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**Ganfeng Lithium Co., Ltd.**  
**江西赣锋锂业股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1772)**

**SUPPLEMENTAL ANNOUNCEMENT  
UPDATE ON THE ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Reference is made to the announcement of Ganfeng Lithium Co., Ltd. (the “**Company**”) dated 30 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (together, the “**Group**”) for the year ended 31 December 2019 (the “**Unaudited Annual Results Announcement**”).

**UPDATE ON THE ANNUAL RESULTS**

1. The valuation on the Company’s acquisition of 37.5% equity assets in Minera Exar in 2018 has been finalised by our independent professional valuer. Due to changes in the valuation amount of Minera Exar’s mining rights assets at the date of acquisition, “gain on bargain purchase of an associate” recognised in “other income and gains” for 2018 and “investments in associates” as at 31 December 2018 are therefore affected. Accordingly, the relevant financial data for 2018 has been restated by the auditor and the relevant financial data for 2019 has been re-adjusted by the auditor. In view of the above, the consolidated statement of profit or loss and the consolidated statement of financial position in the Unaudited Annual Results Announcement differ from the relevant information in this Supplemental Announcement mainly as to the following data:
  - 1) “Other income and gains”, “profit before tax”, “profit for the year”, “earnings per share” and “total comprehensive income for the year” for the year ended 31 December 2018;
  - 2) “Investments in associates” and “reserves” as at 31 December 2018;

- 3) “Exchange differences on translation of foreign operations” and “total comprehensive income for the year” for the year ended 31 December 2019;
  - 4) “Investments in associates”, “Investments in joint ventures” and “reserves” as at 31 December 2019;
2. The audit on the annual results of the Company for 2019 has been finalised by the auditor and the relevant financial data for 2019 has been re-adjusted by the auditor. The consolidated statement of financial position and the section of Financial Review in the Unaudited Annual Results Announcement differ from the relevant information in this Supplemental Announcement mainly as to the following data:
- 1) “Financial assets at fair value through profit or loss” as at 31 December 2019. Such differences are attributable to changes in the judgement of the auditor of the Company in respect of the nature of the investment in the underlying equity assets;
  - 2) The purchase amount of the Group from the top five suppliers during the Reporting Period included in “Major customers and suppliers”. Such differences are attributable to the adjustment of the purchase amount in transit during the year.

## **AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS**

As stated in the Unaudited Annual Results Announcement on 30 March 2020, the Company has not fully completed the audit of its results for the year ended 31 December 2019 (the “**2019 Annual Results**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that the auditing process for the 2019 Annual Results has been completed on 23 April 2020 and that the audited consolidated financial results of the Group for the year ended 31 December 2019, together with the comparative audited figures for the year ended 31 December 2018 are as follows:

# AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

		2019 (Audited) RMB'000	2018 (Audited) RMB'000 (Restated)
	Notes		
Revenue	3	5,246,425	4,889,882
Cost of sales		<u>(4,008,873)</u>	<u>(3,136,032)</u>
<b>Gross profit</b>		<b>1,237,552</b>	<b>1,753,850</b>
Other income and gains	4	289,232	445,879
Selling and distribution expenses		(62,531)	(82,352)
Administrative expenses		(369,352)	(360,480)
Other expenses		(565,918)	(289,674)
Finance costs	5	(204,995)	(90,343)
Share of profits and losses of:			
Associates		29,778	122,463
Joint ventures		<u>123,376</u>	<u>492</u>
<b>Profit before tax</b>	6	<b><u>477,142</u></b>	<b><u>1,499,835</u></b>
Income tax expense	7	<u>(121,076)</u>	<u>(162,643)</u>
<b>PROFIT FOR THE YEAR</b>		<b><u>356,066</u></b>	<b><u>1,337,192</u></b>
<b>Attributable to:</b>			
Owners of the parent		360,745	1,336,596
Non-controlling interests		<u>(4,679)</u>	<u>596</u>
		<b><u>356,066</u></b>	<b><u>1,337,192</u></b>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY</b>			
<b>EQUITY HOLDERS OF THE</b>			
<b>PARENT:</b>			
Basic			
– Profit for the year (RMB)	9	<b><u>0.28</u></b>	<b><u>1.17</u></b>
Diluted			
– Profit for the year (RMB)	9	<b><u>0.28</u></b>	<b><u>1.17</u></b>

**AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***Year ended 31 December 2019*

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	<b>2018</b> <b>(Audited)</b> <b>RMB'000</b> <b>(Restated)</b>
<b>Profit for the year</b>	<b><u>356,066</u></b>	<b><u>1,337,192</u></b>
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Exchange differences on translation of foreign operations	<u>90,212</u>	<u>31,953</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>90,212</u></b>	<b><u>31,953</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>446,278</u></b>	<b><u>1,369,145</u></b>
<b>Attributable to:</b>		
Owners of the parent	<b>450,583</b>	<b>1,373,232</b>
Non-controlling interests	<b><u>(4,305)</u></b>	<b><u>(4,087)</u></b>
	<b><u>446,278</u></b>	<b><u>1,369,145</u></b>

# AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

		2019 (Audited) RMB'000	2018 (Audited) RMB'000 (Restated)
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		3,007,789	2,619,584
Investment properties		138	166
Right-of-use assets		208,808	–
Prepaid land lease payments		–	160,945
Goodwill		18,302	18,302
Other intangible assets		362,933	261,198
Investments in associates		814,504	1,802,187
Investments in joint ventures		2,865,042	51,397
Financial assets at fair value through profit or loss		386,035	442,917
Deferred tax assets		19,310	27,047
Other non-current assets		813,140	340,261
<b>Total non-current assets</b>		<b>8,496,001</b>	<b>5,724,004</b>
<b>CURRENT ASSETS</b>			
Inventories		2,333,836	1,904,712
Trade receivables	10	913,808	1,002,137
Debt instruments at fair value through other comprehensive income	10	218,362	403,463
Amounts due from related parties		13,673	–
Prepayments, other receivables and other assets		524,569	809,333
Financial assets at fair value through profit or loss		12,853	192,781
Pledged deposits		371,826	383,726
Cash and cash equivalents		1,328,104	3,218,615
<b>Total current assets</b>		<b>5,717,031</b>	<b>7,914,767</b>

		<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000 (Restated)
	<i>Notes</i>		
<b>CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>1,968,555</b>	1,356,335
Trade and bills payables	<i>11</i>	<b>558,897</b>	678,814
Amount due to related parties		<b>290,501</b>	364,111
Other payables and accruals		<b>351,425</b>	531,739
Income tax payable		<b>89,479</b>	216,038
Other current liabilities		<b>—</b>	685,174
<b>Total current liabilities</b>		<b>3,258,857</b>	3,832,211
<b>NET CURRENT ASSETS</b>		<b>2,458,174</b>	4,082,556
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>10,954,175</b>	9,806,560
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>1,457,103</b>	706,119
Convertible bonds		<b>762,355</b>	713,460
Deferred income		<b>61,324</b>	58,687
Deferred tax liabilities		<b>8,606</b>	2,387
Other non-current liabilities		<b>254,506</b>	230,680
<b>Total non-current liabilities</b>		<b>2,543,894</b>	1,711,333
<b>Total liabilities</b>		<b>5,802,751</b>	5,543,544
<b>Net assets</b>		<b>8,410,281</b>	8,095,227

	2019 (Audited) <i>RMB'000</i>	2018 (Audited) <i>RMB'000</i> (Restated)
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	1,292,601	1,315,082
Equity component of convertible bonds	205,642	205,673
Treasury shares	–	(685,174)
Reserves	6,857,014	7,206,117
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	8,355,257	8,041,698
<b>Non-controlling interests</b>	55,024	53,529
	<hr/>	<hr/>
<b>Total equity</b>	<b>8,410,281</b>	<b>8,095,227</b>
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## NOTES TO FINANCIAL STATEMENTS

### 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRSs, which include all standards and interpretations issued by the IASB, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for financial assets at fair value through profit or loss and debt instruments at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.



The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i>
IFRS 16	<i>Leases</i>
Amendments to IAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

#### ***New definition of a lease***

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

## ***As a lessee – Leases previously classified as operating leases***

### *Nature of the effect of adoption of IFRS 16*

The Group has lease contracts for buildings and land. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

### *Impacts on transition*

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application

### ***Financial impact at 1 January 2019***

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	<b>Increase/ (decrease) (Audited) RMB'000</b>
<b>Assets</b>	
Increase in right-of-use assets	199,904
Decrease in prepaid land lease payments	<u>(160,945)</u>
Increase in total assets	<u><u>38,959</u></u>
<b>Liabilities</b>	
Increase in interest-bearing bank and other borrowings	<u><u>38,959</u></u>
Analysed into:	
Current portion	7,298
Non-current portion	<u><u>31,661</u></u>
Decrease in retained profits	<u><u>–</u></u>
The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:	
	<b>Audited RMB'000</b>
<b>Operating lease commitments as at 31 December 2018</b>	<b>46,213</b>
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	<u>(1,830)</u>
	<u>44,383</u>
Weighted average incremental borrowing rate as at 1 January 2019	<u>3.90%</u>
<b>Lease liabilities as at 1 January 2019</b>	<u><u>38,959</u></u>

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continue to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.
- (c) IFRIC 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “**uncertain tax positions**”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the financial position or performance of the Group.

### 1.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i> <sup>1</sup>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i> <sup>1</sup>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2022

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

## 2. OPERATING SEGMENT INFORMATION

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

- (a) Lithium metal and compound segment: manufacture and sale of lithium products, and rendering of processing services;
- (b) Lithium battery segment: manufacture and sale of lithium batteries; and
- (c) Lithium ore resource and others segment: exploration and sale of lithium ore and other lithium products.

