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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)

VOLUNTARY ANNOUNCEMENT
IN RELATION TO THE INTRODUCTION OF INVESTORS OF A
CONTROLLED SUBSIDIARY FOR CAPITAL INCREASE

This announcement is made voluntarily by Ganfeng Lithium Co., Ltd (the “**Company**” together with its subsidiaries, the “**Group**”) to inform the shareholders of the Company and potential investors of the latest news of business development of the Group.

I. OVERVIEW

The board (the “**Board**”) of directors (the “**Directors**”) is pleased to announce that on July 30, 2021 (after the trading hours), it agreed the Company and Ganfeng LiEnergy Technology Co., Ltd (the “**Ganfeng LiEnergy**” or “**Target Company**”) to enter into the capital increase agreement (the “**Capital Increase Agreement**”) and the shareholders’ agreement (the “**Shareholders’ Agreement**”) and appendices thereof and related supplementary agreements (if any) with 20 investors (the “**Investors**”, each and “**Investor**”), pursuant to which, the Investors will make a capital increase of RMB971,250,000 in aggregate to Ganfeng LiEnergy (the “**Capital Increase**”), of which RMB388,500,000 will be included in the increased registered capital of Ganfeng LiEnergy and RMB582,750,000 will be included in the capital reserve of Ganfeng LiEnergy. The Investors will obtain a total of approximately 18.19% of the enlarged equity interest in Ganfeng LiEnergy upon the Capital Increase. After the completion of the Capital Increase, the registered capital of Ganfeng LiEnergy will be RMB2,135,700,000 and the Company will hold approximately 60.87% of the enlarged equity interest in Ganfeng LiEnergy after the Capital Increase. As such, Ganfeng LiEnergy will remain a controlled subsidiary of the Company and its financial information will still be consolidated into the consolidated financial statements of the Company.

To the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiries, the Investors and their ultimate beneficial owners are independent third parties. This transaction is not a connected transaction under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Furthermore, as all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the proposed Capital Increase pursuant to the relevant Capital Increase Agreement and Shareholders’ Agreement in aggregate is less than 5%, the Capital Increase is not subject to any notification and announcement requirement as set out in Chapter 14 of the Listing Rules and not subject to the approval of the shareholders of the Company at a general meeting.

II. THE INVESTORS AND THEIR RESPECTIVE CONTRIBUTIONS

No.	Investors	Investment amount (RMB0’000)	Subscribed registered capital (RMB0’000)	Approximate shareholding after the Capital Increase
1	Hubei Xiaomi Changjiang fund investment (湖北小米長江基金投資) (the “ Xiaomi ”)	18,750	7,500	3.51
2	Hainan Jimu Venture Capital Co., Ltd (海南極目創業投資有限公司)	18,750	7,500	3.51
3	Xunxing investment (Chongqing) Co., Ltd (巡星投資(重慶)有限公司)	7,500	3,000	1.40
4	Shenzhen Zhanxiang Information Technology Co., Ltd (深圳市展想信息技術有限公司)	6,250	2,500	1.17
5	Anke Innovation Technology Co., Ltd (安克創新科技股份有限公司)	2,500	1,000	0.47

No.	Investors	Investment amount (RMB0'000)	Subscribed registered capital (RMB0'000)	Approximate shareholding after the Capital Increase
6	Jiangxi Jiahe electroacoustic technology Co., Ltd (江西佳禾電聲科技有限公司)	2,500	1,000	0.47
7	Shenzhen yishengdian technology partnership (limited partnership) (深圳市益聲電科技合夥企業(有限合夥))	2,500	1,000	0.47
8	Chongqing Three Gorges Water Conservancy and Power Investment Co., Ltd (重慶三峽水利電力投資有限公司)	5,000	2,000	0.94
9	Xinzhifeng (Wuhan) equity investment fund partnership (limited partnership) (信之風(武漢)股權投資基金合夥企業(有限合夥))	10,000	4,000	1.87
10	Zhenjiang Demao Hairun equity investment fund partnership (limited partnership) (鎮江德茂海潤股權投資基金合夥企業(有限合夥))	5,000	2,000	0.94
11	Chongqing Liangjiang New Area Science and technology innovation equity investment fund partnership (limited partnership) (重慶兩江新區科技創新股權投資基金合夥企業(有限合夥))	1,500	600	0.28
12	Chongqing Liangjiang Xizheng fund equity investment partnership (limited partnership) (重慶兩江西證基金股權投資合夥企業(有限合夥))	1,000	400	0.19

