from the ATO regarding the relevant matters. In the Preliminary Position Paper, the ATO states that based on the information currently available, there may be different alternative postulates and corresponding to different amount of tax obligations regarding the application of anti-avoidance provisions. The company is required to further provide a response on company's different position after reviewing the Preliminary Position Paper, including but not limited to the facts, the application of the law, figures indicated in the Position Paper, or if the Company believes there are other relevant issues for the ATO to consider. The response can be provided by 3 October 2025. As at the date of this announcement, the Company is actively preparing relevant responses and materials. If the ATO makes a determination that the transaction structure does not substantially comply with the general anti-avoidance provisions of the Australian Income Tax Assessment Act 1936, it may result in consequences including, but not limited to, the denial of capital gains tax exemptions under the Multiple Entry Consolidated Group (MEC group) for the TLA equity transfer involved in the Internal Restructuring. This could also lead to additional tax costs, including penalties ranging from 25% to 100% of the tax payable and interest.

## **Risk Alert**

Since the Preliminary Position Paper issued by the ATO is not final, the applicability of different postulates depends on the further responses and materials provided by the Company, as well as the ATO's subsequent assessments. Consequently, it is currently not possible to evaluate the impact on the Company's financial position and operating results. Based on the current situation, it is expected that this will not, for the time being, have an impact on the Company's financial position and operating performance for the first half of 2025. If the ATO makes a determination that the transaction structure does not substantially comply with the general anti-avoidance provisions of the Australian Income Tax Assessment Act 1936, it may result in consequences including, but not limited to, the denial of capital gains tax exemptions under the Multiple Entry Consolidated Group (MEC group) for the TLA equity transfer involved in the Internal Restructuring. This could also lead to additional tax costs, including penalties ranging from 25% to 100% of the tax payable and interest. The specific impact will need to be comprehensively assessed and determined based on factors such as the content of the final position paper and the actual application of relevant postulates.

IGO and IGO Lithium entered into a Tax Sharing Agreement with the Company and its relevant subsidiaries on 21 June 2021, pursuant to which, IGO and IGO Lithium agreed, subject to the maximum aggregate amount stipulated in the Tax Sharing Agreement and compliance with specific conditions, to share the tax liability in proportion to their 49% equity interest in the joint venture. Moving forward, the Company and its relevant subsidiaries will actively communicate and negotiate with the ATO regarding the tax assessment and cooperate with the relevant tax assessment processes, with the aim of minimizing or, where possible, avoiding any adverse impact that the tax assessment may have on the Company.

The Company will promptly fulfill its disclosure obligations in the event of significant updates or material developments in the future.

**Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Tianqi Lithium Corporation**  
**Jiang Anqi**  
*Chairlady of the Board and Executive Director*

Hong Kong, 27 August 2025

*As at the date of this announcement, the Board comprises Ms. Jiang Anqi, Mr. Jiang Weiping, Mr. Ha, Frank Chun Shing and Mr. Zou Jun as executive Directors, and Mr. Xiang Chuan, Ms. Tang Guoqiong, Ms. Huang Wei and Ms. Wu Changhua as independent non-executive Directors.*