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

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

### Year ended 31 December 2019

	<b>Lithium metal and compound (Audited) RMB'000</b>	<b>Lithium battery (Audited) RMB'000</b>	<b>Lithium ore resource and others (Audited) RMB'000</b>	<b>Total (Audited) RMB'000</b>
<b>Segment revenue:</b>				
Sales to external customers	4,639,633	606,792	–	5,246,425
Intersegment sales	–	1,858	9,280	11,138
	4,639,633	608,650	9,280	5,257,563
<i>Reconciliation:</i>				
Elimination of intersegment sales				(11,138)
Revenue				<u>5,246,425</u>



	<b>Lithium metal and compound (Audited) RMB'000</b>	<b>Lithium battery (Audited) RMB'000</b>	<b>Lithium ore resource and others (Audited) RMB'000</b>	<b>Total (Audited) RMB'000</b>
<b>Segment results</b>	<b>495,700</b>	<b>(59,047)</b>	<b>117,943</b>	<b>554,596</b>
<i>Reconciliation:</i>				
Interest income				126,154
Finance costs (other than interest on lease liabilities)				<u>(203,608)</u>
Profit before tax				<u><u>477,142</u></u>
<b>Segment assets</b>	<b>7,763,607</b>	<b>2,015,990</b>	<b>5,199,224</b>	<b>14,978,821</b>
<i>Reconciliation:</i>				
Elimination of intersegment receivables				<u>(765,789)</u>
Total assets				<u><u>14,213,032</u></u>
<b>Segment liabilities</b>	<b>5,171,697</b>	<b>999,069</b>	<b>397,774</b>	<b>6,568,540</b>
<i>Reconciliation:</i>				
Elimination of intersegment payables				<u>(765,789)</u>
Total liabilities				<u><u>5,802,751</u></u>

	<b>Lithium metal and compound (Audited) RMB'000</b>	<b>Lithium battery (Audited) RMB'000</b>	<b>Lithium ore resource and others (Audited) RMB'000</b>	<b>Total (Audited) RMB'000</b>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss, net	16,748	62,071	–	78,819
Share of profits and losses of:				
Associates	(93)	–	29,871	29,778
Joint ventures	–	(895)	124,271	123,376
Depreciation and amortisation	154,691	70,896	8,681	234,268
Investments in associates	44,455	–	770,049	814,504
Investments in joint ventures	–	28,720	2,836,322	2,865,042
Capital expenditure	322,274	242,655	98,083	663,012

**Year ended 31 December 2018 (Restated)**

	<b>Lithium metal and compound (Audited) RMB'000</b>	<b>Lithium battery (Audited) RMB'000</b>	<b>Lithium ore resource and others (Audited) RMB'000</b>	<b>Total (Audited) RMB'000</b>
<b>Segment revenue:</b>				
Sales to external customers	4,534,608	355,160	114	4,889,882
Intersegment sales	<u>1,787</u>	<u>214</u>	<u>5,465</u>	<u>7,466</u>
	4,536,395	355,374	5,579	4,897,348
<b>Reconciliation:</b>				
Elimination of intersegment sales				<u>(7,466)</u>
Revenue				<u><u>4,889,882</u></u>

	Lithium metal and compound (Audited) RMB'000	Lithium battery (Audited) RMB'000	Lithium ore resource and others (Audited) RMB'000	Total (Audited) RMB'000
<b>Segment results</b>	1,506,250	(58,768)	108,331	1,555,813
<i>Reconciliation:</i>				
Interest income				34,365
Finance costs				<u>(90,343)</u>
Profit before tax				<u><u>1,499,835</u></u>
<b>Segment assets</b>	10,100,500	1,650,284	2,715,919	14,466,703
<i>Reconciliation:</i>				
Elimination of intersegment receivables				<u>(827,932)</u>
Total assets				<u><u>13,638,771</u></u>
<b>Segment liabilities</b>	4,975,410	716,717	679,349	6,371,476
<i>Reconciliation:</i>				
Elimination of intersegment payables				<u>(827,932)</u>
Total liabilities				<u><u>5,543,544</u></u>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss, net	947	6,542	(42)	7,447
Share of profits and losses of:				
Associates	123,652	–	(1,189)	122,463
A joint venture	492	–	–	492
Depreciation and amortisation	108,159	28,851	12,511	149,521
Investments in associates	940,480	–	861,707	1,802,187
Investment in a joint venture	51,397	–	–	51,397
Capital expenditure	847,680	340,917	28,278	1,216,875

## Geographical information

### (a) Revenue from external customers

	2019 (Audited) RMB'000	2018 (Audited) RMB'000 (Restated)
Mainland China	3,814,973	3,817,517
Hong Kong	1,431,452	1,072,365
	<u>5,246,425</u>	<u>4,889,882</u>

The revenue information of continuing operations above is based on the locations of the Company and the subsidiaries.

### (b) Non-current assets

	2019 (Audited) RMB'000	2018 (Audited) RMB'000 (Restated)
Mainland China	3,701,468	3,052,318
Hong Kong and overseas	3,590,024	1,891,461
	<u>7,291,492</u>	<u>4,943,779</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

## Information about major customers

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the reporting periods, no major customer information is presented.

## 3. REVENUE

An analysis of revenue is as follows:

	2019 (Audited) RMB'000	2018 (Audited) RMB'000
Revenue from contracts with customers	<u>5,246,425</u>	<u>4,889,882</u>

## Revenue from contracts with customers

### (a) Disaggregated revenue information

For the year ended 31 December 2019

Segments	Lithium metal and compound (Audited) RMB'000	Lithium battery (Audited) RMB'000	Lithium ore resource and others (Audited) RMB'000	Total (Audited) RMB'000
<b>Type of goods or services</b>				
Sale of industrial products	4,583,438	606,792	–	5,190,230
Processing services	56,195	–	–	56,195
Total revenue from contracts with customers	<u>4,639,633</u>	<u>606,792</u>	<u>–</u>	<u>5,246,425</u>
<b>Geographical markets</b>				
Mainland China	2,829,438	585,313	–	3,414,751
Asia	1,734,542	21,479	–	1,756,021
Europe Union	50,303	–	–	50,303
North America	16,941	–	–	16,941
Other countries/regions	8,409	–	–	8,409
Total revenue from contracts with customers	<u>4,639,633</u>	<u>606,792</u>	<u>–</u>	<u>5,246,425</u>
<b>Type of products</b>				
Lithium compounds and lithium metals	4,151,793	–	–	4,151,793
Lithium batteries	–	603,200	–	603,200
Others	487,840	3,592	–	491,432
Total revenue from contracts with customers	<u>4,639,633</u>	<u>606,792</u>	<u>–</u>	<u>5,246,425</u>
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time	<u>4,639,633</u>	<u>606,792</u>	<u>–</u>	<u>5,246,425</u>

**For the year ended 31 December 2018**

Segments	Lithium metal and compound (Audited) <i>RMB'000</i>	Lithium battery (Audited) <i>RMB'000</i>	Lithium ore resource and others (Audited) <i>RMB'000</i>	Total (Audited) <i>RMB'000</i>
<b>Type of goods or services</b>				
Sale of industrial products	4,471,795	355,160	114	4,827,069
Processing services	<u>62,813</u>	<u>–</u>	<u>–</u>	<u>62,813</u>
Total revenue from contracts with customers	<u><u>4,534,608</u></u>	<u><u>355,160</u></u>	<u><u>114</u></u>	<u><u>4,889,882</u></u>
<b>Geographical markets</b>				
Mainland China	2,634,496	355,160	114	2,989,770
Asia	1,792,737	–	–	1,792,737
Europe Union	39,786	–	–	39,786
North America	32,064	–	–	32,064
Other countries/regions	<u>35,525</u>	<u>–</u>	<u>–</u>	<u>35,525</u>
Total revenue from contracts with customers	<u><u>4,534,608</u></u>	<u><u>355,160</u></u>	<u><u>114</u></u>	<u><u>4,889,882</u></u>
<b>Type of products</b>				
Lithium compounds and lithium metals	4,152,504	–	–	4,152,504
Lithium batteries	–	354,365	–	354,365
Others	<u>382,104</u>	<u>795</u>	<u>114</u>	<u>383,013</u>
Total revenue from contracts with customers	<u><u>4,534,608</u></u>	<u><u>355,160</u></u>	<u><u>114</u></u>	<u><u>4,889,882</u></u>
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time	<u><u>4,534,608</u></u>	<u><u>355,160</u></u>	<u><u>114</u></u>	<u><u>4,889,882</u></u>

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

**For the year ended 31 December 2019**

Segments	Lithium metal and compound (Audited) <i>RMB'000</i>	Lithium battery (Audited) <i>RMB'000</i>	Lithium ore resource and others (Audited) <i>RMB'000</i>	Total (Audited) <i>RMB'000</i>
<b>Revenue from contracts with customers</b>				
External customers	4,639,633	606,792	–	5,246,425
Intersegment sales	–	1,858	9,280	11,138
	4,639,633	608,650	9,280	5,257,563
Intersegment adjustments and eliminations	–	(1,858)	(9,280)	(11,138)
Total revenue from contracts with customers	<u>4,639,633</u>	<u>606,792</u>	<u>–</u>	<u>5,246,425</u>

**For the year ended 31 December 2018**

Segments	Lithium metal and compound (Audited) <i>RMB'000</i>	Lithium battery (Audited) <i>RMB'000</i>	Lithium ore resource and others (Audited) <i>RMB'000</i>	Total (Audited) <i>RMB'000</i>
<b>Revenue from contracts with customers</b>				
External customers	4,534,608	355,160	114	4,889,882
Intersegment sales	1,787	214	5,465	7,466
	4,536,395	355,374	5,579	4,897,348
Intersegment adjustments and eliminations	(1,787)	(214)	(5,465)	(7,466)
Total revenue from contracts with customers	<u>4,534,608</u>	<u>355,160</u>	<u>114</u>	<u>4,889,882</u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
<b>Revenue recognised that was included in contract liabilities at the beginning of the reporting period:</b>		
Sale of industrial products	<b>46,050</b>	87,091

**(b) Performance obligations**

Information about the Group's performance obligations is summarised below:

***Sale of industrial products***

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.

***Rendering processing services***

The performance obligation is satisfied upon the completion of the processing services and short-term advances are normally required before rendering the services. Processing service contracts are for periods within one year, and the Group does not adjust any of the transaction prices for the time value of money.



The amounts of transaction prices allocated to the remaining performance obligations as at 31 December are as follows:

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
Within one year	<b>39,046</b>	46,050

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

#### 4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000 (Restated)
<b>Other income</b>		
Dividend and interest income from financial assets at fair value through profit or loss	<b>8,974</b>	18,998
Sales of raw materials	<b>84,700</b>	95,022
Bank interest income	<b>67,609</b>	34,365
Interest income from associates	<b>58,545</b>	–
Government grants	<b>54,817</b>	157,563
Others	<b>4,161</b>	21,855
	<b>278,806</b>	327,803
<b>Gains</b>		
Gain on bargain purchase of an associate	–	118,054
Gain on disposal of property, plant and equipment	–	22
Foreign exchange gain	<b>10,426</b>	–
	<b>10,426</b>	118,076
	<b>289,232</b>	445,879

## 5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
Interest on bank loans	<b>121,598</b>	52,481
Interest on other liabilities	<b>19,866</b>	3,342
Interest on lease liabilities	<b>1,387</b>	–
Interest on discounted bank notes	<b>12,131</b>	9,713
Interest on convertible bonds	<b>53,637</b>	49,097
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	<b>208,619</b>	114,633
Less: Interest capitalised in respect of convertible bonds	<b>(3,624)</b>	(24,290)
	<hr/>	<hr/>
	<b>204,995</b>	90,343
	<hr/> <hr/>	<hr/> <hr/>

## 6. PROFIT BEFORE TAX

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

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
(a) Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	<b>310,683</b>	276,794
Equity-settled share-based expense	<b>126,780</b>	147,841
Other welfare	<b>58,774</b>	40,639
	<hr/>	<hr/>
	<b>496,237</b>	465,274
	<hr/> <hr/>	<hr/> <hr/>
(b) Cost of sales and services:		
Cost of inventories sold	<b>3,933,690</b>	3,065,496
Cost of providing processing services	<b>44,433</b>	39,119
Others	<b>30,750</b>	31,417
	<hr/>	<hr/>
	<b>4,008,873</b>	3,136,032
	<hr/> <hr/>	<hr/> <hr/>

\* Detailed information are disclosed in other relevant notes to the financial statements.

