

The following is the text of a review report set out on pages II-1 to II-2, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. The information set out on pages II-3 to II-24 is the unaudited interim financial information of the Group for the three months ended March 31, 2022, and does not form part of the Accountants' Report from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for information purpose only.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE DIRECTORS OF TIANQI LITHIUM CORPORATION

Introduction

We have reviewed the interim financial information set out on pages II-3 to II-24 which comprises the consolidated statement of financial position of 天齊鋰業股份有限公司 (Tianqi Lithium Corporation, the "Company") and its subsidiaries (together, the "Group") as of March 31, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period then ended and explanatory notes. The directors are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB").

Our responsibility is to form a conclusion, based on our review, on the interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at March 31, 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

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

June 30, 2022

Consolidated statement of profit or loss for the three months ended March 31, 2022 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Three months ended March 31,	
		2022	2021
		RMB'000	RMB'000
Revenue	3(a)	5,213,142	899,632
Cost of sales		(772,177)	(490,925)
Gross profit		4,440,965	408,707
Other net income/(loss)	4	495,307	(171,578)
Selling and distribution expenses		(5,814)	(4,242)
Administrative expenses		(138,141)	(91,222)
Research and development costs		(5,682)	(5,492)
(Provision for)/reversal of impairment losses	5	(5,976)	193
Profit/(loss) from operations		4,780,659	136,366
Finance costs	6(a)	(280,208)	(345,241)
Share of profits less losses of associates		1,178,217	66,124
Profit/(loss) before taxation	6	5,678,668	(142,751)
Income tax	7	(1,115,051)	(37,711)
Profit/(loss) for the period		<u>4,563,617</u>	<u>(180,462)</u>
Attributable to:			
Equity shareholders of the Company		3,955,913	(246,408)
Non-controlling interests		607,704	65,946
Profit/(loss) for the period		<u>4,563,617</u>	<u>(180,462)</u>
Earnings/(loss) per share	8		
Basic (RMB)		<u>2.68</u>	<u>(0.17)</u>
Diluted (RMB)		<u>2.68</u>	<u>(0.17)</u>

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of profit or loss and other comprehensive income for the three months ended March 31, 2022 – unaudited

(Expressed in RMB)

	Note	Three months ended March 31,	
		2022 RMB'000	2021 RMB'000
Profit/(loss) for the period		4,563,617	(180,462)
Other comprehensive income for the period (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)		336,636	—
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside of the mainland China		300,005	(24,841)
Other comprehensive income for the period		636,641	(24,841)
Total comprehensive income for the period		5,200,258	(205,303)
Attributable to:			
Equity shareholders of the Company		4,416,007	(263,091)
Non-controlling interests		784,251	57,788
Total comprehensive income for the period		5,200,258	(205,303)

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of financial position at March 31, 2022 – unaudited*(Expressed in RMB)*

	<u>Note</u>	<u>As at March 31, 2022</u>	<u>As at December 31, 2021</u>
		<u>RMB'000</u>	<u>RMB'000</u>
Non-current assets			
Property, plant and equipment	9	14,228,350	13,734,405
Intangible assets		122,159	118,811
Goodwill		416,101	416,101
Interests in associates	10	24,353,259	24,120,755
Interests in a joint venture		122,085	112,810
Financial assets measured at fair value	11	2,281,937	695,617
Deferred tax assets		195,417	115,568
Restricted deposits		11,499	11,157
Other non-current assets		36,468	22,572
		<u>41,767,275</u>	<u>39,347,796</u>
Current assets			
Inventories	12	1,109,373	871,756
Trade and other receivables	13	3,399,493	3,369,533
Prepaid tax		234,947	235,299
Restricted deposits		248,748	209,828
Cash and cash equivalents	14	2,225,533	1,766,096
		<u>7,218,094</u>	<u>6,452,512</u>
Current liabilities			
Trade and other payables	15	1,604,120	1,536,113
Derivative financial instruments	16	876,211	388,401
Contract liabilities		321,320	164,475
Bank loans and other borrowings	17	6,676,325	9,762,521
Lease liabilities		53,213	48,940
Deferred income		6,094	6,093
Current taxation		1,212,050	686,872
		<u>10,749,333</u>	<u>12,593,415</u>
Net current liabilities		<u>(3,531,239)</u>	<u>(6,140,903)</u>
Total assets less current liabilities		<u>38,236,036</u>	<u>33,206,893</u>

