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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)**

**THE GRANT OF SHARE OPTIONS TO PARTICIPANTS AND  
THE ADJUSTMENTS TO THE LIST OF PARTICIPANTS AND THE  
NUMBER OF SHARE OPTIONS GRANTED UNDER THE GRANT  
OF SHARE OPTIONS OF THE SHARE OPTION INCENTIVE  
SCHEME**

This announcement is made by Ganfeng Lithium Co., Ltd. (the "**Company**") pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

References are made to (i) the announcement of the Company dated April 6, 2021 in relation to the proposed adoption of the Share Option Incentive Scheme and the proposed grant of Share Options thereunder; (ii) the circular of the Company dated April 28, 2021 (the "**Circular**") in relation to, among other things, the proposed adoption of the Share Option Incentive Scheme; and (iii) the announcement of the Company dated June 4, 2021 in relation to the poll results of, among other things, the resolutions to approve the adoption of the Share Option Incentive Scheme by the Shareholders. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board hereby announces that the conditions of the Grant required under the Share Option Incentive Scheme of the Company have been satisfied. In accordance with the requirements under the Share Option Incentive Scheme and the authorization by the 2020 AGM and Class Meetings held by the Company on June 4, 2021, the Company convened the 27th meeting of the fifth session of the Board on June 7, 2021, which considered and approved the resolution on the grant of Share Options to the Participants of the 2021 Share Option Incentive Scheme and the resolution on the adjustments to the matters relating to 2021 Share Option Incentive Scheme of the Company, and determined June 7, 2021 as the Date of Grant under the Share Option Incentive Scheme and adjusted the list of Participants and the number of Share Options granted. The relevant matters are explained as follows:

## **I. DETAILS OF THE GRANT OF SHARE OPTIONS**

### **(I) The implemented process of decision-making and information disclosure for this grant of interests**

1. On April 2, 2021, the Company convened the 22nd meeting of the fifth session of the Board, which considered and approved the resolution on the 2021 Share Option Incentive Scheme of the Company (draft) and its summary, the resolution on the assessment measures in respect of the implementation of the 2021 Share Option Incentive Scheme of the Company and the resolution on proposing to the shareholders' general meeting to authorize the Board to handle matters in relation to the 2021 Share Option Incentive Scheme of the Company, respectively. The independent non-executive Directors issued an independent opinion on matters relevant to the Share Option Incentive Scheme. On April 2, 2021, the Company convened the 17th meeting of the fifth session of the supervisory committee, which considered and approved the resolution on the 2021 Share Option Incentive Scheme of the Company (draft) and its summary, the resolution on the assessment measures in respect of the implementation of the 2021 Share Option Incentive Scheme of the Company and the resolution on the verification in respect of the list of Participants of the 2021 Share Option Incentive Scheme.
2. From April 6, 2021 to April 15, 2021, the Company announced the list of the Participants via the Company's internal Office Automation System. During the period of announcement, the supervisory committee has not received any objection to the list of proposed Participants from any employees, and it has reviewed the list of Participants and issued a review opinion thereon believing that the qualifications of the Participants as a subject are legal and valid.

3. On June 4, 2021, the Company convened the 2020 AGM and Class Meetings, considered and approved the proposed adoption of the 2021 Share Option Incentive Scheme, regarding the assessment management measures for the implementation of the 2021 Share Option Incentive Scheme and the proposed authorization to the Board to deal with relevant matters in relation to the 2021 Share Option Incentive Scheme. For details, please refer to the relevant announcements published by the Company on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the SZSE ([www.szse.cn](http://www.szse.cn)) on June 4, 2021 and June 5, 2021, respectively.
4. On 4 June 2021, the Company has announced the Self-Inspection Report on Trading of Shares of the Company by Insider of the 2021 Share Option Incentive Scheme. For details, please refer to the relevant announcements disclosed by the Company on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the SZSE on 4 June 2021 and 5 June 2021, respectively.
5. On June 7, 2021, the Company convened the 27th meeting of the fifth session of the Board and the 21th meeting of the fifth session of the supervisory committee, considered and approved the resolution on the adjustments to the matters relating to 2021 Share Option Incentive Scheme of the Company and the resolution on the grant of Share Options to the Participants of the 2021 Share Option Incentive Scheme. On the same date, the independent non-executive Directors issued an independent opinion on relevant matters.

