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TIANQI LITHIUM

Tianqi Lithium Corporation

天齊鋰業股份有限公司

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

(Stock Code: 9696)

INSIDE INFORMATION ANNOUNCEMENT ASSET IMPAIRMENT

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

The Company launched the construction of the Train I Battery-Grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons (the “**Lithium Hydroxide Project Train I**”) and the Train II Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons each (the “**Lithium Hydroxide Project Train II**”) in Australia in 2016 and 2017, respectively. Currently, the Lithium Hydroxide Project Train I is in the capacity ramp-up process, while the construction of Lithium Hydroxide Project Train II has ceased.

In accordance with the provisions of the Chinese Accounting Standards for Business Enterprises and other relevant regulations, the Company is conducting impairment testing on the aforementioned lithium hydroxide projects, taking into account the latest developments. The Company is also maintaining ongoing communication and confirmation with the management of Tianqi Lithium Energy Australia Pty Ltd (“**TLEA**”), a controlling subsidiary of the Company, regarding relevant information. Based on preliminary estimates, the Company expects to recognize a total impairment provision of approximately RMB1.412 billion in 2024 for construction in progress and right-of-use assets (which does not include the impairment amount of the Lithium Hydroxide Project Train I (if any)).

Besides, as of the date of this announcement, the impairment testing for the Company’s lithium hydroxide projects in Australia is still in progress. The Company will make further announcements in a timely manner pursuant to provisions of relevant listing rules.

Provision for Asset Impairment

In accordance with the provisions of the Chinese Accounting Standards for Business Enterprises and the Company's accounting policies and related regulations, and adhering to the principle of prudence, the Company and its subsidiaries have conducted a comprehensive and thorough review, analysis, and assessment of relevant assets to more truthfully and accurately reflect the Company's financial position, asset value, and operating results as of 31 December 2024. After performing impairment tests on assets that may exhibit indications of impairment as of 31 December 2024, it is estimated that the Company will recognize a total provision for asset impairment totaling approximately RMB2.163 billion (which does not include the impairment amount of the Lithium Hydroxide Project Train I (if any)). The details are as follows:

Item	Estimated provision amount (Unit: RMB million)
Provision for inventory impairment	700
Provision for impairment of construction in progress and right-of-use assets	1,412
Allowance for doubtful debts on trade receivables	59
Allowance for doubtful debts on other receivables	-8
Total (which does not include the impairment amount of the Lithium Hydroxide Project Train I (if any))	2,163

Note:

1. **The above information has not been audited. For final results, please refer to the audited annual report for 2024 to be published by the Company.**
2. **As of the date of this announcement, the impairment testing for the Company's lithium hydroxide projects in Australia is still in progress.**

Basis and Method for Provision of Asset Impairment

Provision for Inventory Impairment

According to the relevant provisions of the Chinese Accounting Standard for Business Enterprises No. 1 – Inventories, the Company assesses inventory impairment based on the difference between inventory cost and net realizable value. As of the balance sheet date, inventories are measured at the lower of cost and net realizable value. When the net realizable value is lower than the cost, a provision for inventory impairment is recognized to reflect the difference. For merchandise inventories directly available for sale such as merchandise inventory, work-in-progress, and materials held for sale, the net realizable value is determined as the estimated selling price of the inventory less estimated selling expenses and related taxes. For materials inventory held for production, the net realizable value is determined as the estimated selling price of the finished goods less the estimated costs of completion, the estimated selling expenses, and related taxes. As of the balance sheet date, the Company conducted impairment tests on all inventories. Based on the test results, the Company expects to recognize a provision for inventory impairment of approximately RMB700 million for 2024. This provision is primarily attributable to the inventory at the Kwinana plant in Australia. Since the Lithium Hydroxide Project Train I is still in the ramp-up phase of production capacity, the unit cost of finished products remains relatively high, while the market price of lithium hydroxide during the same period is relatively low.

Impairment of Construction in Progress and Right-of-use Assets

On 23 January 2025, the twentieth meeting of the sixth session of the board of directors of the Company reviewed and approved the “Proposal regarding Ceasing the Investment and Construction of the Train II Battery-grade Lithium Hydroxide Monohydrate Project with an Annual Capacity of 24,000 Tons”. Based on the market environment and the latest economic feasibility analysis of the project, the Company plans to cease the investment and construction of the Lithium Hydroxide Project Train II. The Company has conducted a prudent analysis and evaluation of the Lithium Hydroxide Project Train II in accordance with the relevant provisions of the Chinese Accounting Standards for Business Enterprises No. 8 – Asset Impairment, and performed an impairment test accordingly. According to preliminary estimates, the Company expects to recognize an impairment provision for construction in progress and right-of-use assets totaling approximately RMB1.412 billion in 2024.

In accordance with the provisions of the Chinese Accounting Standards for Business Enterprises and other relevant regulations, the Company is conducting impairment testing on the aforementioned lithium hydroxide projects, taking into account the latest developments. The Company is also maintaining ongoing communication and confirmation with TLEA’s management regarding relevant information. The impairment testing work is still in progress.

Accounts Receivable and Other Receivables

In accordance with the relevant provisions of the Chinese Accounting Standard for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, the Company conducts impairment tests on trade receivables and other receivables based on expected credit losses and recognizes a provision for losses. Based on calculations, it is estimated that an impairment allowance for doubtful debts of approximately RMB59 million will be made for trade receivables, and an impairment allowance for doubtful debts of approximately RMB-8 million will be made for other receivables in 2024.

Impact on the Company

The aforementioned asset impairment primarily consists of one-time impairment treatment for certain construction in progress and right-of-use assets, as well as inventory and credit impairment losses recognized during the regular course of business. The Company’s recognition of asset impairment provisions (partially one-time) aligns with the actual condition of the Company’s assets and complies with the relevant provisions of accounting standards and the Company’s accounting policies. It accurately and fairly reflects the Company’s financial position, asset value, and operating results.

Based on the preliminary estimates by the Company’s financial department, it is estimated that the asset impairment provision for 2024 will amount to approximately RMB2.163 billion (which does not include the impairment amount of the Lithium Hydroxide Project Train I (if any)). This is expected to reduce the Company’s net profit attributable to shareholders of the Company by approximately RMB0.77 billion, and correspondingly lead to a decrease in the equity attributable to the shareholders of the Company by approximately RMB0.77 billion as at 31 December 2024.

The Company is conducting impairment test on the lithium hydroxide projects in Australia, taking into account the latest developments. The Company is also maintaining ongoing communication and confirmation with TLEA's management regarding relevant information. As of now, the parties have not reached a final conclusion on the assumptions and results of the impairment test for the above-mentioned lithium hydroxide projects. The impairment test work is still in progress.

The estimated asset impairment provisions are based on preliminary calculations by the Company's financial department and have not been audited by any accounting institution. For final financials, please refer to the audited annual report for 2024 to be published by the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing with the shares of the Company.

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

Hong Kong, 23 January 2025

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