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of financial position at March 31, 2022 – unaudited (continued)*(Expressed in RMB)*

	<u>Note</u>	<u>As at March 31, 2022</u>	<u>As at December 31, 2021</u>
		<u>RMB'000</u>	<u>RMB'000</u>
Non-current liabilities			
Bank loans and other borrowings	17	11,843,503	11,800,154
Deferred income		65,580	66,477
Deferred tax liabilities		1,012,159	978,520
Lease liabilities		207,762	200,442
Provision		311,168	335,270
Other non-current liabilities		36,074	33,078
		<u>13,476,246</u>	<u>13,413,941</u>
NET ASSETS		<u>24,759,790</u>	<u>19,792,952</u>
CAPITAL AND RESERVES			
Share capital		1,477,099	1,477,099
Reserves		17,297,467	12,879,967
Total equity attributable to equity shareholders of the Company		18,774,566	14,357,066
Non-controlling interests		5,985,224	5,435,886
TOTAL EQUITY		<u>24,759,790</u>	<u>19,792,952</u>

The accompanying notes form part of the Interim Financial Information.

Consolidated statement of changes in equity for the three months ended March 31, 2022 – unaudited
(Expressed in RMB)

Note	Attributable to equity shareholders of the company										
	Share capital	Capital reserves	Special reserves	PRC		Fair value reserves (non-recycling)	Exchange reserves	Retained profits	Total	Non-controlling interests	Total equity
				statutory reserves	Other reserves						
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	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
Balance at January 1, 2022											
Changes in equity for the three months ended March 31, 2021:											
Profit for the period	—	—	—	—	—	—	—	3,955,913	3,955,913	607,704	4,563,617
Other comprehensive income	—	—	—	—	—	336,636	123,458	—	460,094	176,547	636,641
Total comprehensive income	—	—	—	—	—	336,636	123,458	3,955,913	4,416,007	784,251	5,200,258
Share of other reserves of an associate	—	—	—	—	1,493	—	—	—	1,493	—	1,493
Safety production fund	—	—	1,453	—	—	—	—	(1,453)	—	—	—
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(234,913)	(234,913)
Balance at March 31, 2022	1,477,099	7,178,777	38,125	466,392	4,990,426	737,564	(911,199)	4,797,382	18,774,566	5,985,224	24,759,790

The accompanying notes form part of the Interim Financial Information.

Consolidated statements of changes in equity for the three months ended March 31, 2022 – unaudited (continued)
(Expressed in RMB)

	Attributable to equity shareholders of the company										
	Note	Share capital RMB'000	Capital reserves RMB'000	Special reserves RMB'000	PRC statutory reserves			Exchange reserves RMB'000	Retained profits/losses/ RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
					Other reserves RMB'000	Other reserves RMB'000	Other reserves RMB'000				
Balance at January 1, 2021		1,477,099	7,178,777	32,290	387,697	(484,140)	(667,109)	(2,723,186)	2,226,398	7,427,826	
Changes in equity for the three months ended March 31, 2021:											
Profit for the period		—	—	—	—	—	—	(246,408)	65,946	(180,462)	
Other comprehensive income		—	—	—	—	—	(16,683)	—	(8,158)	(24,841)	
Total comprehensive income		—	—	—	—	—	(16,683)	(246,408)	57,788	(205,303)	
Safety production fund		—	—	1,460	—	—	—	(1,460)	—	—	
Balance at March 31, 2021		1,477,099	7,178,777	33,750	387,697	(484,140)	(683,792)	(2,971,054)	2,284,186	7,222,523	