**(II) Explanation by the Board on the satisfaction of conditions of the Grant in respect of the Grant**

In accordance with the requirements in the Share Option Incentive Scheme, the Company may only grant Share Options to the Participants if all of the following conditions are met; otherwise, the Company may not grant any Share Option to the Participants if any of the following conditions of Grant is not met:

- (i) There is no occurrence of any of the following events on the part of the Company:
  - ① issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;

- ② issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
  - ③ failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
  - ④ prohibition from the implementation of a share incentive by laws and regulations; or
  - ⑤ other circumstances determined by the CSRC.
- (ii) There is no occurrence of any of the following events on the part of the Participants:
- ① he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
  - ② he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;
  - ③ he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access to market in the last 12 months due to material noncompliance of laws or regulations;
  - ④ he or she is prohibited from acting as a Director or a member of the senior management of the Company as required by the Company Law;
  - ⑤ he or she is prohibited from participating in the share incentive schemes of listed companies as required by laws and regulations; or
  - ⑥ he or she is under other circumstances determined by the CSRC.

The Board believes that the Company is under no circumstance whereby the Share Options cannot be granted under the Share Option Incentive Scheme and relevant laws and regulations. All the Participants to whom the interests are granted meet the conditions of Grant as stipulated in the Share Option Incentive Scheme and that the conditions of Grant in the Share Option Incentive Scheme have been fulfilled. The Board agrees to determine June 7, 2021 as the date of the Grant of Share Options, and to grant 15.754 million Share Options to 404 Participants with an exercise price of RMB96.28 per Share.

### **(III) The specific situations of the Grant under the Scheme**

1. Date of Grant: June 7, 2021.
2. Number of Grant: 15.754 million.
3. Number of Participants of Grant: 404.
4. Exercise Price: RMB96.28 per Share. In the event of capitalization issue, bonus issue, share subdivision, rights issue or share consolidation of the Company prior to any Exercise by the Participants, the number of the Share Options shall be adjusted accordingly.
5. Source of Shares: A Shares of the Company to be directly issued to the Participants by the Company.
6. The Arrangement of Validity Period, Vesting Period and Exercise Period of the Scheme:
  - (1) The validity period of the Share Option Incentive Scheme shall commence from the date of the grant of the Share Options and end on the date on which all the Share Options granted to the Participants have been exercised or repurchased and cancelled, which shall not be longer than 60 months.
  - (2) The Vesting Period for the Share Options under the Share Option Incentive Scheme shall commence from the date of grant of the Share Options and end on the Exercisable Date of the Share Options. The Vesting Periods of the Share Options are 12 months, 24 months, 36 months and 48 months, respectively. During the Vesting Periods, the Share Options which are granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt.
  - (3) The Share Options granted to the Participants can be exercised after expiry of 12 months commencing from the date of the grant, subject to the consideration and approval of the Share Option Incentive Scheme at the 2020 AGM and the Class Meetings. The Exercisable Date must be a trading day and shall not fall within any of the following periods:
    - (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and ending on one day prior to the actual announcement date;

- (ii) the period commencing on 10 days prior to the announcements of results forecast and preliminary results of the Company;
- (iii) the period commencing on the date of the occurrence of material events that may have significant impacts on trading price of Shares and derivatives of the Company, or the date of entering into the decision-making process, and ending on two trading days after such events have been lawful disclosed; and
- (iv) other periods prescribed by the CSRC and SZSE.

During the Exercise Period, the Participants are able to exercise the Share Options according to the following exercising arrangement upon the fulfillment of the Exercise Conditions for the Share Options granted under the Share Option Incentive Scheme.