No.	Investors	Investment amount (RMB0'000)	Subscribed registered capital (RMB0'000)	Approximate shareholding after the Capital Increase
13	Xinyu Zhongfu Technology Consulting Center (limited partnership) (新余眾福技術諮詢中心(有限合夥))	3,625	1,450	0.68
14	Xinyu high tech Investment Co., Ltd (新余高新投資有限公司)	2,500	1,000	0.47
15	Xinyu urban and rural construction investment (Group) Co., Ltd (新余市城鄉建設投資(集團)有限公司)	2,500	1,000	0.47
16	Xinyu Guoxin Holding Co., Ltd (新余市國信控股有限公司)	2,500	1,000	0.47
17	Xinyu Lulin Investment Co., Ltd (新余市露林投資有限責任公司)	2,500	1,000	0.47
18	Shanghai Zhuque renyin private investment fund partnership (上海朱雀壬寅私募投資基金合夥企業)	1,250	500	0.23
19	Lishui lisen Youwei venture capital partnership (麗水立森西為創業投資合夥企業)	500	200	0.09
20	Shanghai pengte enterprise management center (上海芃特企業管理中心)	500	200	0.09
Total		<u>97,125</u>	<u>38,850</u>	<u>18.19</u>

III. BASIC INFORMATION OF THE TARGET OF THE CAPITAL INCREASE

Company name: Jiangxi Ganfeng LiEnergy Technology Co., Ltd.

Unified social credit Code: 91360500576129026E

Address: 2551 Yangguang Avenue, high tech Development Zone, Xinyu City, Jiangxi Province

Registered capital: RMB915.36 million

Legal representative: Ge Zhimin

Business scope: research and development, production and sales of lithium-ion power batteries, fuel cells, and energy storage batteries; research and development, production and sales of super capacitors, battery management system, wind and solar energy storage system, and related equipment and instruments; lithium battery industrial design services; lithium battery technology consulting, promotion and transfer services; self-operated and commissioned import and export business for commodities

Substantial shareholder: Ganfeng LiEnergy is a controlled subsidiary of the Company

Set out below is the financial information of Ganfeng LiEnergy:

Indicator	December 31, 2019 (unaudited)	December 31, 2020 (unaudited)	March 31, 2021 (unaudited)
Total assets	1,821,049,917.51	2,535,412,231.16	2,937,466,133.65
Net assets	835,445,182.04	867,926,802.98	884,478,523.21

Indicator	2019 (unaudited)	2020 (unaudited)	January 2021 – March 2021 (unaudited)
Revenue	618,038,879.51	1,294,919,774.90	327,325,546.82
Profit (loss) before taxation	657,937.57	29,360,773.59	18,086,381.60
Profit (loss) after taxation	584,591.10	32,721,620.94	16,551,720.23

IV. PRICING POLICY AND PRICING BASIS FOR THE TRANSACTION

Considering the historical performance, market influence and industry prospect of Ganfeng LiEnergy, the transaction price of the Capital Increase is determined by all parties through negotiation based on the principles of voluntariness, fairness and impartiality, and there is no damage to the interests of the Company and other small and medium shareholders. The price of the Capital Increase is RMB2.5 per registered capital.

The Company will engage an audit firm and an asset appraisal institution with securities qualification to audit and appraise the Ganfeng LiEnergy in compliance with general commercial principles, which will issue the corresponding audit and appraisal reports before the EGM to consider the proposed resolution regarding capital increase in Ganfeng LiEnergy, a controlled subsidiary of the Company.

V. MAJOR TERMS OF THE CAPITAL INCREASE AGREEMENT AND THE SHAREHOLDERS' AGREEMENT

(1) Main contents of Capital Increase Agreement

1. *Transaction Plan*

The leading investor, Xiaomi, agrees in accordance with the terms and conditions of this agreement to contribute RMB375,000,000 (the “**Leading Investor’s Subscription Amount for Capital Increase**”) to subscribe to the increased registered capital of the Target Company of RMB150,000,000, and the remaining RMB225,000,000 shall be included in the capital reserve of the Target Company. The co investors agree in accordance with the terms and conditions of the Capital Increase Agreement to contribute RMB596,250,000 the “**Co Investor’s Subscription Amount for Capital Increase**”; together with the Leading Investor’s Subscription for Capital Increase, the “**Subscription Amount for Capital Increase**”) to subscribe to the Target Company’s increased registered capital of RMB238,500,000. The remaining RMB357,750,000 is included in the Target Company’s capital reserve.