Condensed consolidated statement of cash flows for the three months ended March 31, 2022 – unaudited

(Expressed in RMB)

	Note	Three months ended March 31,	
		2022	2021
		RMB'000	RMB'000
Operating activities			
Cash generated from operations		4,281,509	368,648
Corporate Income Tax paid		(639,199)	(27,032)
Net cash generated from operating activities		<u>3,642,310</u>	<u>341,616</u>
Payment for the purchase of property, plant and equipment and intangible assets		(295,700)	(98,882)
Dividend received from associates		3,546	—
Others		8	(635)
Net cash used in investing activities		<u>(292,146)</u>	<u>(99,517)</u>

The accompanying notes form part of the Interim Financial Information.

Condensed consolidated statement of cash flows for the three months ended March 31, 2022 – unaudited (continued)

(Expressed in RMB)

	Three months ended March 31,	
	2022	2021
Note	RMB'000	RMB'000
Financing activities		
Proceeds from bank loans and other borrowings	1,419,662	1,297,384
Repayments of bank loans and other borrowings	(3,965,735)	(813,574)
Dividends paid to non-controlling interests	(234,913)	—
Interest paid	(148,393)	(534,700)
Capital element of lease rentals paid	(14,169)	(2,471)
Interest element of lease rentals paid	(2,606)	(780)
Restricted deposits for bank loans and other borrowings	36,502	(8)
Others	(13,554)	(12,743)
Net cash used in financing activities	<u>(2,923,206)</u>	<u>(66,892)</u>
Net increase in cash and cash equivalents	426,958	175,207
Cash and cash equivalents at January 1	1,766,096	788,206
Effect of foreign exchange rate changes	32,479	7,946
Cash and cash equivalents at March 31	<u>2,225,533</u>	<u>971,359</u>

The accompanying notes form part of the Interim Financial Information.

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in thousands of Renminbi, unless otherwise stated)

1 Basis of preparation

天齊鋰業股份有限公司 (Tianqi Lithium Corporation, the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on October 16, 1995 as a limited liability company under the Companies Law of the PRC. On August 31, 2010, the Company’s A Shares were listed on Shenzhen Stock Exchange (“the A Share Listing”).

The Company and its subsidiaries (together, “the Group”) are principally engaged in lithium resource development and exploitation, downstream production and sale of a diverse range of lithium products, including mineral concentrates, lithium compounds and derivatives.

This interim financial information has been prepared in accordance with International Accounting Standard (IAS) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”).

The interim financial information has been prepared in accordance with the same accounting policies adopted in the historical financial information for the years ended December 31, 2019, 2020 and 2021 (the “Historical Financial Information”) as disclosed in Appendix I to the prospectus dated June 30, 2022 (the “Prospectus”) issued by the Company, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make Judgments, 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 information 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 Historical Financial Information as disclosed in Appendix I to the Prospectus. 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”).

As at March 31, 2022, the Group had net current liabilities of RMB3,531,239,000. The net current liabilities were mainly due to the financial liabilities to external financial institutions in connection with SQM acquisition (“SQM indebtedness”) as detailed in section “Financial Information” to the Prospectus.

In view of this circumstance, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. After taking into account of the Group’s cashflow projection with reference to (i) the Group’s cashflow projection with reference to the increased market price of lithium compounds and derivatives and lithium concentrate; (ii) the Group’s unused banking facilities as at March 31, 2022; (iii) the Group’s ability to renew or refinance the banking facilities upon maturity; and (iv) the Group’s ability to adjust the

scheduled capital commitments, the directors of the Company are of the view that the Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there is no material uncertainty related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Accordingly, the directors of the Company consider it is appropriate to prepare the interim financial information on a going concern basis.