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
(c) Other items:		
Cost of selling raw materials*	<b>69,316</b>	59,132
Impairment of financial assets, net:		
Impairment of trade receivables, net	<b>15,556</b>	2,133
Impairment of financial assets included in prepayments, other receivables and other assets, net	<b>20,026</b>	610
Impairment of inventories	<b>21,455</b>	4,612
Impairment of property, plant and equipment	–	92
Impairment of an investment in a joint venture	<b>21,782</b>	–
Depreciation of property, plant and equipment and investment properties	<b>211,288</b>	131,937
Depreciation of right-of-use assets (2018: Amortisation of land lease payments)	<b>11,274</b>	3,314
Amortisation of intangible assets	<b>11,706</b>	14,270
Research and development costs – current year expenditure	<b>79,600</b>	62,527
Foreign exchange differences, net	<b>(10,426)</b>	24,420
Net loss on disposal of property, plant and equipment	<b>13,151</b>	778
Minimum lease payments under operating leases	–	8,506
Lease payments not included in the measurement of lease liabilities	<b>174</b>	–
Fair value losses, net:		
Financial assets at fair value through profit or loss	<b>395,160</b>	186,650
Auditor's remuneration	<b>2,580</b>	2,500
Bank charges	<b>1,919</b>	2,080
Gain on bargain purchase of an associate	–	(118,054)
	<b>395,160</b>	186,650

## 7. INCOME TAX

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

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
Current corporate income tax	<b>107,120</b>	241,168
Deferred tax	<b>13,956</b>	(78,525)
	<b><u>121,076</u></b>	<b><u>162,643</u></b>

The subsidiaries incorporated in Hong Kong were subject to profits tax at the rate of 16.5% during the reporting period. No provision for Hong Kong profits tax has been made as all the profits were derived from offshore, and were not taxable in Hong Kong.

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

The Company has been recognised as a High and New Technology Enterprise (“HNTe”), and such status will expire on 12 August 2021. Based on the Enterprise Income Tax Law and related regulations, the applicable tax rate of the Company is 15% provided that the Company complies with the conditions set out in the relevant requirements. Certain subsidiaries are also recognised as HNTes and the effective periods are as follows:

<b>Name</b>	<b>Effective period</b>
Fengxin Ganfeng Lithium Co., Ltd.	2019/9/16-2022/9/15
Yichun Ganfeng Lithium Co., Ltd.	2018/8/13-2021/8/12
Ganfeng Recycling Technology Co., Ltd.	2018/8/13-2021/8/12
Jiangxi Ganfeng Battery Technology Co., Ltd.	2018/12/4-2021/12/3

## 8. DIVIDENDS

### Proposed cash dividend

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	<b>2018</b> <b>(Audited)</b> <b>RMB'000</b>
RMB0.30 for 2019 (RMB0.30 for 2018) per ordinary share	<b>387,847</b>	<b>394,525</b>

On 23 April 2020, the board of directors of the Company resolved to propose the final dividend for the year ended 31 December 2019 of RMB0.30 per share. The amount of the proposed final dividend of RMB387,847,000 is calculated based on the total number of shares of the Company of 1,292,822,468 shares on the record of 23 April 2020.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,292,598,982 (2018: 1,134,279,418) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000 (Restated)
<b>Earnings</b>		
Adjusted profit attributable to ordinary equity holders of the parent for the diluted earnings per share calculation	<u><b>410,758*</b></u>	<u>1,361,403*</u>
Interest on convertible bonds	<u><b>(50,013)</b></u>	<u>(24,807)</u>
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>360,745</b>	1,336,596
Cash dividends of share award scheme	<u>–</u>	<u>(4,895)</u>
Adjusted profit attributable to ordinary equity holders of the parent for the basic earnings per share calculation	<u><b>360,745</b></u>	<u>1,331,701</u>
<b>Number of shares</b>		
	<b>2019</b> <b>(Audited)</b>	2018 (Audited)
<b>Shares</b>		
Weighted average number of ordinary shares for the calculation of basic earnings per share	<b>1,292,598,982</b>	1,134,279,418
Effect of dilution – weighted average number of ordinary shares:		
– Convertible bonds	<u><b>21,790,161</b></u>	<u>19,362,319</u>

\* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the years ended 31 December 2019 and 2018 and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit for the year ended 31 December 2019 of RMB360,745,000 (2018: RMB1,336,596,000), and the weighted average number of ordinary shares of 1,292,598,982 (2018: 1,134,279,418) in issue during the year ended 31 December 2019.

# **10. TRADE RECEIVABLES AND DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	2019 (Audited) <i>RMB'000</i>	2018 (Audited) <i>RMB'000</i>
Trade receivables	963,238	1,036,011
Impairment	<u>(49,430)</u>	<u>(33,874)</u>
	<b><u>913,808</u></b>	<b><u>1,002,137</u></b>
Debt instruments at fair value through other comprehensive income:		
Bills receivable	<b><u>218,362</u></b>	<b><u>403,463</u></b>

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

	2019 (Audited) <i>RMB'000</i>	2018 (Audited) <i>RMB'000</i>
Within 6 months	860,826	946,737
More than 6 months but less than 1 year	21,656	6,554
1 to 2 years	4,517	41,749
2 to 3 years	<u>26,809</u>	<u>7,097</u>
	<b><u>913,808</u></b>	<b><u>1,002,137</u></b>

# **11. TRADE AND BILLS PAYABLES**

	2019 (Audited) <i>RMB'000</i>	2018 (Audited) <i>RMB'000</i>
Trade payables	428,075	386,654
Bills payable	<u>130,822</u>	<u>292,160</u>
	<b><u>558,897</u></b>	<b><u>678,814</u></b>

An ageing analysis of the trade payables as at 31 December 2019, based on the invoice date, is as follows:

	<b>2019</b> <b>(Audited)</b> <b>RMB'000</b>	2018 (Audited) RMB'000
Within 3 months	<b>404,025</b>	319,946
3 to 6 months	<b>2,607</b>	34,309
6 to 12 months	<b>7,754</b>	20,562
1 to 2 years	<b>9,296</b>	10,227
2 to 3 years	<b>4,393</b>	1,610
	<b>428,075</b>	386,654

The trade payables are non-interest-bearing and are normally settled on terms within 180 days.

## 12. EVENTS AFTER THE REPORTING PERIOD

- (a) Since the outbreak of the Novel Coronavirus (COVID-19) disease in January 2020, and it evolves widespread all over the world. The spread of COVID-19 is impacting all industry markets from various directions. Ongoing preventive and control measures have been carried out. Therefore, the Company's operations and revenue may be affected to a certain extent depending on the effects of the preventive and control measures, duration of the outbreak and implementation of various policies. The Company will closely monitor the situation and assess its impacts on the Group's financial position and operating results. As of the date of this report, such assessment is still ongoing.
- (b) According to the resolution of the 39<sup>th</sup> meeting of the 4<sup>th</sup> Board of Directors held on 8 February 2020, the Company agreed that Ganfeng Lithium Netherlands Co. BV. ("**Ganfeng Netherlands**"), a wholly-owned subsidiary of GFL, would subscribe for 14,389,484 new shares of Minera Exar S.A. with its own funds of USD16,326,531. Before the completion of the transaction, Ganfeng Netherlands held a 50% equity interest in Minera Exar S.A. After the completion of the transaction, Ganfeng Netherlands would hold a 51% equity interest in Minera Exar S.A. and LAC would hold a 49% equity interest in Minera Exar S.A.. Ganfeng Netherlands and LAC will increase the capital of Minera Exar S.A. according to their respective shareholding ratios, and the capital increase of Ganfeng Netherlands will not exceed USD200,000,000. The proposal was approved by the shareholders in a general meeting on 24 March 2020.



- (c) On 23 April 2020, the board of directors of the Company resolved to propose a final dividend for the year ended 31 December 2019 of RMB0.30 per share. As at annual profit distribution registration date, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY REVIEW**

#### **1. Analysis of lithium resource market**

Global lithium resources are mainly sourced from salt lakes and lithium mines. Well-developed salt lakes are mainly distributed in the lithium delta of South America and in China, while well-developed lithium mines continue to stand their ground in Western Australia. According to the research report of Minmetals Securities, from 2015 to 2019, the global output of ore lithium in concentrate increased significantly from 61,000 tons LCE to 258,000 tons LCE, while the global output of salt-lake lithium grew from 97,000 tons LCE to 178,000 tons LCE. Ore lithium has responded to the growing demands across the globe, and become the main impetus for lithium resources in the recent years because its mining process can be easily replicated, and output rises swiftly.

##### ***(1) Market of spodumene concentrate***

The Pilbara, Altura, Greenbushes and Wodgina spodumene projects in Western Australia have been subject to capacity expansion and put into operation successively since 2018, exerting impact on spodumene market. According to the data on Fastmarkets, as of the end of December 2019, the domestic CIF price of 5%-6% spodumene concentrate was around USD480-550/ton, representing a substantial decrease as compared to that at the beginning of 2019. Abundant supply of spodumene and continually shrinking spodumene price facilitated the sharp reduction of raw material cost for the deep-processed lithium products of the Company to a certain extent, which was conducive to improving the Company's operating performance in the future and setting off the impact of price decline of lithium products effectively.

##### ***(2) Market of salt lake brines***

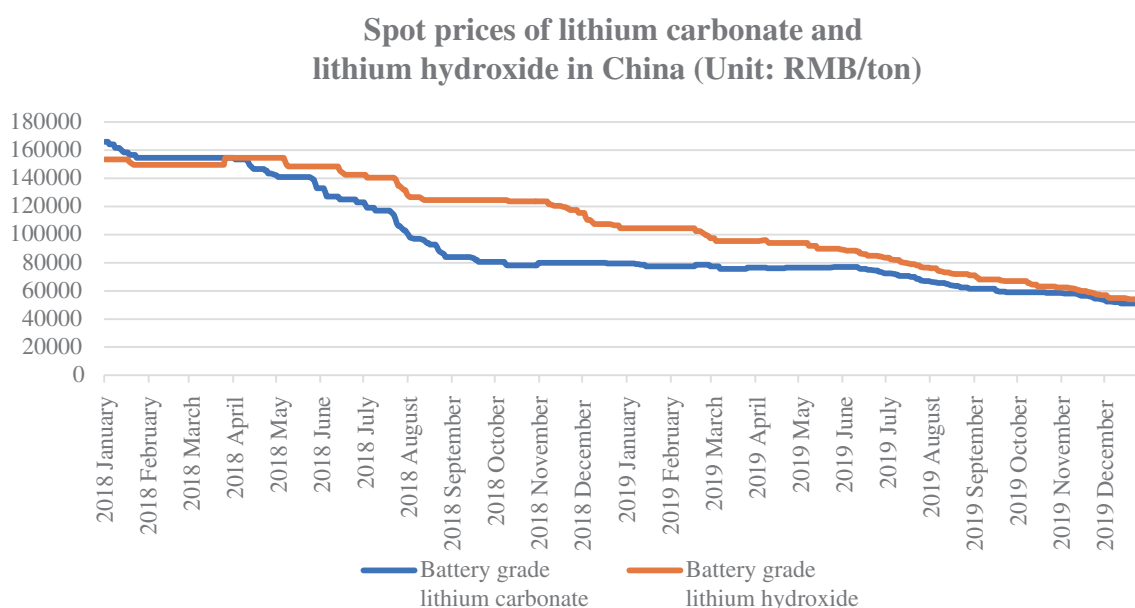
Salt lakes in South America mainly include ALB and SQM salt lakes of Chile and Livent and Orocobre salt lakes in Argentina, making for a highly intensive industry. Future increase in salt lake resources of South America will be mainly attributable to the operation and capacity expansion of four projects including the Company's Cauchari-Olaroz project, while increase in supply of lithium compounds generated from brine resources will be seen after 2020. All lithium projects in South America have postponed their

capacity expansion moves progressively considering the capacity expansion approval of the Chilean government and Argentine government as well as the vendors' judgments over the future market demands, which will, to a certain extent, slow down the growth of short-term lithium compound supply, improve the current supply and demand, and in turn contribute to a strong price of lithium compounds.

