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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)

CONNECTED TRANSACTIONS

(1) GRANT OF WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING TO ACTUAL CONTROLLER;

AND

(2) ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER

GRANT OF WAIVER OF NON-COMPETITION UNDERTAKING TO THE ACTUAL CONTROLLER AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER

On September 22, 2021, the 34th meeting of the fifth session of the Board considered and approved the resolution in relation to the proposed waiver of the original non-competition undertaking by the actual controller. The matter is conditional upon the approval of the Independent Shareholders at an extraordinary general meeting. On the same date, Mr. Li, one of the actual controllers of the Company, and Mr. Xu Xiaowei entered into the equity transfer agreement in relation to the sale and purchase of 70% equity interests of Xianghuangqi Mengjin Gold Mining Development Co., Ltd.* (镶黄旗蒙金矿业开发有限公司), pursuant to which, Mr. Li plans to acquire 70% equity interests of Mengjin Mining with his self-owned funds of RMB1,344 million. Before the completion of this transaction, Mr. Xu Xiaowei holds 100% equity interest of Mengjin Mining. After the completion of this transaction, Mr. Li will hold 70% equity interests of Mengjin Mining and Mr. Xu Xiaowei will hold 30% equity interests of Mengjin Mining.

On September 22, 2021, the Company received the application from Mr. Li to the Board and the general meeting of Shareholders for granting the waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking based on the acquisition of Mengjin Mining on September 22, 2021. The supplemental non-competition undertaking is only applicable to the Mr. Li's equity acquisition of Mengjin Mining, and does not constitute an amendment to the original non-competition undertaking.

IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, Mr. Li is an executive Director of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. According to Chapter 14A of the Hong Kong Listing Rules, granting a waiver to Mr. Li of the original non-competition undertaking and entering into the supplemental non-competition undertaking constitute connected transactions of the Company and shall comply with the requirements of reporting, announcement, circular (including independent financial advice) and approval by the Independent Shareholders under the Hong Kong Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Liu Jun, Ms. Wong Sze Wing, Ms. Xu Yixin and Mr. Xu Guanghua, has been established for the purpose of advising the Independent Shareholders in respect of granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller. An Independent Financial Adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of granting a waiver of the original non-competition undertaking and the supplemental non-competition undertaking by the actual controller.

GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approve granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller by way of an ordinary resolution.

A circular containing, among other things, (i) details of granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; (iii) a letter from the Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before November 11, 2021, as the Company needs some time to finalize certain information to be included in the circular and to appoint an Independent Financial Adviser. The circular will also contain information relating to the connected transactions between the Company and Mr. Li arising from the application for granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller.

I. THE ORIGINAL NON-COMPETITION UNDERTAKING

During the Company's initial public offering and listing on the Shenzhen Stock Exchange, in order to avoid horizontal competition with the Company, to safeguard the interests of the Company and ensure the long-term stable development of the Company, the actual controller, Li Liangbin family, of the Company, has issued a non-competition undertaking as follows:

- a. On the date of signing the original non-competition undertaking, neither Li Liangbin family nor the subsidiaries and joint-stock companies in which Li Liangbin family has an interest have produced or developed any products that compete or may compete with the products produced by the Company, have not directly or indirectly operated any business that competes or may compete with the business operated by the Company and have not participated in investing in any other enterprise that competes or may compete with the products produced or business operated by the Company;
- b. From the date of signing the original non-competition undertaking, Li Liangbin family and its subsidiaries and joint-stock companies will not produce or develop any products that compete or may compete with the products produced by the Company, will not directly or indirectly operate any business that competes or may compete with the business operated by the Company and will not invest in any other enterprise that competes or may compete with the products produced or business operated by the Company;

- c. From the date of signing the original non-competition undertaking, if the Company further expands its products and business scope, Li Liangbin family and the subsidiaries and joint-stock companies in which Li Liangbin family has interests will not compete with the expanded products or business of the Company; if there is competition with the expanded products or businesses of the Company, Li Liangbin family and the subsidiaries and joint-stock companies in which Li Liangbin family has an interest will avoid horizontal competition by ceasing the production or operation of competitive businesses or products, integrating competitive businesses into the operation of the Company, or transferring competitive businesses to independent third parties;
- d. If the original non-competition undertaking is proved to be untrue or not complied with, Li Liangbin family will compensate the Company for all direct and indirect losses.