2 Changes in accounting policies

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

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

3 Revenue and segment reporting

(a) Revenue

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

Disaggregation of revenue

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

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
—Sales of lithium compounds and derivatives	3,258,559	564,307
—Sales of lithium concentrate	1,954,583	335,325
	<u>5,213,142</u>	<u>899,632</u>
 Disaggregated by geographical location of customers		
—Mainland China	4,588,577	788,368
—Overseas	624,565	111,264
	<u>5,213,142</u>	<u>899,632</u>

All of the Group's revenue are recognized 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 two 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 manufactured in the manufacturing plants of the Group located in mainland China.
- Lithium concentrate segment: this segment primarily undertakes mining, production and sales of lithium concentrate. Currently the Group's exploration activities are carried out in Australia and the sales activities are mainly carried out both in Australia and the PRC.

(i) Segment results, assets, and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for three months ended March 31, 2021 and 2022 is set out below.

(Unaudited)	Three months ended March 31, 2022		
	Lithium compounds and derivatives	Lithium concentrate	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	3,258,559	1,954,583	5,213,142
Inter-segment revenue	—	1,077,859	1,077,859
Reportable segment revenue	3,258,559	3,032,442	6,291,001
Reportable segment profit (adjusted profit before taxation)	2,539,466	2,258,940	4,798,406
Interest income from bank deposits	1,036	602	1,638
Finance costs	(65,172)	(30,725)	(95,897)
Depreciation and amortization for the period	(49,420)	(89,259)	(138,679)
Reportable segment assets	8,240,249	11,202,477	19,442,726
Capital expenditure*	21,266	272,899	294,165
Reportable segment liabilities	2,451,719	2,761,680	5,213,399
	Three months ended March 31, 2021		
	Lithium compounds and derivatives	Lithium concentrate	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	564,307	335,325	899,632
Inter-segment revenue	—	196,788	196,788
Reportable segment revenue	564,307	532,113	1,096,420
Reportable segment profit (adjusted profit before taxation)	48,274	190,434	238,708
Interest income from bank deposits	224	648	872
Finance costs	(45,269)	(30,980)	(76,249)
Depreciation and amortization for the period	(46,737)	(40,662)	(87,399)
Reportable segment assets	6,204,853	10,018,190	16,223,043
Capital expenditure*	32,767	116,612	149,379
Reportable segment liabilities	1,910,187	2,092,790	4,002,977

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

APPENDIX II
UNAUDITED INTERIM FINANCIAL INFORMATION

(ii) Reconciliations of reportable segment profit or loss

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue		
Reportable segment revenue	6,291,001	1,096,420
Elimination of inter-segment revenue	(1,077,859)	(196,788)
Consolidated revenue (note 3(a))	<u>5,213,142</u>	<u>899,632</u>
Profit		
Reportable segment profit	4,798,406	238,708
Elimination of inter-segment profits	(508,526)	41,902
Reportable segment profit derived from external customers	4,289,880	280,610
Interest income	1,673	881
Finance costs	(280,208)	(345,241)
Share of profits less losses of associates	1,178,217	66,124
Unallocated head office and corporate income/(expenses)	489,106	(145,125)
Consolidated profit/(loss) before taxation	<u>5,678,668</u>	<u>(142,751)</u>

4 Other net income/(loss)

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest income from bank deposits	1,673	881
Government grants	1,341	8,547
Net realized and unrealized losses on derivative financial instruments	(721,805)	(127,089)
Net gains on disposal of property, plant and equipment	25	1,031
Gains on deemed disposal of an associate (note 10)	1,100,168	—
Gains on partial disposal of an associate	77,230	—
Net foreign exchange gains/(losses)	36,389	(56,145)
Others	286	1,197
	<u>495,307</u>	<u>(171,578)</u>

5 Provision for/(reversal of) impairment losses

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Provision for/(reversal of) impairment losses on —trade and other receivables	<u>5,976</u>	<u>(193)</u>

6 Profit/(loss) before taxation

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

(a) Finance costs

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest on bank loans and other borrowings	260,297	350,245
Interest on lease liabilities	2,687	873
Interest on discounted bills receivable	27,332	6,434
Unwind of discount on rehabilitation and closure provision	1,202	1,208
Less: interest expense capitalized into construction in progress	<u>(11,310)</u>	<u>(13,519)</u>
	<u>280,208</u>	<u>345,241</u>

The borrowing costs have been capitalized at a rate of 2.3% (unaudited) and 2.3% (unaudited) for the three months ended March 31, 2021 and 2022, respectively.