## 2. Analysis of the lithium compound market

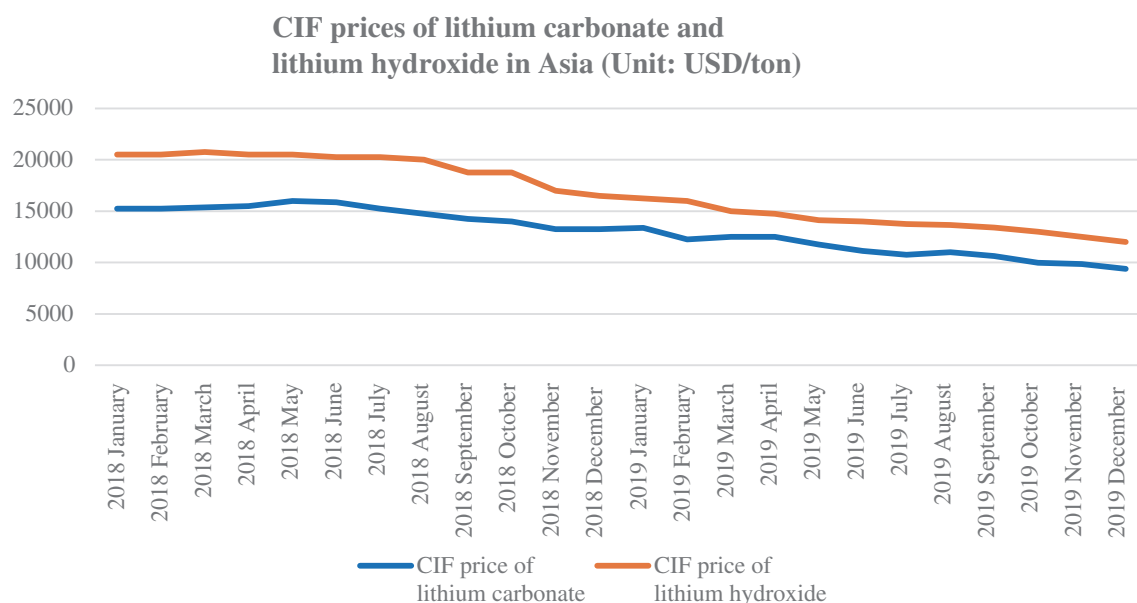
In recent years, prices of major lithium compounds have been fluctuating violently in China market. Prices of major lithium compounds have been declining from high point since 2018 as a result of the expected high operation capacity in the industry following the proactive capacity expansion of domestic and overseas lithium salt vendors. According to the data from the website of Asian Metal, price of lithium carbonate has been declining sharply since April 2018 in China market; during the Reporting Period, prices of major lithium compounds continued to trend down in China market, the decline of the price of lithium carbonate slowed down stepwise, and the price of lithium hydroxide presented a more significant fall. Specific movements are shown in the following table:

*Source: website of Asian Metal*



Meanwhile, the prices of major lithium compounds remained relatively stable in international market. In Asian market, for example, the CIF prices of lithium carbonate and lithium hydroxide decreased gradually in the second half of 2018 with a relatively slight decline at the end of 2019. Relative specific movements are shown in the following table:

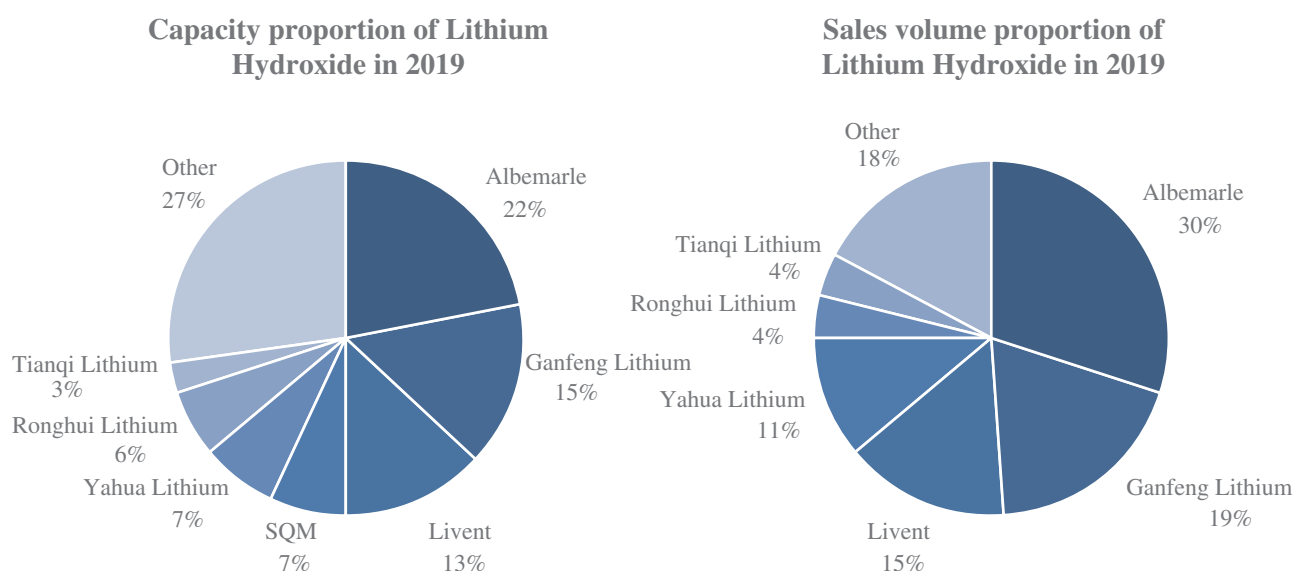
Source: Benchmark



The reduction of governmental subsidies for new energy vehicles has had relatively substantial impact on new energy vehicle market especially the low-end new energy vehicle market, which to a certain extent, phased out certain backward and surplus power battery production capacity and in turn brought along a provisional impact on the demand for lithium compounds. At present, the market has come to a stable and healthy development status after fierce competition and survival of the fittest, and the lithium compound market has gradually resumed the balance between supply and demand. As a leading enterprise in the lithium compound deep-processing business, the Company, capitalizing on the opportunities arising from industry reshuffle, continues to enhance its competitiveness and survival capability and further cements and improves its industrial position.

In 2019, lithium hydroxide became the main driving force for the growth of lithium compounds because of the rapid development of high-nickel ternary battery. According to the research report of Minmetals Securities, in 2019, the global output of lithium hydroxide monohydrate amounted to approximately 99,600 tons, while its demand reached approximately 79,700 tons, of which demand from lithium-ion battery was approximately 62,000 tons. It is estimated that the total demand for lithium hydroxide will increase significantly to 566,000 tons throughout the world in 2025, and the CAGR of lithium hydroxide will be approximately 38.65% from 2019 to 2025. Demand for lithium hydroxide is expected to exceed that for lithium carbonate from lithium battery in 2022. The supply of lithium hydroxide in global market was relatively concentrated in 2019, and shows as follows according to the proportion of capacity and output:

*Source: Minmetals Securities Institute*



### 3. Analysis of the new energy vehicle market

In 2019, the sales of new energy vehicles grew steadily across the globe, and the penetration rate of new energy vehicles also increased constantly. It is shown in the data of EV Sales that the sales of new energy passenger vehicle amounted to approximately 2.21 million across the globe in 2019, representing a year-on-year increase of 10%, while penetration rate of new energy passenger vehicle across the globe also rose from 2.1% in 2018 to 2.5% in 2019.

China's new energy vehicle market was greatly affected by its policies. According to the data of China Association of Automobile Manufacturers, production and sales of China's new energy vehicles amounted to 1.242 million and 1.206 million respectively in 2019, representing a year-on-year decrease of 2.3% and 4.0% respectively. In particular, the production of pure electric vehicles amounted to 1.02 million, representing a year-on-year increase of 3.4%, while its sales amounted to 972,000, representing a year-on-year decrease of 1.2%; the production and sales of plug-in hybrid electric vehicles amounted to 220,000 and 232,000, representing a year-on-year decrease of 22.5% and 14.5%, respectively. During the Reporting Period, relevant important policies are as follows:

Issuing authority	Issuing time	Industrial policy	Descriptions
Ministry of Industry and Information Technology and related departments	December 2019	Consultation draft of New Energy Vehicle Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021-2035)》)	It is planned in New Energy Vehicle Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021-2035)》), which will become a policy-based guideline document for the development of China's new energy vehicle industry in the next 15 years, that the sales proportion of new energy vehicle will account for approximately 25% by 2025.
Ministry of Industry and Information Technology	July and September 2019	Consultation draft of 2021-2023 Management Measure on Double Points for Passenger Vehicle (《2021-2023年乘用車雙積分管理辦法》)	To further adjust the amendment to double points policy, revise the application scope of traditional energy passenger vehicle, modify the calculation of points, and improve the guidance on fuel consumption of traditional energy passenger vehicle.
3 departments including National Development and Reform Commission	June 2019	The Implementation Plan on Promoting the Upgrade of Major Consumables and Facilitating the Recycling of Resources (2019-2020) (《推動重點消費品更新升級暢通資源循環利用實施案(2019-2020年)》)	To accelerate the research and development and industrialisation of the new-generation power battery for vehicles, improve the capacity density and safeness of battery, produce platform-based and standardized batteries stepwise, and reduce battery cost.

Issuing authority	Issuing time	Industrial policy	Descriptions
4 departments including Ministry of Finance	March 2019	The Notice on Further Improvement of the Financial Subsidy Policy for Promotion and Application of New Energy Vehicles (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》)	In 2019, subsidies for new energy vehicles will be subject to adjustment and be granted in stages, and the overall subsidy will reduce significantly.
10 departments including National Development and Reform Commission	January 2019	The Implementation Plan on Further Optimizing Supply to Facilitate Stable Consumption Growth and Develop a Strong Domestic Market (2019) (《進一步優化供給推動消費平穩增長促進形成強大國內市場的實施方案(2019年)》)	To optimize the structure of subsidies for new energy vehicles on a consistent basis. In accordance with the principle of supporting the better and stronger players, a larger proportion of the subsidy will be used to support the sales of new energy vehicles with advanced comprehensive performance and encourage the development of new energy vehicles with high technical content. To implement the policy concerning differentiated traffic management of new energy trucks.