2. *The time limit for the completion of closing conditions*

The Target Company, the actual controller and existing shareholders shall try their best to ensure that all completion conditions are met within 30 days from the date of signing the Capital Increase Agreement. If any completion conditions are not met or exempted by the Investor in writing within the period, the Investor shall have the right to terminate the Capital Increase Agreement. by sending a written notice to the Target Company, and the Capital Increase Agreement. shall terminate from the date when the Investors give a written notice of termination.

3. *Payment arrangement*

The Investors shall pay the Subscription Amount for Capital Increase to the bank account designated by the Target Company within 15 working days after all the closing conditions of the Capital Increase agreed in the Capital Increase Agreement have been fulfilled (or have been waived by the Investors in writing) and all the closing documents listed in the Capital Increase Agreement have been received. If the Investors fail to remit their subscribed capital contribution amount into the designated account for capital increase within the above-mentioned agreed time (the receipt time by the Target Company's account shall prevail), the Target Company has the right to terminate the Capital Increase Agreement.

4. *Registration and filing*

Within 30 days from the closing date, the Target Company shall (and the actual controller shall cause the Target Company to): (a) submit to the competent industrial and commercial authorities an application about changes of registration and filing of the capital increase (including but not limited to the change of registered capital; the investors have already been registered as new shareholders of the Target Company, and the amount and proportion of shares held are consistent with the agreement; the filing of the directors nominated by Xiaomi; and the articles of association of the Target Company, etc.), and the relevant documents (including resolutions of the shareholders' meeting, articles of association, etc.) registered/filed shall be consistent with the documents submitted to the Investors for review and/or signature before registration/filing (b) complete the registration and filing at the industrial and commercial authorities (c) provide the Investors with a scanned copy of the approved registration notice issued by the industrial and commercial authorities (with the official seal of the Target Company) (d) provide the Investors with a scanned copy of the new business license issued by the industrial and commercial authorities to the Target Company for this capital increase (with the official seal of the Target Company); And (E) provide the Investors with a full set of scanned copies of industrial and commercial change registration and filing materials.

5. *Liability for breach of contract*

If any party of the Capital Increase Agreement in this Agreement (the “**Defaulting Party**”) violates the Capital Increase Agreement or the other investment transaction agreements of this capital increase of which it is a signatory (including the statements and guarantees made in these documents (including the due diligence report and other relevant attachments of investment transaction documents of this round) which are untrue, inaccurate and/or incomplete, and/or fail to perform, fail to fully perform and/or timely perform any of its commitments and/or obligations under such documents), and the party not in breach of the Capital Increase Agreement or other investment transaction documents of this round (the “**Injured Party**”) suffers any loss, then the Defaulting Party shall compensate the Injured Party for such loss, and take corresponding measures to protect the Injured Party from any further damages. The Defaulting Party who violates any provision of the Capital Increase Agreement shall, within 10 working days after receiving the written notice from the Injured Party, pay in full all losses incurred or suffered by the Injured Party as a result of its breach.

(2) Main contents of Shareholders’ Agreement

1. *Repurchase rights of Investors*

(1) *Repurchase situation*

Within 6 months after the occurrence of any of the following circumstances and the Investors becoming aware of it, any Investors have the right without restriction to demand the actual controller of the Target Company (the “**Repurchase Obligor**”) to repurchase all or part of the Target Company’s equity held by the Investors at the repurchasing price of this round (as defined below). In the case of consensus with the investor’s shareholders who claim the right of repurchase, the Repurchase Obligor or other legal entities under its control can be the subject of repurchase itself;

- (a) Under any circumstances, the Target Company fails to achieve qualified IPO before December 31, 2025;
- (b) According to the laws, regulations, listing rules and other regulatory policies, the Target Company does not meet the conditions for spin off listing and is expected to be unable to achieve qualified IPO before December 31, 2025;

- (c) The target company lose or are unable to renew the business qualification or approval or intellectual property rights indispensable to their main business; and/or the Target Company are unable to continue, prohibited or subject to major restrictions;
- (d) The Target Company fails to provide relevant financial reports in accordance with the requirements of the Shareholder's Agreement;
- (e) The accounting firm employed by the Target Company audited the Target Company and issued an audit report with non-unqualified opinion (for the avoidance of doubt, "non-unqualified opinion" includes qualified opinion, adverse opinion and disclaimer of opinion);
- (f) The Target Company and/or the actual controller seriously violate the Shareholder's Agreement, the Capital Increase Agreement signed with the Investors and shareholders and other transaction documents, and fail to correct within 30 days from the date of notice for correction;
- (g) Other shareholders of the Target Company request to exercise their repurchase right or redemption right;
- (h) Other repurchase situations stipulated in the Shareholder's Agreement and the Capital Increase Agreement.