(b) Other items

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Amortization cost of intangible assets#	3,526	4,940
Depreciation charge		
—owned property, plant and equipment	123,170	72,348
—right-of-use assets	14,243	12,370
Research and development expenses	5,682	5,492
Cost of inventories (note 12(a))	772,177	490,925

7 Income tax

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax – Mainland China Corporate Income Tax		
Provision for the period	589,385	6,494
Current tax – Hong Kong and overseas		
Provision for the period	564,800	41,833
Deferred tax		
Origination and reversal of temporary differences	<u>(39,134)</u>	<u>(10,616)</u>
	<u>1,115,051</u>	<u>37,711</u>

- (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:

	Three months ended March 31,	
	2022	2021
The United Kingdom#	19%	19%
Australia*	30%	30%
Canada#	15%	15%
Chile#	27%	27%

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

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

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

8 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,955,913,000 (three months ended March 31, 2021: loss of RMB246,408,000) and the weighted average of 1,477,099,000 ordinary shares (2021: 1,477,099,000 shares) in issue during the interim period.

(b) Diluted earnings/(loss) per share

For the three months ended March 31, 2022 and 2021, there were no dilutive potential ordinary shares. Accordingly, the diluted earnings/(loss) per share for the three months ended March 31, 2022 and 2021 are the same as basic earnings/(loss) per share of the respective periods.

9 Property, plant and equipment

(a) Right-of-use assets

For the three months ended March 31, 2022, additions to right-of-use assets were RMB15,917,000.

(b) Acquisitions and disposals of owned assets

During the three months ended March 31, 2022, the Group acquired items of property, plant and equipment with a cost of RMB265,490,000 (three months ended March 31, 2021: RMB149,379,000). Items of property, plant and equipment with a net book value of RMB23,000 (three months ended March 31, 2021: RMB483,000) were disposed of during the three months ended March 31, 2022, resulting in a net gain on disposal of RMB25,000 (three months ended March 31, 2021: RMB1,031,000).

10 Interest in associates

The carrying amounts of investments in associates is listed below:

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Sociedad Química y Minera de Chile S.A. (“SQM”)	23,980,873	23,652,363
Shanghai Aerospace Power Technology Co., Ltd	30,284	28,275
Tibet Shigatse Zabuye Lithium High-Tech Co., Limited	342,102	285,494
Solid Energy System Corporation (“SES”) (i)	—	154,623
	<u>24,353,259</u>	<u>24,120,755</u>

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

Upon SES’s listing on the New York Stock Exchange on February 4, 2022, the Group was no longer entitled to appoint any director. As a result, the Group lost its power to participate in the financial and operating policy decisions of SES and therefore lost the significant influence over SES. The Group designated its retained interest in SES as financial assets at FVOCI (non-recycling) (see note 11) as the investment is held for strategic purposes. This deemed disposal resulted in a gain of RMB1,100,168,000 for the Group.

11 Financial assets measured at fair value

	As at March 31, 2022	As at December 31, 2021
Note	RMB'000 (unaudited)	RMB'000
Equity securities designated at FVOCI (non-recycling)—non-current		
—Equity securities	(i) 2,281,937	695,617

- (i) As disclosed in note 10, the interest in SES was accounted for as the Group’s financial assets at FVOCI (non-recycling) upon its listing and the fair value of the Group’s interest in SES is RMB1,600,492,000 as at March 31, 2022.