As governmental subsidies for new energy vehicle were reduced, the policy of double points was clarified gradually, and New Energy Vehicle Industry Development Plan (2021-2035) (《新能源汽車產業發展規劃(2021-2035)》) was introduced in 2019, China's new energy vehicle market gradually trended to be guided by competition rather than policy, so the guidance from policy on technological function may further weaken in the future, and automobile manufacturers will depend more on the actual requirements of consumers to determine their technical direction, which is of great help to the long-term development for China's new energy vehicle industry.

## BUSINESS REVIEW

The Group has built the most completed lithium industry value chain in the world, covering the important sectors of the lithium industry from upstream to downstream, including (1) extraction of upstream lithium resources; (2) deep processing of lithium compounds; (3) production of lithium metals; (4) production of lithium batteries; and (5) reclaiming and recycling lithium. During the Reporting Period, the revenue of the Group increased from RMB4,889,882,000 in 2018 to RMB5,246,425,000 in 2019, representing a growth rate of 7.3%; its gross profit decreased from RMB1,753,850,000 to RMB1,237,552,000, representing a decrease rate of 29.4%. The profit for the year attributable to owners of the parent company decreased from RMB1,336,596,000 in 2018 to RMB360,745,000 in 2019, representing a decrease rate of 73.0%. The total assets of the Group increased from RMB13,638,771,000 in 2018 to RMB14,213,032,000 in 2019, representing a growth rate of 4.2%; and its net assets increased from RMB8,095,227,000 in 2018 to RMB8,410,281,000 in 2019, representing a growth rate of 3.9%.

### 1. Products and capacity

As at the end of the Reporting Period, the Group had the following major production bases. In order to satisfy fast growing demands for lithium products in the market, the Group further expanded its production capacity by enhancing the capacity of the existing production lines and building new production lines. The expansion of the Group's production capacity will help expand the global market share to meet the growing demand of customers for the Group's products.

Production Base	Location	Primary Products	Year of Production Commencement
<b>Lithium Compound</b>			
Basic Lithium Plant	Xinyu, Jiangxi	Lithium carbonate, lithium hydroxide, lithium chloride and butyl lithium	2014
Ningdu Ganfeng	Ningdu, Jiangxi	Lithium carbonate	2018
<b>Lithium Metal</b>			
Fengxin Ganfeng	Fengxin, Jiangxi	Lithium metal	2011
Yichun Ganfeng	Yichun, Jiangxi	Lithium metal	2013



Production Base	Location	Primary Products	Year of Production Commencement
<b>Lithium Battery</b>			
Dongguan Ganfeng	Dongguan, Guangdong	Full-automation polymer lithium battery	2016
Ganfeng Power Battery	Xinyu, Jiangxi	Lithium-ion motive power batteries, energy storage batteries and consumer batteries	2016
Ganfeng Electronics	Xinyu, Jiangxi	Polymer lithium battery specially designed for smart wearable products, TWS wireless bluetooth headset battery	2018
Zhejiang Fengli	Xinyu, Jiangxi	First-generation solid-state lithium battery	Under construction
Jiangsu Ganfeng	Suzhou, Jiangsu	Power and energy storage battery pack, battery management system	2019
<b>Lithium Battery Recycling</b>			
Ganfeng Recycling	Xinyu, Jiangxi	Lithium carbonate, lithium fluoride, lithium recycling solution, NCM precursor (Speciality Lithium Plant merged into Ganfeng Recycling in 2019)	2017

During the Reporting Period, total output of lithium compounds and lithium metal products of the Group further increased as compared to 2018, particulars of which are shown as in the following table:

*Unit: ton/year*

Product	2018					2019				
	Designed production capacity	Effective production capacity	Actual output			Designed production capacity	Effective production capacity	Actual output		
			Actual production	Converted to lithium carbonate equivalent	Utilization rate			Actual production	Converted to lithium carbonate equivalent	Utilization rate
Lithium carbonate	40,500	23,000	16,324.92	16,324.92	70.98% <sup>(1)</sup>	40,500	25,750	23,136.25	23,136.25	89.85% <sup>(1)</sup>
Lithium hydroxide	31,000	16,000	14,736.28	12,981.97	92.1%	31,000	24,000	23,854.57	21,014.74	99.39%
Lithium metal	1,600	1,600	1,519.44	–	94.97%	1,600	1,600	1,435.49	–	89.72%
Others				12,991.12					10,090.21	
Total				42,298.01					54,241.20	

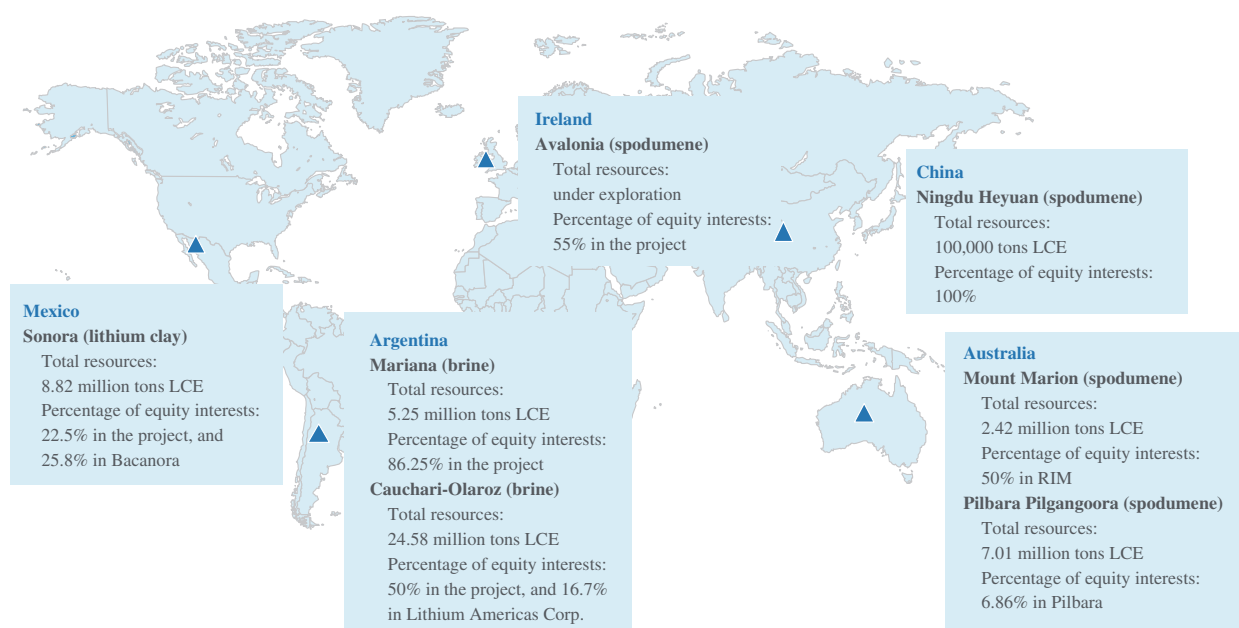
- 1) Based on the changing situation of lithium carbonate market, the Company made the best advantage of flexible production line, deliberately reduced the production of lithium carbonate in 2018 and 2019, and increased the production of lithium hydroxide at the same time.



## 2. Lithium resources

During the Reporting Period, the Group continued to acquire upstream high-quality lithium resources globally, enriched and broadened the diversified supply of raw materials on a continuous basis. It completed the increase of shareholding in Australia-based Reed Industrial Minerals Pty Ltd. (“**RIM**”) and the subscription for private placement shares of Pilbara Minerals Limited (“**Pilbara**”); during the Reporting Period, the Company further increased its shareholding in Minera Exar S.A. (“**Minera Exar**”) to 50% and helped promote the investment development progress of Cauchari-Olaroz lithium salt lake project in Argentina; in addition, the Group subscribed for equity interests in Bacanora Lithium Plc (“**Bacanora**”) and 22.5% equity interest in Sonora Lithium Ltd (“**Sonora**”), a lithium-clay project company of Bacanora, proactively exploring and enriching core contents of lithium resources.

Upstream lithium resources that the Group has direct or indirect interests across the globe at the end of the Reporting Period are shown as follows:



*Note:* Total resource is the sum of measured resource, indicated resource and inferred resource. LCE data of total spodumene resources is converted through lithium oxide resources contained in ores

- (1) Mount Marion mine, which currently produces lithium concentrate 400,000 tons per annum, is the main source of lithium raw materials of the Company currently.
- (2) Located 120 kilometers from Port Hedland in Western Australia, Pilbara Pilgangoora Lithium-Tantalum Project is one of the largest spodumene ore mines in the world. The Pilgangoora Lithium-Tantalum Project has a lithium resource of approximately 7,010,000 tons LCE, with an average lithium grade of 1.27%. At present, the project is wholly owned by Pilbara. As at the end of the Reporting Period, the Company holds 6.86% equity interests in Pilbara.
- (3) Ningdu Heyuan mine is located in Ningdu County, Ganzhou City, Jiangxi Province. It is operated and mined by the Company independently. Ningdu Heyuan mine has a lithium resource of approximately 0.1 million tons LCE, with an average lithium oxide grade of 1.03%.
- (4) Avalonia is a spodumene ore mine in Ireland. As at the end of the Reporting Period, the Company holds 55% equity interests in it. Avalonia is currently at a preliminary stage of exploration, so it is impossible to estimate its lithium resource.
- (5) Mariana is a lithium-potassium salt lake located in the Andes Mountains in Salta Province, Argentina. According to the latest resource estimation report prepared by Geos Mining, an Australian geology consulting firm, the Mariana project has an indicated and inferred lithium resource of approximately 5.25 million tons LCE. The feasibility study of Mariana Project was completed smoothly in 2019, and environment evaluation and construction were planned to be conducted gradually.
- (6) Cauchari-Olaroz is a lithium salt lake located in Jujuy Province in Northwest Argentina. As at the end of the Reporting Period, the Company directly held 50% equity interests in Cauchari-Olaroz project. With lithium-rich brine resource of approximately 24.58 million tons LCE, Cauchari-Olaroz project is one of the largest projects extracting lithium from salt lakes, and can support the annual output of battery-grade lithium carbonate of over 40,000 tons for 40 years. The Company has entered into an offtaking agreement to secure the exclusive offtaking rights to 75% of the products from the Cauchari-Olaroz project, which has a planned annual battery-grade lithium carbonate production capacity of 40,000 tons. Cauchari-Olaroz project plans to complete most of its construction in 2020, and put into operation in 2021;

- (7) Sonora Project, a project extracting lithium from lithium clay in Mexico, is jointly held by the Company and Bacanora. As at the end of the Reporting Period, the Company held 22.5% equity interests in Sonora Project, and 25.8% equity interests in Bacanora. According to the latest flexibility study report of Sonora Project, the project, whose total lithium resources amounts to approximately 8.82 million tons lithium carbonate equivalent, is one of the largest lithium resources projects in the world currently. By virtue of its unique advantages in lithium clay resources, the project is characterized by both the advantages of extracting lithium from ore and salt lake in its process of lithium extraction, so it can not only finish lithium extraction at the speed of extracting lithium from ore within a short time, but also complete lithium extraction with relatively low cost similar to that needed in lithium extraction from brine. At present, the project is still under construction.

