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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)

## **PROPOSED ISSUANCE OF H SHARES UNDER SPECIFIC MANDATE**

The Board announces that it resolved to seek the Shareholders' approval for obtaining the Specific Mandate regarding the proposed issuance of H Shares on February 25, 2021.

The grant of Specific Mandate and the proposed issuance of H Shares are subject to the Shareholders' approval at the EGM and the Class Meetings.

A circular containing, among other things, details of the Specific Mandate and the proposed issuance of H Shares, together with notices of the EGM and H Share Class Meeting, will be despatched to all Shareholders in due course in accordance with the Listing Rules.

The Board announces that it resolved to seek the Shareholders' approval for obtaining the Specific Mandate regarding the proposed issuance of H Shares on February 25, 2021. The basic information of the proposed issuance of H Shares under Specific Mandate are set out as follows:

### **1. Type and nominal value of the Shares to be issued**

All of the 48,044,560 H Shares proposed to be issued are the ordinary shares with a nominal value of RMB1.00 each and will be listed on the Main Board of the Stock Exchange. The aggregate nominal value of the H Shares proposed to be issued is RMB48,044,560. Unless otherwise stated in the applicable laws and rules and the Articles of Association, all the new H Shares to be issued will rank pari passu with all other H Shares as at the date of the Issuance of H Shares in all respects upon issuance and being paid up.

## **2. Method and timing of issuance**

The Issuance of H Shares will be made under the Specific Mandate as granted by the EGM and the Class Meetings by way of non-public issuance. The Company will convene the EGM and the Class Meetings to seek approval from the Shareholders in relation to the granting of the Specific mandate. The Issuance of H Shares will be implemented by the Company in due course upon obtaining approvals from relevant regulatory authorities including the CSRC and the Stock Exchange and within the validity period of the approvals.

## **3. Target subscribers**

The issuance will target to international institutional investors outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act, and in the United States only to qualified institutional buyers as defined in Rule 144A of the U.S. Securities Act pursuant to an exemption from registration under the U.S. Securities Act. The proposed subscribers shall subscribe for H Shares, directly or indirectly, by ways that are in compliance with relevant laws and regulations.

To the best of the Company's knowledge, targeted investors of the proposed issuance of H Shares do not include connected persons of the Company. Accordingly, the proposed issuance of H Shares will not constitute a connected transaction under Chapter 14A of the Listing Rules.

As of the date of this announcement, the Company had not yet identified any placing agent or other investor, nor had it entered into any definitive agreement, for the Issuance of H Shares. The Company will make further announcement(s) upon entering into any definitive agreement(s) with placing agent(s) and/or investor(s) in connection with the Issuance of H Shares where appropriate or as required under the Listing Rules.

## **4. Number of H Shares to be issued**

The number of H Shares proposed to be issued shall be no more than 48,044,560 H Shares (inclusive). The Issuance of H Shares will be implemented upon the approvals of the CSRC and the Stock Exchange. The actual number of H Shares to be issued shall be determined by the Board and its authorized persons as authorized by the EGM and the Class Meetings according to market conditions and the Listing Rules.

As at the date of this announcement, prior to the Issuance of H Shares, the Company has a total of 1,347,604,554 Shares in issue, including a total of 1,107,381,754 A Shares, representing 82.18% of the total issued share capital of the Company, and a total of 240,222,800 H Shares, representing 17.82% of the

total issued share capital of the Company. The 48,044,560 Subscription Shares are new H Shares to be allotted and issued by the Company. The Subscription Shares represent 20% and 3.57% of the total number of H Shares in issue and the total number of Shares in issue as at the date of this announcement, respectively, and 16.67% and 3.45% of the enlarged total number of H Shares in issue and total number of Shares in issue after the issuance of Subscription Shares, respectively.

## **5. Method of pricing**

The issue price of the Subscription Shares shall be determined according to the international practice, PRC regulation requirements and international capital market conditions and the market price of the H Shares at the time of the issue of the new H Shares and by reference to the valuation of the companies of the same type as the Company in the international capital market, after fully taking into account the interests of the existing Shareholders, preference of investors and risks in relation to the Issuance of the H Shares, and shall not be discounted for more than 20% as compared with the highest of the following prices:

- (i) the closing price of H Shares on the day when the relevant H Share placement agreement is entered into; and
- (ii) average closing price of H Shares within the five trading days immediately before the earliest of the following dates (inclusive):
  - a. the date when the H Share placement agreement is announced;
  - b. the date when the H Share placement agreement is entered into; and
  - c. the date when H Share placement or subscription price is determined.

The subscription for all Shares to be issued under the Issuance of H Shares will be paid by cash.

There is no floor price for the issue price of the Subscription Shares.