During the period of the original non-competition undertaking, Li Liangbin family, the actual controller of the Company, strictly fulfilled the above undertaking commitments.

II. BACKGROUNDS OF THE APPLICATION FOR GRANTING A WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY THE ACTUAL CONTROLLER

On September 22, 2021, the Company received the application from Mr. Li, one of the actual controllers of the Company, to the Board and the general meeting of Shareholders for granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking based on the acquisition of Mengjin Mining on the same date. The supplemental non-competition undertaking is only applicable to Mr. Li's equity acquisition of Mengjin Mining, and does not constitute an amendment to the original non-competition undertaking.

On September 22, 2021, the 34th meeting of the fifth session of the Board considered and approved the resolution in relation to the proposed waiver of the original non-competition undertaking by the actual controller. The matter is conditional upon the approval of the Independent Shareholders at the EGM. Mr. Li, one of the actual controllers of the Company, and Mr. Xu Xiaowei jointly signed the equity transfer agreement in relation to 70% equity interests of Mengjin Mining, pursuant to which, Mr. Li plans to acquire 70% equity interests of Mengjin Mining with his self-owned funds of RMB1,344 million. Before the completion of this transaction, Mr. Xu Xiaowei hold 100% equity interest of Mengjin Mining. After the completion of this transaction, Mr. Li will hold 70% equity interest of Mengjin Mining and Mr. Xu Xiaowei will hold 30% equity of Mengjin Mining.

1. Basic information on the counterparty

Mr. Xu Xiaowei, a Chinese individual shareholder of the Mengjin Mining, who holds 100% equity interest in Mengjin Mining as at the date of this announcement.

Mr. Xu Xiaowei is not related to the Company and the Company's controlling shareholders, actual controllers, Directors, supervisors and senior management in terms of property rights, business, assets, debts and liabilities, personnel, etc.

2. Basic information on the target of the transaction

Company name: Xianghuangqi Mengjin Mining Development Co., Ltd.* (鑲黃旗蒙金礦業開發有限公司)

Unified social credit Code: 911525280616432887

Legal representative: Mr. Xu Xiaowei

Registered capital: RMB75.88 million

Company type: limited liability company

Date of establishment: March 15, 2013

Business scope: tantalum, niobium, lithium, rubidium and cesium mining, and mineral product processing and sales (except those prohibited by the State)

Below is the financial data of Mengjin Mining for the year and period indicated:

Unit: RMB0'000

Indicator	As at December 31, 2020 (Unaudited)	As at June 30, 2021 (Unaudited)
Total assets	35,099.08	42,856.11
Net assets	2,940.83	1,684.42

Indicator	For the year ended December 31, 2020 (Unaudited)	For the six months ended June 30, 2021 (Unaudited)
Operating revenue	53.94	9.33
Net profit	-2,017.47	-1,256.41

As at June 30, 2021, the gearing ratio of Mengjin Mining was 96.07%.

Mengjin Mining is not related to the Company and the Company's controlling shareholders, actual controllers, Directors, supervisors and senior management in terms of property rights, business, assets, debts and liabilities, personnel, etc.