At the end of the Reporting Period, offtaking of lithium resources and lithium products produced through lithium resources projects signed by the Company across the globe are as follows:

Type of resources	Project name	Current offtaking situation	Project progress
Spodumene	Mount Marion	The Company has the offtaking rights to all lithium concentrate produced from Mount Marion project between 2017 and 2019, and not less than 192,570 tons of lithium concentrate per annum after 2020.	Under operation
	Pilbara Pilgangoora	Project phase I supplies the Company with no more than 160,000 tons of 6% lithium concentrate per annum; project phase II will supply the Company with no more than 150,000 tons of lithium concentrate per annum after it completes construction and puts into production.	Project phase I is operating
	Altura Pilgangoora	The Company offtakes at least 70,000 tons of 6% lithium concentrate per annum. The Company can increase purchase order as permitted by the capacity in project phase I, and increase its purchase order as permitted by 50% of the capacity in project phase II.	Project phase I is operating

Brine	Cauchari-Olaroz	The Company has secured the offtaking rights to 75% of the products from the project, which has a planned annual battery-grade lithium carbonate production capacity of 40,000 tons.	Under construction
	Mariana	Offtake products based on proportion of equity interests in the project	Under construction
Lithium clay	Sonora	The Company offtakes 50% lithium products produced in project phase I, and is entitled to increase lithium products offtaken to 75% in project phase II	Under construction

### 3. Lithium battery and lithium battery recycling

During the Reporting Period, the Company's lithium battery segment has achieved rapid development. Dongguan Ganfeng's full-automation lithium polymer battery production line with an annual output of 30 million pieces and Ganfeng Battery's high capacity lithium-ion motive power battery project with a production capacity of 600MWH have been successfully put into operation, which brought rapid increase in production volume. The customer structure of the Company's consumer batteries and energy storage batteries has also been continuously optimized.

In 2018, the Company launched the layout of TWS wireless blue-tooth headsets batteries, which were formally put in production in the first quarter of 2019. The Company's TWS batteries have obtained a number of national patents by using the design of the hard and soft shell clasping one another up and down to increase the impermeability of batteries, which significantly reduce the risk of leakage and electromagnetic interference. The TWS batteries are of higher security and applicability than products from other competitors in market. With high-quality products and a well-established patent system, the Company's TWS batteries have gained general recognition of the market.

Solid-state lithium battery is the priority in the development of the Company's battery business segment. During the Reporting Period, the Company has invested in and constructed a pilot production line with several hundreds MWH capacity per year for the first-generation solid-state lithium battery, which accelerated the progress of the commercialization of solid-state lithium battery technology. The first-generation solid-state lithium battery products developed by the Company have passed multiple third-party safety tests and sample inspection made by a number of customers.

The Company continued to extend its businesses to the downstream by expanding the capacity of its lithium battery recycling business and giving further play to its expertise in retired battery recovery and recycling. During the Reporting Period, the Company's retired lithium battery disassembling and comprehensive rare metal recycling project have achieved a recycling and disposal capability of 34,000 tons, which further complemented the Company's layout in industrial chain.

## **OUTLOOK**

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

Securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of our business. The Company will continuously expand its current lithium resources portfolio through further exploration, with a focus on brine-based extraction development. In 2019, the Company further increased its equity interests in Minera Exar in Argentina to 50%, and proactively advanced the development and construction of the Cauchari-Olaroz lithium salt lake project that is planned to finish most of the project constructions in 2020, and put into production in 2021. The feasibility study of Mariana Project in Argentina was completed in 2019, and environment assessment and construction of the project are planned to be conducted. The Company acquired the equity of Mexico Sonora project in 2019 which will become a leading project extracting lithium from lithium clay across the globe. The Company will continue to actively explore the possibility of acquiring further sources of lithium by virtue of the experience in the industry value chain and insights into the market trends in order to enrich the core portfolio of high-quality lithium resources and provide reliable high-quality supply of lithium resources for the further enhancement of midstream and downstream operations.

## **2. Expand the production capacity of treatment and processing facilities**

The Company has planned for a series of capacity expansions of its manufacturing facilities to satisfy the growing demand of lithium and solidify its leading position in lithium products industry. The Company is building a battery grade lithium hydroxide production line with a production capacity of 50,000 tonnes per annum at Basic Lithium Plant in Xinyu, which targets commissioning in 2020. The new production facilities will expand the production capacity of the Company to respond to the rapid business growth. The Company will expand its production capacity based on the changes in and assessment of future market demands for lithium products and plans to achieve production capacity comprising 100,000 tonnes per annum of lithium extracted from ore and 100,000 tonnes per annum of lithium extracted from brine and clay by 2025.

## **3. Develop lithium battery business**

The Company intends to further develop and upgrade the existing lithium battery production and carry out the technological research and development and commercialization in relation to a new generation of solid-state lithium battery for the sake of future growth. In the future, the Company will expand production capacity and output for consumer batteries, power and energy storage batteries, and TWS wireless Bluetooth headset batteries, and continue to accumulate market reputation with superior quality. Ningbo solid electrolyte powder materials and solid diaphragm production technology are continuously optimized. The Company will further accelerate the commercialization of solid lithium battery technology.

## **4. Develop lithium battery recycling business**

With increasing demand for retired battery management growing in tandem with the use of automobiles and consumer electronics, the Company's lithium battery recycling business has promising growth potential, and enables us to further enrich our lithium raw material sources. Furthermore, the Company's ability to recycle lithium batteries offers a sustainable value-added solution to battery manufacturers and electric vehicle manufacturers, which help strengthen our ties with such customers, expand the scale of battery recycling and improve the technologies of our battery recycling business. To promote sustainability and create additional revenue sources, the Company aims to leverage the growing number of retired lithium batteries and become one of the leading players in lithium battery recycling area across the globe. In this aspect, the retired lithium battery disassembling and comprehensive rare and precious metal recycling project invested and constructed by Ganfeng Recycling has achieved a recycling and disposal capability of 34,000 tons, which enables the Company to continue to expand downstream by expanding the production capacity of our lithium battery recycling business and developing a specialty in recycling and reusing retired batteries.



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

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

Our research and development efforts include:

- Development and production of solid electrolytes and anodes for solid-state lithium batteries, and research and development on solid-state lithium batteries;
- Secondary utilization and recycling of lithium batteries;
- Improvement of production techniques and leveling up automation for existing products;
- Customized process and extraction method for lithium raw materials from different types of salt lake brines; and
- Production of lithium motive power batteries and energy storage batteries.

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

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

## 7. Enhance capabilities in business operation and management

- Optimize comprehensive quality monitoring measures, intensify on-site management, and promote compliance of working safety rules;
- Nurture management personnel, replenish personnel reserve with technologically-adept and veteran employees, and enhance technical training for employees;
- Solidify marketing, logistics and sales service systems so as to coordinate production, warehousing and distribution, optimize logistics, reduce transportation costs, improve the ability to respond to the requests of customers and level up efficiency and service standards;
- Protect resources and reduce carbon emission so as to achieve sustainable growth.

## FINANCIAL REVIEW

### 1. Overview

During the Reporting Period, the revenue of the Group amounted to RMB5,246,425,000, representing an increase of RMB356,543,000 as compared to RMB4,889,882,000 in 2018; its gross profit amounted to RMB1,237,552,000, representing a decrease of RMB516,298,000 as compared to RMB1,753,850,000 in 2018; and basic earnings per share amounted to RMB0.28. Major financial indicators of the Group are set out as below:

	2019	2018	Change (percentage)
Profitability indicator			
Net profit margin on sales	6.8%	27.3%	-20.5%
Return on investment indicator			
Return on weighted average net assets	4.3%	22.0%	-17.7%



During the Reporting Period, the profit attributable to the owners of the parent for the year amounted to RMB360,745,000, representing a decrease of RMB975,851,000 or 73.0% as compared to RMB1,336,596,000 in 2018, which was mainly because 1) during the Reporting Period, the decrease in the sales price of lithium compounds resulted in a decrease in gross profit; 2) the adjustment of the Minera Exar purchase price allocation in 2018 generated other income and gains. No similar events occurred during the Reporting Period, resulting in significant decrease in other income and gains; 3) losses from fluctuations in the fair value of financial assets held by the Company brought about increase in other expenses during the Reporting Period.

## 2. Analysis of revenue and cost

During the Reporting Period, the revenue of the Group was generated from the sales of lithium compounds, lithium metals, lithium battery and other products. Total revenue increased by RMB356,543,000 from RMB4,889,882,000 in 2018 to RMB5,246,425,000 in 2019, which was mainly due to continuous increase in sales of lithium hydroxide, batteries and cells during the Reporting Period.

### 1) Analysis of principal businesses by products and regions

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

By products:

	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Lithium compound and lithium metal	4,151,793	79.1	4,152,504	85.0
Lithium battery	603,200	11.5	354,365	7.2
Others <sup>(1)</sup>	491,432	9.4	383,013	7.8
Total	<u>5,246,425</u>	<u>100</u>	<u>4,889,882</u>	<u>100.0</u>

*Note:* Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

By sales regions:

	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Mainland China	3,414,751	65.1	2,989,770	61.1
Overseas	1,831,674	34.9	1,900,112	38.9
Total	<u>5,246,425</u>	<u>100.0</u>	<u>4,889,882</u>	<u>100.0</u>

## 2) *Analysis of operating cost by products*

By products:

	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Lithium compound and lithium metal	3,061,115	76.3	2,509,776	80.0
Lithium battery	524,299	13.1	343,190	10.9
Others <sup>(1)</sup>	423,459	10.6	283,066	9.1
Total	<u>4,008,873</u>	<u>100.0</u>	<u>3,136,032</u>	<u>100.0</u>

*Note:* Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

By sale regions:

	2019		2018	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Mainland China	2,817,650	70.3	2,074,756	66.2
Overseas	1,191,223	29.7	1,061,276	33.8
Total	<u>4,008,873</u>	<u>100.0</u>	<u>3,136,032</u>	<u>100.0</u>

Cost by nature:

	2019		2018	
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
Raw materials				
consumed and sold	<b>3,189,289</b>	<b>79.6</b>	2,533,335	80.8
Payroll	<b>219,384</b>	<b>5.5</b>	160,718	5.1
Depreciation and				
amortization				
expenses	<b>177,612</b>	<b>4.4</b>	108,255	3.5
Fuel and power	<b>330,238</b>	<b>8.2</b>	249,413	8.0
Other expenses	<b>92,350</b>	<b>2.3</b>	84,311	2.6
Total	<b><u>4,008,873</u></b>	<b><u>100.0</u></b>	<b><u>3,136,032</u></b>	<b><u>100.0</u></b>

### 3. Gross profit and gross profit margin

During the Reporting Period, the gross profit margin of the Group was 23.6%, representing a decrease of 12.3% as compared with 35.9% in 2018, mainly due to downward sales prices of lithium compound as a result of changes in market conditions.