The pricing mechanism for the Issuance of H Shares by the Company shall be filed with the International Department of CSRC, while the specific pricing mechanism is not subject to the supervision of relevant regulatory authorities in the PRC. The Company's H Share issuance plan has been reviewed by the Board.

In order to ensure that the issue price is fair and reasonable and to lessen the impact on the existing Shareholders resulting from price discount and dilution, the pricing in respect of the Issuance of H Share will be determined with reference to the price movement of the H Shares and the valuation of similar companies in the international market and other factors, based on the status quo of the global

capital market, in compliance with the international practice and the regulatory requirement of the PRC regulatory authorities after taking into full consideration the interest of the existing Shareholders, the receptivity of the investors as well as the risks as involved in the Issuance of H Shares. The Company may not undertake the Issuance of H Shares if it would result in a theoretical dilution effect of 25% or more as required under Rule 7.27B of the Listing Rules.

## **6. Accumulated profits before the Issuance**

All the Shareholders will be entitled to share in the Company's accumulated undistributed profits retained prior to the Issuance of H Shares according to their respective shareholdings upon completion of the Issuance of H Shares.

## **7. Use of proceeds**

The Company intends to use the net proceeds from the proposed issuance of H Shares as set out below:

<b>Intended use of net proceeds</b>	<b>Proportion of net proceeds allocated</b>
capacity expansion construction and potential investment	80%
working capital and general corporate purpose	20%

Capacity expansion construction is mainly involved in the offshore lithium resources projects of the Company. Potential investment of the lithium resources may include ores, brine, lithium clay, etc. To the extent that the net proceeds are not immediately required for the above purposes, the Company may hold such funds in short-term deposits or purchase short-term wealth management products so long as it is deemed to be in the best interests of the Company.

## **8. Validity period of the resolution in relation to the Issuance of H Shares**

The resolution in relation to the Issuance of the H Shares will be valid for twelve months from the date of approval of such resolution at the EGM and the Class Meetings. Where the Board and/or its authorized persons have decided on the Issuance of H Shares within the validity period of the resolution and the Company has obtained approval and permit from and filed or registered (if applicable) with the regulatory authority for the Issuance of H Shares within the validity period of the resolution, the Company may complete the Issuance of H Shares within the validity period confirmed by such approval, permit, filing or registration. The Board may propose to the EGM and Class Meetings for considering and approving (if thought fit) the extension of the validity period of the resolution in relation to the Issuance of H Shares based on actual conditions.

## **9. Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the new H shares to be issued under the Issuance of H Shares on the Stock Exchange. Unless otherwise stated in the applicable laws and rules and the Articles of Association, all the new H Shares to be issued will rank pari passu with all other H Shares as at the date of the Issuance of H Shares in all respects upon issuance and being paid up.

### **PROPOSED GRANT OF THE SPECIFIC MANDATE**

To ensure smooth implementation of the Issuance of H shares, it will be proposed at the EGM and Class Meetings for the Shareholders to authorize the Board, and agree that the Board will further authorize Mr. Li Liangbin, the chairman of the Board or Ms. Ouyang Ming, the secretary to the Board to jointly or separately exercise the full power to handle all matters relating to the Issuance of H Shares under the framework and principles as considered and approved at the EGM as well as the Class Meetings and within the validity period of the resolution in respect of the Issuance of H Shares.

The specific contents of the authorization include but not limited to:

- (1) within the scope permitted under the laws, regulations and other regulatory documents and the Articles of Association, based on the requirements of domestic and overseas regulatory bodies and the Stock Exchanges, to make necessary adjustments and supplements to the plan of the Issuance of H Shares, and to formulate and implement the final plan of the Issuance of H Shares in light of the actual circumstances of the Company;
- (2) to approve and amend, supplement, sign, submit, present, and execute all the agreements, contracts and other documents regarding the Issuance of H Shares on behalf of the Company;
- (3) to approve and prepare, sign and submit the statutory documents relating to the Issuance of H Shares as required by the regulatory bodies on behalf of the Company, to communicate with and reply to feedback of the regulatory authorities and other government authorities in the approval process, and to handle matters relating to information disclosure;
- (4) following the completion of the Issuance of H Shares, to make timely amendments to relevant provisions of the Articles of Association, complete the change of business registration relating to the change of registered capital and handle other matters related to such changes;

- (5) generally and unconditionally approve, ratify and confirm all acts under the Specific Mandate or in line with the Specific Mandate or in relation to the Specific Mandate, and all acts adopted or to be adopted by the Company in accordance with the matter of the Issuance of H Shares; and
- (6) to exercise the full power to handle all other matters relating to the Issuance of H Shares.

The Specific Mandate can be exercised once or more than once within the validity period.