Mining rights involved

Mengjin Mining owns the Gabus niobium tantalum mine located in Xianghuangqi, Xilin Gol League, Inner Mongolia Autonomous Region. The current mining license is as follows:

Mining right license number:	C1500002014115210136090
Mining right owner:	Mengjin Mining
Geographic location:	Xinbaolag Town Industrial Park, Xianghuangqi, Xilin Gol League, Inner Mongolia Autonomous Region
Mining minerals:	Tantalum, niobium, lithium, rubidium, cesium
Mining mode:	Underground mining
Mining scale:	600,000 tons/year
Mining area:	2.34 square kilometers
Expiry date:	November 6, 2020 to November 6, 2023
Issuing unit:	Natural Resources Department of Inner Mongolia Autonomous Region* (內蒙古自治區自然資源廳)

According to the certificate of review and filing of mineral resources reserves in the exploration report of niobium tantalum ore in Gabus mining area of Xianghuangqi, Inner Mongolia Autonomous Region* (Guo tu zi chu bei zi[2021] No. 117)《關於〈內蒙古自治區鑲黃旗加不斯礦區鈮鉭礦勘探報告〉礦產資源儲量評審備案證明》(國土資儲備字[2021]117號) issued by the Department of Land and Resources of Inner Mongolia Autonomous Region* (內蒙古自治區國土資源廳), the ore resource of niobium tantalum industrial orebody is 7.2566 million tons, the ore volume of proven low-grade niobium tantalum orebody is 83.2335 million tons, and the low-grade rubidium orebody is 1.305 million tons, The total reserves of the mining area are 91.7906 million tons, and the associated Li₂O metal oxide is 407,700 tons, with an average grade of 0.4442%.

3. Principal terms of equity transfer agreement

Party A: Mr. Li

Party B: Mr. Xu Xiaowei

Party C: Mengjin Mining

(Party A, Party B and Party C above are collectively referred to as “parties” and individually as “party”)

- a. Party A purchases 70% equity interest of Mengjin Mining held by Party B at the price of RMB1,344 million.
- b. The consideration of the equity transfer shall be paid in three installments. Party B shall handle the change of relevant industrial and commercial registration of Mengjin Mining within 10 working days after receiving the second installment; Party A shall pay the third installment within 10 working days after the completion of the change of relevant industrial and commercial registration of 70% equity of Mengjin Mining.
- c. The parties confirm and agree that after the completion of this equity transfer, Party C’s subsequent capital arrangement can be carried out by Party A and Party B providing loans to Party C or increasing capital in the same proportion according to their respective equity ratio.

- d. Party B confirms and agrees that within 60 months from the completion date of this equity transfer, Party A will sign a trustee agreement with the Company, entrusting the Company to be responsible for Party C's specific production and operation and actively promoting the development and construction of mines owned by Mengjin Mining. Party C shall pay the Company a management fee with fair pricing.
- e. Party B confirms and agrees that Party A may transfer 70% of the equity of Mengjin Mining to the Company or its designated subsidiary in the future. Party B agrees to waive the preemptive right under the above equity transfer and fully support and cooperate with Party C in performing the examination, approval, registration and filing procedures related to equity transfer in accordance with the provisions of PRC laws.
- f. Upon the completion of the equity transfer, the board of directors of Mengjin Mining will comprise three directors. Party A shall have the right to nominate two directors, of which the chairman of the board shall be a director nominated by Party A; Mengjin Mining shall have one supervisor recommended by Party A; and the general manager and chief financial officer of Mengjin Mining shall be recommended by Party A.
- g. Party A and Party B confirm and agree to cooperate on a lithium carbonate project later. The shareholding ratio of Party A and Party B or their respective related parties shall be 70% and 30%. Under the same conditions, Party A has the preemptive right to purchase the products produced by Party C and lithium carbonate project company. The specific rules will be discussed by Party A and Party B separately.