Gross profit and gross profit margin by products

	2019		2018	
	<b>Gross profit</b>	<b>Gross profit</b>	<b>Gross profit</b>	<b>Gross profit</b>
	<i><b>RMB'000</b></i>	<i><b>%</b></i>	<i><b>RMB'000</b></i>	<i><b>%</b></i>
Lithium compound and				
lithium metal	<b>1,090,678</b>	<b>26.3</b>	1,642,728	39.6
Lithium battery	<b>78,901</b>	<b>13.1</b>	11,175	3.2
Others <sup>(1)</sup>	<b>67,973</b>	<b>13.8</b>	99,947	26.1
Total	<b><u>1,237,552</u></b>	<b><u>23.6</u></b>	<b><u>1,753,850</u></b>	<b><u>35.9</u></b>

*Note:* Including NCM precursors, lithium oxide, lithium dihydrogen phosphate and other products

## Gross profit and gross profit margin by regions

	2019		2018	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
Mainland China	597,101	17.5	915,014	30.6
Overseas	640,451	35.0	838,836	44.1
Total	<u>1,237,552</u>	<u>23.6</u>	<u>1,753,850</u>	<u>35.9</u>

### 4. Major customers and suppliers

During the Reporting Period, total sales to top 5 customers of the Group was RMB1,625,485,000 (2018: RMB1,344,013,000), which accounted for 31.0% of the total sales for the Reporting Period (2018: 27.5%). During the Reporting Period, total purchases from top 5 suppliers of the Group was RMB2,493,247,000 (2018: RMB2,365,333,000), which accounted for 49.1% of the total purchases for the Reporting Period (2018: 61.4%).

### 5. Other income and gains

The increase in other income and gains of the Group is mainly comprised of government grants, revenue from sales of raw materials and bank interest income. During the Reporting Period, other income and gains of the Group amounted to RMB289,232,000, representing a decrease of RMB156,647,000 as compared with RMB445,879,000 in 2018, which was mainly due to that acquisition of 37.5% equity in Minera Exar which generated other income and gains of RMB118,054,000 in 2018.

## 6. Expenses

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Changes %	Explanations on material changes
Selling and distribution expenses	<b>62,531</b>	82,352	-24.1	Selling and distribution expenses mainly included employee welfare expenses, transportation fees, storage and port fees, rental expenses, sales commissions, travel expenses and other expenses.
Administrative expenses	<b>369,352</b>	360,480	2.5	Administrative expenses mainly included employee welfare expenses, office expenses, travel expenses, agency fees, research and development expenses, banking services and other expenses, as well as asset depreciation and amortization. There was no material changes during the Reporting Period.
Other expenses	<b>565,918</b>	289,674	95.4	Other expenses mainly included net fair value loss from investment at fair value through profit or loss, cost of raw material sales, impairment loss, loss on sale of property, plant and equipment and others. The increase during the Reporting Period was mainly due to the increase in losses caused by fluctuations in the fair value of financial assets.
Finance costs	<b>204,995</b>	90,343	126.9	Finance costs mainly included interest expenses on bank borrowings, convertible bonds and discounted notes. The increase during the Reporting Period was mainly due to the increase in interest expenses on bank borrowings.

## 7. Research and development expenses

During the Reporting Period, research and development expenses of the Group was RMB79,600,000, representing an increase of 27.3% as compared to RMB62,527,000 in 2018; and accounted for 1.5% of the revenue, which was mainly due to the increased investment in research and development of lithium salts and solid-state batteries during the Reporting Period.

## 8. Cash flows

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>	Change %	Explanations on material changes
Net cash flows from operating activities	<b>669,286</b>	685,232	-2.3	There was no major change over last year.
Net cash flows from investment activities	<b>(2,822,669)</b>	(2,360,038)	19.6	The increase was mainly due to the increase in expenditure for purchasing the property, plant, equipment, and the equity in associates during the Reporting Period.
Net cash flows from financing activities	<b>240,776</b>	2,720,672	-91.2	The decrease was mainly due to the completion of the H share issuance in 2018.

## 9. Financial position

Non-current assets increased by RMB2,771,997,000 from RMB5,724,004,000 as at 31 December 2018 to RMB8,496,001,000 as at 31 December 2019, which was mainly due to increase in property, plant and equipment, increase in investment in associates and other long-term assets during the Reporting Period. Current assets decreased by RMB2,197,736,000 from RMB7,914,767,000 as at 31 December 2018 to RMB5,717,031,000 as at 31 December 2019, which was mainly due to decrease in pledged deposits, balance of cash and cash equivalents resulted from increased cash outflow from investing activities during the Reporting Period.

Current liabilities decreased by RMB573,354,000 from RMB3,832,211,000 as at 31 December 2018 to RMB3,258,857,000 as at 31 December 2019, which was mainly due to decrease in balance of trade and bills payables and decrease in income tax payable balance during the Reporting Period.

Non-current liabilities increased by RMB832,561,000 from RMB1,711,333,000 as at 31 December 2018 to RMB2,543,894,000 as at 31 December 2019, which was mainly due to increase in interest-bearing bank and other borrowings as a result of higher financing amount during the Reporting Period.

As at 31 December 2019 and 2018, net current assets of the Group amounted to RMB2,458,174,000 and RMB4,082,556,000 respectively, and net assets amounted to RMB8,410,281,000 and RMB8,095,227,000 respectively.

As at 31 December 2019 and 2018, cash and cash equivalents of the Group amounted to RMB1,328,104,000 and RMB3,218,615,000 respectively.

#### **10. Income tax expenses**

During the Reporting Period, income tax of the Group amounted to RMB121,076,000, representing a decrease of RMB41,567,000 as compared to RMB162,643,000 in 2018, which was mainly due to a decrease in current income tax expenses caused by a decrease in profits during the Reporting Period.

#### **11. Capital expenditure**

During the Reporting Period, capital expenditure of the Group was RMB1,203,792,000, representing a decrease of RMB645,785,000 as compared to RMB1,849,577,000 in 2018. Funds used as capital expenditure of the Group were mainly sourced from bank borrowings, proceeds from share issuance and cash flows generated from operating activities of the Group.

#### **12. Interest-bearing bank and other borrowings**

As at 31 December 2019, bank and other borrowings of the Group amounted to RMB3,425,658,000, of which the amount due within one year, due in the second year and due within three to five years amounted to RMB1,968,555,000, RMB1,260,505,000 and RMB196,598,000 respectively.

As at 31 December 2019, the balance of liability in convertible bonds of the Group amounted to RMB762,355,000, which will fall due on 21 December 2023.

#### **13. Restricted assets**

As at 31 December 2019, assets with a total carrying value of RMB430,397,000 of the Group were used as collateral for bank borrowings and other bank facilities, and such assets included pledged deposits and bills receivables of RMB371,826,000 and RMB58,571,000 respectively.

#### 14. Gearing ratio

As at 31 December 2019, the Group's gearing ratio, defined as total liabilities divided by total assets, was 40.8%, same as that as at 31 December 2018.

#### 15. Exposure to risks of exchange rate fluctuation and corresponding hedging activities

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

#### 16. Contingent liabilities

As at 31 December 2019, we did not have any material contingent liabilities.

#### 17. Employees and remuneration system

As at 31 December 2019, the Group had a total of 4,844 employees. We have adopted a remuneration structure and incentive scheme which is linked to our Group's performance in order to further motivate our employees.

#### 18. Capital commitments

The Group had the following capital commitments as at 31 December 2019:

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Contracted but not produced plant and machinery	<b><u>414,418</u></b>	<b><u>356,945</u></b>



## 19. Share capital

As of 31 December 2019, share capital of the Company is set out as follows:

	Number of issued shares	Percentage
A Shares	1,092,415,009	84.5%
H Shares	200,185,800	15.5%
Total	<u>1,292,600,809</u>	<u>100%</u>

## OTHER INFORMATION

### Significant Equity Acquisitions during the Reporting Period

#### 1. *Acquisition of equity in Reed Industrial Minerals Pty Ltd.*

In December 2018, the Group entered into an equity transfer agreement with Neometals, pursuant to which, the Group and Process Minerals International Pty Ltd. (“PMI”), another shareholder of Australian RIM Company, would exercise preferential subscription at the same time to subscribe for 50% of the 13.8% equity interests held by Neometals in RIM, namely 6.9% equity interests, respectively. The consideration payable by the Group for the equity transfer was AUD51.90 million. In March 2019, the Group completed the payment of equity transaction consideration and equity delivery. Upon completion of the transaction, the Group holds 50% equity of RIM, and PMI holds 50% equity of RIM.

#### 2. *Acquisition of equity in Pilbara Minerals Limited.*

In December 2018, the Group entered into equity subscription agreement with Pilbara, pursuant to which, the Group subscribed for the new shares of Pilbara at a consideration of AUD50 million with its own internal funds. In March 2019, the Group has completed the subscription of 77,633,871 shares issued by Pilbara through private placement with its internal funds of AUD50 million.

#### 3. *Acquisition of equity in Minera Exar S.A.*

In April 2019, the Group entered into transaction agreement with Minera Exar (which holds 100% equity interests in the Cauchari-Olaroz lithium salt lake project) and Lithium Americas Corp. (“Lithium Americas”) to subscribe for 141,016,944 new shares from Minera Exar with a total consideration of US\$160 million. In June 2019, the resolution in relation to the acquisition of equity in

Minera Exar was approved by the shareholders of the Company. The subscription was subsequently completed in August 2019 with consideration satisfied by the Company's internal funds. Upon completion of the subscription, the Group held a total of 50% equity interests in Minera Exar and Lithium Americas Corp. retained its 50% equity interests in Minera Exar.

#### **4. *Acquisition of equity in Bacanora Lithium Plc. and Sonora Lithium Ltd.***

On 28 June 2019, the Board agreed to subscribe for the new shares of Bacanora (a lithium clay company) with its internal funds of £14,400,091 and invest in Sonora (a subsidiary of Bacanora) with its internal funds of £7,563,649. The transaction was completed in October 2019.

#### **Final Dividend**

The Board proposed to distribute cash dividend of RMB3 (tax inclusive) for every 10 shares to all shareholders of the Company, based on the total share capital of the Company as at the record date of shareholding, and no conversion of capital reserve into share capital. If the total share capital of the Company changes during the period from the promulgation to implementation of the annual profit distribution plan, the aggregate distribution will be adjusted based on the total share capital as at the record date of shareholding as determined by the implementation of the annual profit distribution plan, with the distribution ratio unchanged. Subject to the approval of the shareholders of the Company at the shareholders' annual general meeting (the "AGM"), the distribution of the cash dividend is expected to be paid to the eligible shareholders by no later than 24 August 2020. A circular of H shares containing, among other things, further information in respect to the AGM and the cash dividend will be dispatched to the shareholders of the Company as soon as practicable. Eligibility for receiving the cash dividend will be specified in the circular.

#### **Significant Event after the Reporting Period**

The Group had following major events after 31 December 2019:

On 5 February 2020, the Group entered into the transaction agreement with Minera Exar and Lithium Americas Corp., pursuant to which the Group shall subscribe for 14,389,484 new shares from Minera Exar for a total consideration of US\$16,326,531 (the "**Acquisition**"). The Group will hold in aggregate 51% of the equity interests in Minera Exar upon completion of the Acquisition. The Acquisition will result in that Minera Exar will be controlled by the Group, and assets of Minera Exar will be consolidated into the financial statements of the Company. Upon completion of the Acquisition, the Board agreed that the Group and Lithium Americas Corp. simultaneously inject capital in Minera Exar in accordance with the proportion of the equity interest they held, among which, the amount of capital injection of the Group shall not exceed US\$200 million to ensure the smooth construction and operation of Cauchari-Olaroz project of Minera Exar. For more details, please refer to the announcement issued by the Company on 7 February 2020.