The authorization period of the above authorized matters to be continued or implemented after the completion of this issuance of H Shares commences from the date of grant of the Specific Mandate by the EGM and the Class Meetings and ends on the date of completion of the relevant matters. Other authorizations shall be valid for twelve months from the date of approval at the EGM and the Class Meetings.

## **REASONS FOR AND BENEFITS OF THE ISSUANCE OF H SHARES**

The Company, together with its subsidiaries, are principally engaged in the manufacturing of basic chemical raw materials, sales of chemical products, manufacturing of batteries and import and export of goods. In recent years, the Company has maintained its fast pace of business development with abundant business reserves, resulting in the increase in the financing needs of the Company. Therefore, the Board proposes to issue H Shares of not more than 48,044,560 under the Specific Mandate. Upon the completion of the proposed issuance of H Shares, the Company will further consolidate the capital foundation for the sustainable development of its various business lines, which is beneficial to the development of the Company's core competitiveness and the realization of strategic objectives.

## **EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY UPON THE ISSUANCE OF H SHARES**

As at the date of this announcement, the Company has a total of 1,347,604,554 Shares in issue, including a total of 1,107,381,754 A Shares, representing 82.18% of the total issued share capital of the Company, and a total of 240,222,800 H Shares, representing 17.82% of the total issued share capital of the Company.



Assuming the number of H Shares to be issued is 48,044,560 and there are no other changes in the issued share capital of the Company, set out below is the shareholding structure of the Company: (i) as at the date of this announcement, and (ii) immediately after the completion of the Issuance of H Shares:

Name of Shareholders	As at the date of this announcement		Immediately after the completion of the Issuance of H Shares	
	Number of Shares	Approximate percentage of the total Shares of all classes in issue	Number of Shares	Approximate percentage of the total Shares of all classes in issue
<i>H Shareholders</i>				
Wang Xiaoshen	37,000	0.00%	37,000	0.00%
<i>Public H Shareholders</i>				
Proposed subscribers	–	–	48,044,560	3.45%
Other public holders of H Shares	240,185,800	17.82%	240,185,800	17.21%
Total issued H Shares	240,222,800	17.82%	288,267,360	20.66%
<i>A Shareholders</i>				
Li Liangbin	269,770,452	20.02%	269,770,452	19.33%
Wang Xiaoshen	100,898,904	7.49%	100,898,904	7.23%
Other core connected person				
A Shareholders	18,201,841	1.35%	18,201,841	1.30%
Public holders of A Shares	718,510,557	53.32%	718,510,557	51.48%
Total issued A Shares	<u>1,107,381,754</u>	<u>82.18%</u>	<u>1,107,381,754</u>	<u>79.34%</u>
Total issued Shares	<u>1,347,604,554</u>	<u>100%</u>	<u>1,395,649,114</u>	<u>100%</u>

## CONDITIONS FOR THE ISSUANCE OF H SHARES

The Issuance of H Shares is subject to the Shareholders' approval at the EGM and Class Meetings, the Company having obtained the approval from the Stock Exchange and CSRC for the listing of, and permission to deal in, the Subscription Shares, and such approval not having been revoked or cancelled prior to the Issuance of H Shares.

## **IMPLICATIONS UNDER THE LISTING RULES**

The proposals in relation to the issuance of H Shares and the grant of the Specific Mandate were considered and approved by the Board on February 25, 2021. None of the Directors has material interest in the abovementioned matters and hence no Director abstained from voting on such Board resolutions.

To the best of the Company's knowledge, targeted investors of the proposed issuance of H Shares do not include connected persons of the Company. Accordingly, the proposed issuance of H Shares will not constitute a connected transaction under Chapter 14A of the Listing Rules.

The Board expects that the Company will continue to maintain sufficient public float to comply with the minimum public float requirement set out in the Listing Rules.

## **EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

After being approved by CSRC on July 13, 2020 and the Shareholders at a general meeting of the Company on August 13, 2019, the Company publicly issued a total number of 21,080,000 A Share convertible bonds with a nominal value of RMB100 each on August 6, 2020. Therefore, the aggregate principal amount of the A Share convertible bonds issued is RMB2,108 million.

On September 23, 2020, an aggregate of 40,037,000 H Shares have been successfully placed at the price of HK\$36.35 per H Share under the general mandate from which the Company received aggregate net proceeds of approximately HK\$1,449 million.

Save for the above activities, the Company has not conducted any fundraising activities within 12 months immediately before the date of this announcement.