III. THE APPLICATION FOR GRANTING A WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING

As Mengjin Mining is engaged in lithium mining and mineral product processing and sales, after the completion of the equity transfer of Mengjin Mining, Mr. Li will not have potential competition under the definition of the Hong Kong Listing Rules but will have potential competition under the definition of Shenzhen Listing Rules. In order to protect the interests of the investors, Mr. Li Liangbin (the “**Promisor**”) applied to the Board and the general meeting of Shareholders for granting a waiver of the original non-competition undertaking, and entering into the supplemental non-competition undertaking on September 22, 2021. The details are as follows:

- a. If the Promisor's proposal on granting a waiver of the original non-competition undertaking is not approved by the general meeting of Shareholders of the Company, in order to avoid competition with the Company, the Promisor will transfer its equity of Mengjin Mining within twelve months from the date of the general meeting of Shareholders;
- b. The Promisor will sign a trustee agreement with the Company, pursuant to which he shall entrust the Company to be responsible for the specific production and operation of Mengjin Mining, and Mengjin Mining shall pay the management fee with fair pricing to the Company. From the date of trustee agreement until Mengjin mining is acquired by the Company, the Promisor will fully respect Company's rights of trustee, and will not enter into transactions and arrangements detrimental to the interests of the Company or other minority Shareholders by taking advantage of the position of the actual controller of the Company;
- c. The Promisor will actively promote the development and the construction of Gabus niobium tantalum mine of Mengjin Mining within 60 months after obtaining 70% equity interest of Mengjin Mining. If Gabus niobium tantalum mine obtains a new mining certificate and the mining amount meets the expectation, the Promisor promises to preferentially transfer the 70% equity of Mengjin Mining to the Company;
- d. If the Company decides to acquire the equity of Mengjin Mining, the Promisor guarantees to follow the principles of fairness, impartiality, justice and reasonableness and transfer at the cost of the Promisor's acquisition of Mengjin Mining industry and additional investment (if any) in addition to reasonable expenses (including audited capital interest and other reasonable expenses) to the Company to ensure that the legitimate rights and interests of other Shareholders;
- e. If the aforesaid transfer is not approved by the internal decision of the Company, or the Company explicitly give up the right of preemption, the Promisor promises to take active measures to eliminate competition, and the Promisor will transfer the equity of Mengjin Mining to other independent third parties within twelve months after receiving the notice that the Company fails to pass the internal decision or give up the right of preemption; and
- f. The Promisor guarantees to strictly abide by relevant undertaking. The Promisor will be liable for any loss incurred to the Company in relation to violation of the undertaking.

IV. REASONS FOR THE ACQUISITION, APPLICATION FOR GRANTING A WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER

Due to limited exploration work put into Mengjin Mining's Gabus niobium tantalum mine previously, the resource reserve data is insufficient, and the resource reserves remain uncertain. Mengjin Mining is still at the early stage of construction and development, and a series of fixed asset investment and technical investment are required. There is uncertainty in the improvement of mining-processing scale, and, at the same time, there may be a risk that the expected mining amount will not be reached due to limitation imposed by the natural conditions of the mine environment.

In order to avoid the Company's investment risk and maximize the protection of the interests of the Company and all Shareholders, especially minority Shareholders, after careful judgment and full consultation with Mr. Li, one of the actual controllers, Mr. Li will purchase 70% of the equity of Mengjin Mining with self-owned funds. When Mengjin Mining industry obtains a new mining certificate and the mining amount meets expectations, Mr. Li undertakes to preferentially transfer the 70% equity of Mengjin Mining he holds to the Company at the cost of his acquisition of Mengjin Mining and additional investment (if any) in addition to reasonable expenses (including audited capital interest and other reasonable expenses). This transaction will provide lithium resources for the development of the Company, ensure the long-term stable development of the Company and improve the core competitiveness of the Company.

V. IMPLICATIONS OF THE HONG KONG LISTING RULES

As at the date of this announcement, Mr. Li is an executive Director of the Company and is therefore a connected person of the Company under the Hong Kong Listing Rules. According to Chapter 14A of the Hong Kong Listing Rules, granting the application from Mr. Li for a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking constitute connected transactions of the Company and shall comply with the requirements of reporting, announcement, circular (including independent financial advice) and approval by the Independent Shareholders under the Hong Kong Listing Rules.