12 Inventories

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Inventories		
Raw materials	306,062	196,248
Work in progress	397,817	339,347
Finished goods	167,026	138,224
Low-value consumption goods	240,234	199,714
	<u>1,111,139</u>	<u>873,533</u>
Less: write down of inventories	(1,766)	(1,777)
	<u>1,109,373</u>	<u>871,756</u>

APPENDIX II

UNAUDITED INTERIM FINANCIAL INFORMATION

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

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Carrying amount of inventories sold	772,177	490,925

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

13 Trade and other receivables

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Trade receivables	1,745,815	657,468
Less: allowance for doubtful debts	(20,310)	(14,525)
	1,725,505	642,943
Bills receivable	526,055	448,224
Other receivables	96,098	193,189
Less: allowance for doubtful debts	(10,332)	(10,141)
	85,766	183,048
Deposits and prepayments	16,946	19,877
Value added tax recoverable	6,634	45,059
Goods and services tax recoverable	25,325	15,979
Bank acceptance notes, carried at FVOCI	1,013,262	2,014,403
	1,062,167	2,095,318
	3,399,493	3,369,533

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

(a) *Aging analysis*

As of the end of the reporting period, the aging 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 March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Within 1 year	2,251,560	1,091,167

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

14 Cash and cash equivalents

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Cash and bank balance	2,485,780	1,987,081
Less:		
Non-current restricted deposits	(11,499)	(11,157)
Current restricted deposits	(248,748)	(209,828)
	<u>2,225,533</u>	<u>1,766,096</u>

15 Trade and other payables

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Bills payable	49,900	123,530
Trade creditors	881,189	765,116
Accrued payroll and benefits	84,099	91,929
Other taxes payable	218,817	204,647
Interest payable	1,488	1,535
Other payables	368,627	349,356
	<u>1,604,120</u>	<u>1,536,113</u>

As of the end of the reporting period, the aging 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 March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000
Within 1 year	928,459	885,899
1 to 2 years	1,425	1,609
2 to 3 years	431	421
More than 3 years	774	717
	<u>931,089</u>	<u>888,646</u>

16 Derivative financial instruments

	As at March 31, 2022	As at December 31, 2021
	RMB'000	RMB'000
Derivative financial liabilities		
—Collar option	871,103	381,461
—Electricity derivatives	5,108	6,940
	<u>876,211</u>	<u>388,401</u>

17 Bank loans and other borrowings

	As at March 31, 2022	As at December 31, 2021
	RMB'000	RMB'000
Current		
Secured bank loans	211,759	236,177
Unsecured bank loans	2,381,308	1,938,574
Corporate bonds	1,922,935	1,911,679
Current portion of non-current		
secured bank loans	1,717,855	4,469,151
unsecured bank loans	—	208,587
secured other borrowings from third-parties	442,468	998,353
	<u>6,676,325</u>	<u>9,762,521</u>
Non-current		
Secured bank loans	12,375,460	15,097,503
Unsecured bank loans	—	208,587
Other borrowings from a related party	1,185,898	1,171,802
Secured other borrowings from third-parties	442,468	998,353
	<u>14,003,826</u>	<u>17,476,245</u>
Less:		
—Current portion of non-current secured bank loans	(1,717,855)	(4,469,151)
—Current portion of non-current unsecured bank loans	—	(208,587)
—Current portion of secured other borrowings from third-parties	(442,468)	(998,353)
	<u>(2,160,323)</u>	<u>(5,676,091)</u>
	<u>11,843,503</u>	<u>11,800,154</u>

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 March 31, 2022	As at December 31, 2021
	RMB'000	RMB'000
Mainland China subsidiaries		
Property, plant and equipment	248,126	253,666
Restricted bank deposits	139,226	175,728
Investments in Shigatse Zabuye	342,102	285,494
Overseas subsidiaries		
All assets of Windfield	11,242,100	9,160,084
All assets of TLAI 2 and TLAI 1	20,881,060	21,034,783
All assets of TLEA	8,662,775	7,918,329
All assets of TLK	4,968,887	5,048,765
Investment in SQM	23,980,873	23,652,363
	<u>70,465,149</u>	<u>67,529,212</u>

18 Capital, reserves and dividends**(a) Dividends**

- (i) No dividend to equity shareholders of the Company was proposed after the end of reporting period for the three months ended March 31, 2022 (2021: nil).
- (ii) No dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the three months ended March 31, 2022 (2021: nil).