## **USE OF PROCEEDS FROM EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

### **Use of proceeds from the Listing**

The H Shares were listed on the Stock Exchange in October 2018 and the Company obtained net proceeds of USD404,400,500 from the listing of such H Shares. According to the plan on use of proceeds as set out in the Prospectus, 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, and approximately 10% of the net proceeds is intended to be used for our working capital and general corporate purposes. As of December 31, 2019, the balance of proceeds amounted to USD40,440,000. As of June 30, 2020, the Company utilized proceeds of USD410,092,659 in aggregate and the balance of unutilized proceeds is nil. The use of proceeds from the Listing is set out as follows:

<b>Use of proceeds disclosed in the Prospectus</b>	<b>Percentage of use of proceeds disclosed in the Prospectus</b>	<b>Usage details</b>	<b>Amount used as of June 30, 2020</b>
(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	58%	(i) Acquisition of 37.5% equity interests in the Cauchari-Olaroz project and provision of loans for the project; (ii) Construction of the 17,500-tonne lithium carbonate production line in Ningdu; (iii) Power battery project construction; and (iv) Lithium battery recycling project construction	USD234,550,000 (equivalent to RMB1,626,235,582)
Intended to be used to provide financial assistance to Lithium Americas Corp., which will use the funds to cover capital expenditure for the construction of the Cauchari-Olaroz project	22%	Intended to be used to provide financial assistance to Lithium Americas Corp., which is used as loan for the development of the Cauchari-Olaroz project	USD88,970,000 (equivalent to RMB616,867,106)
Intended to be used for our research and development efforts, in particular on solid-state lithium batteries	10%	Intended to be used for our research and development costs	USD40,440,000 (equivalent to RMB284,206,254)
For working capital and general corporate purposes	10%	Used as general operating purposes of the Company	USD46,132,659 (equivalent to RMB319,857,479) (include interest income of deposits)

### ***Use of proceeds from the issuance of A Share convertible bonds***

On August 6, 2020, the Company publicly issued a total number of 21,080,000 A Share convertible bonds with a nominal value of RMB100 each. Therefore, the aggregate principal amount of the A Share convertible bonds issued is RMB2,108 million. The proceeds obtained from the issuance of such A Share convertible bonds will be utilized for the subscription for certain equity interests of Minera Exar S.A., renovation and expansion project for ten thousand tonne lithium salt and replenishment of working capital as indicated in the circular of the Company dated June 28, 2019.

### ***Use of proceeds from the previous issuance of H Shares***

On September 23, 2020, an aggregate of 40,037,000 H Shares have been successfully placed from which the Company received approximately HK\$1,449 million of net proceeds in aggregate. The proceeds obtained from such previous issuance of H Shares have mainly been utilized for the construction of overseas projects of the Company and general corporate purposes from the date of placing of such H Shares (i.e. September 23, 2020) to January 31, 2021 with an amount of approximately USD81,219,287 (equivalent to approximately HK\$629,571,303) in aggregate. The Company expects to utilize all proceeds obtained from such previous issuance of H Shares by June 30, 2021.

## **EGM AND CLASS MEETINGS**

The Company will convene the EGM, the A Share Class Meeting and the H Share Class Meeting for the Shareholders to consider and, if thought fit, to approve, among other things, the proposals related to the Issuance of H Shares and the grant of Specific Mandate for the issuance of the H Shares.

A circular containing, among other things, details of the Specific Mandate and the proposed issuance of H Shares, together with notices of the EGM and H Share Class Meeting, will be despatched to all Shareholders in due course in accordance with the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“A Share(s)”	the RMB denominated ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Shenzhen Stock Exchange (Stock code: 002460)
“A Share Class Meeting”	the class meeting of A Shareholders
“A Shareholder(s)”	holders of A Shares
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Class Meetings”	the class meeting of A Shareholders and the class meeting of H Shareholders
“Company”	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC with limited liability, the A Shares of which and the H Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002460) and on the Main Board of the Stock Exchange (stock code: 01772), respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 2 p.m, on Wednesday, March 17, 2021 at the conference room of the Company at 4th Floor, R&D Building at the Company’s Headquarter, Longteng Road, Economic Development Zone, Xinyu, Jiangxi Province, PRC

“H Shares”	overseas listed ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange (stock code: 01772)
“H Share Class Meeting”	the class meeting of H Shareholders
“H Shareholders”	holders of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance of H Shares”	the proposed issuance of not more than 48,044,560 H Shares
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“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
“PRC”	the People’s Republic of China, and for the purposes of this announcement only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated September 27, 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Specific Mandate”	the specific mandate proposed to be granted by the Shareholders to the Board at the EGM and Class Meetings in respect of the Issuance of H Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	Shares to be subscribed for in the Issuance of H Shares
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board  
**Ganfeng Lithium Co., Ltd.**  
**Li Liangbin**  
*Chairman*

Jiangxi, the PRC  
February 25, 2021

*As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Mr. YU Jianguo and Ms. YANG Juanjuan as non-executive directors 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.*