The Exercise Period of the Share Options granted under the Share Option Incentive Scheme and timetable for each Exercise are set out below:

<b>Exercise arrangement</b>	<b>Exercise time</b>	<b>Exercise proportion</b>
First Exercise Period	Commencing from the first trading day upon the expiry of 12 months from the Grant Date to the last trading day upon the expiry of 24 months from the Grant Date	25%
Second Exercise Period	Commencing from the first trading day upon the expiry of the 24 months from the Grant Date to the last trading day upon the expiry of 36 months from the Grant Date	25%
Third Exercise Period	Commencing from the first trading day upon the expiry of the 36 months from the Grant Date to the last trading day upon the expiry of 48 months from the Grant Date	25%
Fourth Exercise Period	Commencing from the first trading day upon the expiry of the 48 months from the Grant Date to the last trading day upon the expiry of 60 months from the Grant Date	25%

Share Options for which Exercise Conditions are not fulfilled during the above agreed period shall not be exercised or deferred to be exercised during the next Exercise Period, and the Company shall cancel the underlying Share Options of the Participants according to the principle stipulated in the Share Option Incentive Scheme. After the end of each Exercise Period of the Share Options, the Share Options of the Participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

7. The distribution of the number of Share Options granted among the Participants is as follows:

Name	Position(s)	Number of the Share Options granted <i>(10,000 A Shares)</i>	Percentage to	Percentage to
			total number of the Share Options granted <i>(%)</i>	total issued Shares as of the date of grant of the Share Options <i>(%)</i>
Deng Zhaonan	Executive Director and vice president	20.00	1.27%	0.01%
Shen Haibo	Executive Director and vice president	20.00	1.27%	0.01%
Ouyang Ming	Secretary of the Board and vice president	20.00	1.27%	0.01%
Xu Jianhua	Vice president	20.00	1.27%	0.01%
Yang Manying	Vice president and financial director	20.00	1.27%	0.01%
Fu Lihua	Vice president	15.00	0.95%	0.01%
Xiong Xunman	Vice president	15.00	0.95%	0.01%
397 core management and core technical or business personnel		1,445.40	91.77%	1.07%
Total (404)		1,575.40	100.00%	1.16%



## **II. EXPLANATION ON THE DIFFERENCES BETWEEN THIS GRANT AND THE SHARE OPTION INCENTIVE SCHEME CONSIDERED AND APPROVED AT THE AGM AND CLASS MEETINGS**

Given that 3 Participants determined by the Share Option Incentive Scheme resigned due to the personal reasons, the Company decide to the cancel the incentive qualification of the above Participants (4 million Share Option in total). The Company convened the 27th meeting of the fifth session of the Board, at which the adjustments to the list of Participants of the Grant of Share Options and number of Shares Options granted under the Share Option Incentive Scheme have been made, in accordance with the authorizations delegated at the 2020 AGM Class Meetings. After such adjustments, the number of Participants of the Scheme is adjusted from 407 to 404, and the number of Share Options granted is adjusted from 15.794 million to 15.754 million.

The adjustments fell within the scope of the authorization granted to the Board at the Company's 2020 AGM Class Meetings, and need not to be submitted to the Shareholders' general meeting for consideration.

Save for circumstances stated above, there is no difference between this Grant of Share Option and the Share Option Incentive Scheme disclosed. The supervisory committee has verified the adjusted list of Participants, and the independent non-executive Directors have issued their independent opinions in this respect.

## **III. THE IMPACT OF THE ADJUSTMENTS ON THE COMPANY**

The adjustments made by the Company to the list of Participants and the number of Share Options granted under the Grant of Share Options of the Scheme will not have a substantial impact on the Company's financial positions and operating results.

## **IV. OPINIONS OF THE SUPERVISORY COMMITTEE**

Having conducted verification of the list of Participants of the Company, the supervisory committee is of the view that: (i) the adjustments to the Participants and the number of Share Options under the 2021 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the Administrative Measures, Guidelines for Business Handling of Listed Companies on the Shenzhen Stock Exchange No. 9 – Share Option Incentive (the “**Business Handling Guidelines No. 9**”) and the Share Option Incentive Scheme; (ii) Participants of the Grant as confirmed by the Company following the adjustments are in compliance with the conditions for Participants set out in the Administrative Measures, Business Handling Guidelines No. 9 and other laws, regulations and governing documents, and within the scope of Participants provided for in the Share Option Incentive Scheme, and their qualifications as Participants under the Share Option Incentive Scheme are legal and valid; and (iii)



other than 3 Participant who did not receive any grant after waiving participation in the Share Option Incentive Scheme due to resignation, the list of Participants to be granted share options by the Company is consistent with the Participants set out in the Share Option Incentive Scheme approved at the 2020 AGM.