19 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, categorized into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

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

	Fair value measurements At March 31, 2022			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	1,013,262	—	1,013,262
—Equity securities	2,118,982	162,955	—	2,281,937
Derivative financial instruments				
—Collar options	—	—	(871,103)	(871,103)
—Electricity derivatives	—	(5,108)	—	(5,108)
	Fair value measurements At December 31, 2021			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVOCI				
—Bank acceptance notes receivable	—	2,014,403	—	2,014,403
—Equity securities	585,000	110,617	—	695,617

	Fair value measurements At December 31, 2021			Total RMB'000
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	
Derivative financial instruments				
—Collar options	—	—	(381,461)	(381,461)
—Electricity derivatives	—	(6,940)	—	(6,940)

During the three months ended March 31, 2022, there were no transfers between Level 1 and Level 2. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

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

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

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

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

(iii) Information about Level 3 fair value measurements

The fair value of collar options is determined by Option Pricing Model with significant unobservable input of expected volatility. At March 31, 2022, the expected volatility ranged from 50.0% to 54.0%. The fair value measurement is positively correlated to the expected volatility. At March 31, 2022, it is estimated that with all other variables held constant, an increase/decrease in expected volatility by 5% would have increase/decrease the Group's loss/profit for the period by RMB27,000.

(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 amortized cost were not materially different from their fair values as at December 31, 2021 and March 31, 2022.

20 Commitments

Capital commitments outstanding at March 31, 2022 not provided for in the interim financial information were as follows:

	As at March 31, 2022 RMB'000 (unaudited)	As at December 31, 2021 RMB'000
Contracted for	741,583	659,332
Authorized but not contracted for	2,626,271	394,519
	<u>3,367,854</u>	<u>1,053,851</u>

21 Contingent liabilities

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

22 Material related party transactions**(a) Significant related party transactions**

	Three months ended March 31,	
	2022	2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
Short-term operating leases expenses:		
Tianqi Group Company	544	562
Purchases of goods / service from:		
Tianqi Group Company	354	338
Obtaining other borrowings from:		
Tianqi Group Company	—	451,835
Interest expenses:		
Tianqi Group Company	14,096	8,032

(b) Balance with related parties

	As at March 31, 2022	As at December 31, 2021
	RMB'000 (unaudited)	RMB'000 (unaudited)
	Non-trade related	
Other borrowings from:		
Tianqi Group Company	1,185,898	1,171,802
Trade related		
Amounts due to:		
Tianqi Group Company	5,409	5,356

The Company expects to be able to fully repay other borrowings from Tianqi Group Company as soon as practicable after the listing of the Company’s shares on the Stock Exchange and full repayment of SQM indebtedness.

(c) Guarantee provided by related parties

The bank loans and other borrowings of RMB12,008,590,000 and RMB8,964,663,000 as at December 31, 2021 and at March 31, 2022, respectively, were guaranteed by related parties. The directors of the Company are of the view that the guarantee provided by related parties will be discharged upon the listing of the Company’s shares on the Stock Exchange and full repayment of SQM indebtedness.

23 Non-adjusting events after the reporting period

On April 1, 2022, the Group and the lenders (“the Lenders”) under the syndicated facility agreements (“Facility Agreements”) of SQM indebtedness entered into an amendment deed, pursuant to which the Lenders conditionally agreed to modify the terms of the Facility Agreements, mainly including the release of the obligations under the personal guarantee by Mr. Jiang Weiping and a deed of undertaking by Tianqi Group Company, Mr. Jiang Weiping, Ms. Jiang Anqi, and Ms. Zhangjing and termination of subordination of other borrowings from Tianqi Group Company upon the satisfaction of certain conditions such as the completion of the listing of the Group’s H-shares and partial repayment of the outstanding SQM indebtedness.