(2) *Repurchase price*

Repurchase price = purchase price per share of the relevant Investor \times the amount of equity required to be repurchased by the relevant Investor \times (1 + 6% \times N) – the paid income corresponding to the equity required to be repurchased by the relevant Investor (including but not limited to dividends and bonuses) Among them, N = the number of days from the actual payment of the investment amount corresponding to the equity required to be repurchased by the relevant Investor to the date when the relevant investor's shareholder issues a written repurchase notice \div 365.

(3) *Payment of repurchase price*

The Repurchase Obligor shall pay the full repurchase price in one lump sum within 90 days from the date when the Investors issue a written notice demanding the repurchase (the “**Date of Repurchase Notice**”); Within the aforementioned 90 days, the interest shall be calculated at the interest rate of 6% of the annual simple interest according to the actual number of days elapsed, and the interest base shall be the actual investment amount corresponding to the equity required to be repurchased by the Investors.

2. *Restrictions on share conversion*

(1) *Transfer of the equity of the Target Company by the actual controller and/or controlling shareholder and/or ESOP*

Before the Target Company completes the qualified IPO, without the prior written consent of the Investors, the actual controller and/or the controlling shareholder and/or the ESOP shall not directly or indirectly sell, lease, transfer, gift, entrust, grant, license, mortgage, pledge, lien, transfer guarantee, entrust operation and/or any other way to dispose of the shares of the Target Company held by them. However, for the purpose of the qualified employee share incentive plan and in order to meet the listing regulatory requirements, the equity transfer implemented by the ESOP to clean up its unqualified partners by transferring equity to the actual controller and/or controlling shareholder is not limited by this clause.

(2) *Transfer of the equity of the Target Company by investors' shareholders*

The parties hereby agree and confirm that the investors' shareholders have the right to transfer and dispose of any equity of the Target Company held by them directly or indirectly to their related parties without any restriction, and other shareholders have no preemptive right and co sale right for such transfer and disposal. If, in accordance with the provisions of the law, the articles of association of the Target Company or the requirements of the government departments, the investors' shareholders intend to transfer or dispose of the equity of the Target Company, which requires the consent of other shareholders of the Target Company or other shareholders of the Target Company have preemptive rights, the other shareholders of the Target Company agree to give

the consent required by the law, the articles of association or the government departments in advance and give up the preemptive right, and shall sign all necessary documents and take all necessary actions (including but not limited to signing resolutions of shareholder meeting/board of directors and registering/filing with relevant government departments) to assist investor's shareholders to complete equity transfer as soon as possible.

Except from the above circumstances, within 36 months from the closing date of the Capital Increase and during the period when the Target Company submits an application for public offering and listing and is examined by the CSRC and/or relevant stock exchanges, without the prior consent of the Target Company, the Investors shall not transfer the shares of the Target Company they hold.

VI. TRANSACTION PURPOSE AND EFFECTS ON THE COMPANY

This transaction attracted Investors to increase capital by means of capital increase, following the principle of fair, just and reasonable market transaction. This transaction is effective in reducing the gearing ratio of Ganfeng LiEnergy, reducing financial expenses, enhancing profitability, giving full play to the respective advantages of Investors in the lithium battery industry, and promoting the rapid development of Ganfeng LiEnergy. The deliberation and decision-making procedure of the matter conforms to the provisions of laws, regulations and the articles of association, and will not damage the interests of the Company and shareholders, especially small and medium investors. After the completion of the Capital Increase, the company holds 60.87% equity interest of Ganfeng LiEnergy and remains to be its controlling shareholder, which will not lead to changes in the scope of the consolidated statements, will have a positive impact on the company's financial and operating conditions, and will not harm the interests of the company and all shareholders.

VII. OTHERS

The Company will continue to comply with the corresponding approval procedures and information disclosure obligations in accordance with relevant laws and regulations according to the development and progress of the transaction.

Completion of the Capital Increase is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent and the completion of the relevant settlement procedures and industrial and commercial registration procedures. Therefore, the Capital Increase may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Jiangxi, PRC
July 30, 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.