## V. OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Participants determined by the Share Option Incentive Scheme of the Company is in compliance with relevant provisions of the Administrative Measures, Business Handling Guidelines No. 9 and the Share Option Incentive Scheme of the Company, their qualifications as Participants under the Share Option Incentive Scheme are legal and valid; the date of grant under the Scheme has been set for 7 June 2021 (Monday) by the Board, which is in compliance with relevant provisions in relation with the grant date of the Administrative Measures, Business Handling Guidelines No. 9 and the Share Option Incentive Scheme; the Grant is in compliance with relevant provisions in relation with the grant of share options to the Participants of the Share Option Incentive Scheme of the Company. The independent non-executive Directors of the Company unanimously approve the grant of 15.754 million share options to 404 Participants. For details, please refer to the overseas regulatory announcement of Independent Opinion of the Independent Non-executive Directors on the 2021 Share Option Incentive Scheme published on the same date as this announcement.

## VI. IMPACT ON THE FINANCIAL POSITION OF THE COMPANY AFTER THE GRANT OF INTERESTS

In accordance with the requirements of the Accounting Standards for Enterprises No. 11- Share-based Payment, the Company shall, on each balance sheet date during the Vesting Period, adjust the estimated number of Share Opinion that may be exercised in accordance with the latest number of the Participants who have fulfilled the exercise conditions and the performance indicators, and recognize the services received during the period as the relevant costs or expenses and capital reserve in accordance with the fair value of the Shares Option on the grant date.

Upon calculation, the total expenses to be amortized of 15.754 million Share Options granted by the Company on June 7, 2021 is RMB884.222 million. The amortization of the Share Options costs from 2021 to 2025 is as follows:

<b>Total costs to be amortized</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>
88,422.20	25,142.36	32,383.86	18,572.89	9,649.57	2,673.52

*Note:* the above results do not represent the final accounting cost, in addition to the actual Grant Date, grant price and grant number, the actual accounting cost also relates to the number of equity which actually take effect and lapse, and the final results of the impact of the above costs amortization on the operation results of the Company is subject to the annual audit report to be issued by the accountant firm.

According to the preliminary evaluation by the Company based on the information available, without taking into account the stimulus effects of the Share Option Incentive Scheme on the results of the Company, the amortization of the costs of Share Options Incentive Scheme shall affect the net profit of each year during the Validity Period, but the effect will not be substantial. Taking into consideration the positive impact of the Share Option Incentive Scheme on the development of the Company, such as motivating the management team, increasing the operational efficiency, and reducing agent costs, the benefits generated from the improvement in the Company's results due to the Share Option Incentive Scheme shall far exceed the increase in expenses.

## **VII. CONCLUSIVE OBSERVATIONS OF LEGAL OPINIONS**

Jiangxi QZ&WD Law Firm is of the view that: according to the authorization granted to the Board at the Company's 2020 AGM and Class Meetings, as of the date on which these legal opinions are issued, the adjustments and the Grant made by the Company have obtained all the necessary approval and authorization; the reasons for the adjustments, the number of Share Options granted and determination of the Date of Grant are in compliance with the relevant provisions in the Administrative Measures and other laws, regulations and normative documents, as well as the Share Option Incentive Scheme; the Company and the Participants under the Grant have met the conditions of the Grant for Share Options as stipulated in the Administrative Measures and other laws, regulations and normative documents, as well as the Share Option Incentive Scheme.

## VIII. PROFESSIONAL ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

Shanghai Realize Investment Consulting Co., Ltd. (上海榮正投資諮詢有限公司) is of the view that: the relevant matters on the First Grant of Share Options under the Scheme have obtained the necessary authorization and approval at the current stage; the Date of Grant, the Exercise Price, the Participants, the determination of the number of Share Options granted under the Scheme, and the adjustment and matters of the Grant under the Scheme are in compliance with the Company Law, the Securities Law, the Administrative Measures and other relevant laws, administrative regulations, normative documents, as well as the relevant provisions of the Articles of Association and the Scheme. There is no circumstance whereby the Company does not meet the conditions of the Grant for the Share Options as stipulated in the Scheme.

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

Jiangxi, PRC  
June 7, 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 Juan 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.*