## **Termination of the Restricted A Share Incentive Scheme and Connected Repurchase**

On 11 June 2019, the shareholders of the Company approved the resolution in relation to Termination of the Restricted A Share Incentive Scheme and Connected Repurchase, pursuant to which, the Company was approved to (i) repurchase and cancel 942,000 restricted A Shares which have been granted to 16 resigned participants and 3 deceased participants but not yet unlocked; (ii) repurchase and cancel 7,044,298 restricted A shares which have been granted to 108 and 375 participants who respectively failed the 2017 and 2018 performance appraisal but not yet unlocked; and (iii) terminate the 2017 Restricted Share Incentive Scheme and repurchase and cancel the remaining 14,498,072 restricted A Shares granted but not yet unlocked. Accordingly, a total of 22,484,370 restricted A Shares granted but not yet unlocked have already been repurchased and cancelled in July 2019 at a repurchase price of RMB30.21 per share, representing 1.71% of the total share capital of the Company. For more details, please refer to the announcements of the Company dated 12 April 2019 and 11 June 2019, as well as the circular dated 24 April 2019.

## **Use of Proceeds from the H-share Listing of the Company**

The H Shares of the Company were listed on the Stock Exchange in October 2018, and the Company obtained net proceeds of USD404,400,500 from such H-share listing. According to the plan on use of proceeds as set out in the Prospectus of the Company, approximately 58% of the net proceeds is intended to be used for (i) investments and acquisitions of upstream lithium resources, and (ii) funding capital expenditures in connection with the exploration of upstream lithium resources as well as the expansion of production capacity of lithium compounds, lithium metals, lithium batteries and lithium recycling; approximately 22% of the net proceeds is intended to be used to provide financial assistance to Lithium Americas Corp.; approximately 10% of the net proceeds is intended to be used for our research and development efforts, in particular on solid-state lithium batteries; and approximately 10% of the net proceeds is intended to be used for our working capital and general corporate purposes. As at 30 June 2019, the balance of proceeds amounted to USD129,410,000. As at 31 December 2019, the Company utilized proceeds of USD369,652,659 in aggregate and the balance of proceeds amounted to USD40,440,000. During the Reporting Period, the Company

utilized proceeds of approximately USD256,631,922 in aggregate (the utilized proceeds in aggregate includes interest income generated from proceeds deposited with the designated proceeds account). The expected timeline for utilizing the remaining proceeds is based on the best estimation made by the Group, and is subject to change based on the current and future development of the market condition. The use of proceeds from the H-share listing of the Company is as follows:

Use of Proceeds Disclosed in the Prospectus	Percentage of Use of Proceeds Disclosed in the Prospectus	Use details	Amount Used as of 31 December 2019
(i) Investments and acquisitions of upstream lithium resources; (ii) Funding capital expenditures in connection with the exploration of upstream lithium resources as well as the expansion of production capacity of lithium compounds, lithium metals, lithium batteries and lithium recycling	58% Approximately USD234,550,000	(i) Acquired 37.5% equity in the Cauchari-Olaroz project and provided loans for the project; (ii) Constructed a 17,500-ton lithium carbonate production line in Ningdu; (iii) Constructed a motive power battery project; and (iv) Constructed the lithium battery recycling project	USD234,550,000, equivalent to RMB1,626,235,582
Providing financial assistance to Lithium Americas Corp., which will use the funds to pay for capital expenditures for the construction of the Cauchari-Olaroz project	22% Approximately USD88,970,000	Provided financial support to Lithium Americas Corp. for loan for development of Cauchari-Olaroz project	USD88,970,000, equivalent to RMB616,867,106
Increasing research and development efforts, in particular on solid-state lithium batteries	10% Approximately USD40,440,000	Not used yet	
General corporate purposes	10% Approximately USD40,440,000	Use for general business purposes	USD46,132,659, equivalent to RMB319,857,479 (including interest income generated from proceeds deposited with the designated proceeds account)

## Compliance with Corporate Governance Code

The Company has been improving the corporate governance practices and procedures and striving to achieve and maintain an overall high standard corporate governance. Having had a well-established and effective corporate governance structure in place, the Company is committed to making information disclosure in a comprehensive and transparent manner, improving the stability of operations and safeguarding the interests of the Shareholders to the utmost. Other than the deviation from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the principle and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019.

## **Deviation from Code Provision A.2.1 of Corporate Governance Code**

Mr. Li Liangbin is the chairman of the Board and the President of our Company. With extensive experience in the lithium industry, Mr. Li Liangbin is responsible for the overall management of our Company's business strategies and operations. We believe that he is instrumental to our growth and business expansion since our establishment in 2000. Our Board considers that vesting the roles of chairman of the Board and President in the same person is beneficial to the management of our Company. We believe that the balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and high-caliber individuals. Our Board currently comprises four executive Directors (including Mr. Li Liangbin), two non-executive Directors and four independent non-executive Directors, and therefore, we believe that it has a fairly strong independence element in its composition. Save as disclosed above, we are in compliance with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

## **Retirement of Independent Non-executive Director and Committee Member and Non-compliance with the Listing Rules and the Terms of Reference of Committees**

Mr. Guo Huaping ("**Mr. Guo**") has retired as an independent non-executive director, the chairman of the audit committee (the "**Audit Committee**") and the member of the remuneration committee (the "**Remuneration Committee**") of the Company with effect from 3 December 2019 due to the expiration of his term of office. Upon the retirement of Mr. Guo, there were merely two members in the Audit Committee, of whom, Ms. WONG Sze Wing possesses appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules. Mr. Guo confirmed that he has no disagreement with the Board and there are no other matters in relation to his retirement that need to be brought to the attention of the shareholders of the Company.

On 24 March 2020, the Company held an extraordinary general meeting and passed the "Resolution of Re-election of the Board". Mr. Li Liangbin, Mr. Wang Xiaoshen, Ms. Deng Zhaonan and Mr. Ge Zhimin are elected as the executive directors of the fifth session of the Board of the Company, Mr. Yu Jianguo and Ms. Yang Juanjuan are the non-executive directors of the fifth session of the Board of the Company, and Mr. Liu Jun, Ms. Wong Sze Wing, Ms. Xu Yixin and Mr. Xu Guanghua are the independent non-executive directors of the fifth session of the Board of the Company.

On 24 March 2020, the Directors convened the first meeting of the fifth session of the Board of the Company. It passed the “Resolution on the Composition of the Specialised Committees of the Fifth session of the Board of the Company”, electing the following people to be the members of each specialised committee, for a term commencing on the date of approval of this resolution to the expiry of the term of office of this session of the Board:

<b>Specialised Committees</b>	<b>Chairman</b>	<b>Committee Members</b>
Strategy Committee	Li Liangbin	Wang Xiaoshen, Ge Zhimin, Yang Juanjuan, Yu Jianguo
Audit Committee	Wong Sze Wing	Liu Jun, Xu Yixin
Nomination Committee	Liu Jun	Xu Guanghua, Deng Zhaonan
Remuneration Committee	Xu Yixin	Yang Juanjuan, Xu Guanghua
Sustainable Development Committee	Wang Xiaoshen	Wong Sze Wing, Yu Jianguo

### **Model Code for Securities Transactions**

The Company has adopted a code of conduct regarding securities transactions by Directors and supervisors of the Company on the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors and supervisors, the Company confirms that, for the year ended 31 December 2019, the Directors and supervisors of the Company have complied with the provisions regarding the securities transactions by Directors and supervisors as set out in the Model Code.

### **Purchase, Sale or Redemption of Securities**

According to the resolution of Termination of the Restricted A Share Incentive Scheme and Connected Repurchase approved by Shareholders in the general meeting of the Company on 11 June 2019, restricted A Shares concerned in the redemption amounted to 22,484,370 shares have already been repurchased and cancelled in July 2019 at a repurchase price of RMB30.21 per share, representing 1.71% of the total share capital of the Company. For more details, please refer to the announcements of the Company dated 12 April 2019, 11 June 2019, and 13 July 2019, as well as the circular dated 24 April 2019. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company for the year ended 31 December 2019.



## REVIEW OF AUDITED 2019 ANNUAL RESULTS

The audit committee of the Company (the “**Audit Committee**”) has been established by the Board in compliance with Rules 3.21 and 3.22 of the Listing Rules and the terms of reference in code provision C.3.3 as set out in the CG Code. The Audit Committee consists of three independent non-executive Directors, being Ms. Wong Sze Wing, Mr. LIU Jun and Ms. Xu Yixin. Ms. Wong Sze Wing serves as the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Group’s audited consolidated financial results for the year ended 31 December 2019 have been reviewed and approved by the Audit Committee of the Company, which is of the view that the preparation of such financial results have complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## ANNUAL GENERAL MEETING

The 2019 AGM will be held on Wednesday, 24 June 2020. A circular of H shares containing further information in respect to the AGM will be dispatched to the shareholders of the Company as soon as practicable. The information about the closure of the register of members in relation to the identity of the H Shareholders who are entitled to attend the AGM will be specified in the circular.

By order of the Board  
**GANFENG LITHIUM CO., LTD.**  
**LI Liangbin**  
*Chairman*

Jiangxi, PRC  
23 April 2020

*As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. Deng Zhaonan, and Mr. Ge Zhimin as executive directors of the Company; Mr. Yu Jianguo and Ms. Yang Juanjuan as non-executive director of the Company; and Mr. LIU Jun, Ms. Wong Sze Wing, Ms. Xu Yixin and Mr. Xu Guanghua as independent non-executive directors of the Company.*

## DEFINITIONS

“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB and listed on the SZSE (stock code:002460)
“H Share(s)”	overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars (stock code:1772)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Restrictive A Shares”	the restrictive A shares issued to the participants pursuant to the Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States
“%”	percent
“Reporting Period”	the period beginning from 1 January 2019 and ending on 31 December 2019
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Board Committees”	specialised committees established by the Board, namely the Audit Committee, Nomination Committee, Remuneration Committee, Strategy Committee and Sustainable Development Committee



“Company” “Ganfeng Lithium” “our Company” or “we”	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company with limited liability established in the PRC whose A Shares (stock code:002460) and H Shares (stock code: 01772) are listed on the SZSE and on the Main Board of the Stock Exchange respectively
“CG Code”	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
“Company Law”	Company Law of the People’s Republic of China, as amended from time to time
“connected transaction”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“SZSE”	The Shenzhen Stock Exchange
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“President”	president of the Company
“Prospectus”	the prospectus of the Company dated 27 September 2018
“Incentive Scheme” or “Restricted A-Share Incentive Scheme”	the restricted A-Share incentive scheme adopted in 2017

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Supervisor(s)”	the supervisor(s) of the Company
“Auditor”	Ernst & Young