Since Mr. Li has material interests in the above transaction, he has abstained from voting on the board resolution approving the above transaction in accordance with the requirements of the Articles of Association and Hong Kong Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Liu Jun, Ms. Wong Sze Wing, Ms. Xu Yixin and Mr. Xu Guanghua, has been established for the purpose of advising the Independent Shareholders in respect of granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller. An Independent Financial Adviser will also be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller.

VI. INFORMATION ABOUT THE PARTIES

The Company is principally engaged in the production of lithium hydroxide, lithium carbonate, lithium fluoride and butyl lithium; and the production, processing and sales of non-ferrous metals, batteries, instrumentation components, machinery and equipment, chemical products, chemical raw materials, and chemicals.

Mr. Li is the executive director and the chairman of the Board, one of the actual controllers of the Company and holds 18.80% of the Company's issued share capital.

VII. GENERAL

The EGM will be held for the Independent Shareholders to consider and, if thought fit, approve granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller by way of an ordinary resolution.

A circular containing, among other things, (i) details of granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; (ii) a letter from the Independent Board Committee, which sets out the recommendations of the Independent Board Committee to the Independent Shareholders in relation to granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; (iii) a letter from the

Independent Financial Adviser, which sets out the opinions and recommendations of the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in relation to granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller; and (iv) a notice to convene the EGM, is expected to be despatched to the Shareholders on or before November 11, 2021, as the Company needs some time to finalize certain information to be included in the circular and to appoint an Independent Financial Adviser. The circular will also contain information relating to the connected transactions between the Company and Mr. Li arising from the application to granting a waiver of the original non-competition undertaking and entering into the supplemental non-competition undertaking by the actual controller.

As at the date of this announcement, Mr. Li, being an executive Director and the chairman of the Board, one of the actual controllers of the Company holding 18.80% of the Company's issued share capital, is deemed to have material interests in granting a waiver of the original non-undertaking undertaking and entering into the supplemental non-competition undertaking by the actual controller. Mr. Li and his associates shall, therefore, abstain from voting on the resolution in relation to granting a waiver of the original non-competition undertaking and the supplemental non-competition undertaking by the actual controller.

VIII. DEFINITIONS

“A Shares”	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)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Board”	the board of Directors
“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 whose A Shares (stock code: 002460) and H Shares (stock code: 01772) are listed on the SZSE and on the Main Board of the Hong Kong Stock Exchange respectively

“connected person(s)”	shall have the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company, to consider and approve, among others, the granting of a waiver to Mr. Li and the entering of the supplemental non-competition undertaking by Mr. Li
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Independent Board Committee”	the independent board committee, comprising all the independent non-executive Directors, namely Mr. Liu Jun, Ms. Wong Sze Wing, Ms. Xu Yixin and Mr. Xu Guanghua, which has been established by the Company for the purpose of advising the Independent Shareholders in respect of the granting of a waiver to Mr. Li and the entering into the supplemental non-competition undertaking by Mr. Li
“Independent Shareholders”	Shareholders other than those required by the Hong Kong Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the granting a waiver to actual controller and entering into the supplemental non-competition undertaking by actual controller
“Li Liangbin Family”	Mr. Li and his family members

“Mr. Li”	Mr. Li Liangbin, an executive Director and one of the actual controllers of the Company
“Mengjin Mining”	Xianghuangqi Mengjin Gold Mining Development Co., Ltd.* (鑲黃旗蒙金礦業開發有限公司)
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, shall exclude the Hong Kong, the Macau Special Administrative Region and Taiwan
“Shareholder(s)”	holders of the Shares of the Company
“SZSE”	the Shenzhen Stock Exchange

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

Jiangxi, PRC
October 11, 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; Mr. YU Jianguo and Ms. YANG Juan as non-executive Directors; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive directors.

* *For identification purposes only*