

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Ganfeng Lithium Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**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)**

- (1) THE APPLICATION FOR BANK FACILITIES AND PROVISION OF GUARANTEES BY THE COMPANY AND ITS SUBSIDIARIES;**
- (2) THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY;**
- (3) PROPOSED CAPITAL INCREASE AND PROVISION OF FINANCIAL ASSISTANCE TO WHOLLY-OWNED SUBSIDIARY LITIO BY GANFENG NETHERLANDS;**
- (4) CONNECTED TRANSACTIONS: (i) GRANT OF WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING TO ACTUAL CONTROLLER; AND (ii) ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER;**
- AND**
- (5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



---

A letter from the Board is set out on pages 1 to 31 of this circular.

The notice of the EGM is set out on pages 54 to 56 in this circular. The EGM will be held 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 on Monday, December 20, 2021 at 2:00 p.m.

Whether or not you intend to attend the EGM, you are advised to complete and return the enclosed proxy form in respect of the EGM in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours prior to the commencement of such meeting or any adjournments thereof, (i.e., not later than Sunday, December 19, 2021 at 2:00 p.m. (Hong Kong time)). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. Shareholders who intend to attend the EGM should also complete and return the reply slip in accordance with the instructions printed thereon.

---

## CONTENTS

---

	<i>Pages</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
<b>I. THE APPLICATION FOR BANK FACILITIES AND PROVISION OF GUARANTEES BY THE COMPANY AND ITS SUBSIDIARIES</b> .....	2
<b>II. THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY</b> ...	13
<b>III. PROPOSED CAPITAL INCREASE AND PROVISION OF FINANCIAL ASSISTANCE TO WHOLLY-OWNED SUBSIDIARY LITIO BY GANFENG NETHERLANDS</b> .....	17
<b>IV. GRANT OF WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING TO ACTUAL CONTROLLER AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER</b> .....	19
<b>V. EGM</b> .....	30
<b>VI. RECOMMENDATION</b> .....	31
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	32
<b>LETTER FROM THE INDEPENDENT FINANCIAL ADVISER</b> .....	34
<b>APPENDIX I – GENERAL INFORMATION</b> .....	49
<b>NOTICE OF THE EGM</b> .....	54

---

## DEFINITIONS

---

*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“A Share(s)”	ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB and listed on the Shenzhen Stock Exchange (stock code: 002460)
“Articles of Association”	the articles of association of the Company, as amended from time to time
“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, 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 Transactions”	grant of waiver of the original non-competition undertaking to actual controller and entering into the supplemental non-competition undertaking by actual controller
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 2:00 p.m, on Monday, December 20, 2021 at the Conference Room, 4th Floor, R&D Building at the Company’s Headquarter, Longteng Road, Economic Development Zone, Xinyu, Jiangxi Province, the PRC
“Ganfeng Electronics”	Xinyu Ganfeng Electronics Co., Ltd. (新余贛鋒電子有限公司), a limited liability company established in the PRC on April 4, 2018
“Ganfeng LiEnergy”	Jiangxi Ganfeng LiEnergy Technology Co., Ltd. (江西贛鋒鋰電科技有限公司), a limited liability company established in the PRC on June 13, 2011 and a controlled subsidiary of the Company
“Ganfeng Netherlands”	Ganfeng Lithium Netherlands Co., B.V., a wholly-owned subsidiary of the Company

---

## DEFINITIONS

---

“Ganfeng Recycling”	Jiangxi Ganfeng Recycling Technology Co., Ltd. (江西贛鋒循環科技有限公司), a limited liability company established in the PRC on January 25, 2016
“GFL International”	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on March 29, 2011 and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Ganfeng”	Huizhou Ganfeng Lithium Battery Technology Co., Ltd. (惠州贛鋒鋰電科技有限公司), a limited liability company established in the PRC on August 24, 2020
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua formed for the purpose of advising the Independent Shareholders in respect of the Connected Transactions
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions
“Independent Shareholder(s)”	Shareholders who are not required by the Listing Rules to abstain from voting on the resolution in relation to the Connected Transactions
“LAC”	Lithium Americas Corp.
“Latest Practicable Date”	November 25, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Li Liangbin Family”	Mr. Li and his family members

---

## DEFINITIONS

---

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Litio”	Litio Minera Argentina S.A., a controlled subsidiary of Mariana Lithium
“Mariana Lithium”	Mariana Lithium Co., Limited, a wholly-owned subsidiary of GFL International
“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)
“Minera Exar”	Minera Exar S.A.
“PRC”	the People’s Republic of China, and for the purposes of this circular only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*In case of any inconsistency between the Chinese version and the English version of this circular, the English version shall prevail.*

---

LETTER FROM THE BOARD

---



**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)**

*Executive Directors:*

Mr. LI Liangbin  
Mr. WANG Xiaoshen  
Ms. DENG Zhaonan  
Mr. SHEN Haibo

*Registered Office:*

Longteng Road  
Economic Development Zone  
Xinyu  
Jiangxi Province, PRC

*Non-executive Directors:*

Ms. YANG Juan  
Mr. YU Jianguo

*Principal Place of Business in Hong Kong:*

40/F, Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai  
Hong Kong

*Independent non-executive Directors:*

Mr. LIU Jun  
Ms. WONG Sze Wing  
Mr. XU Guanghua  
Ms. XU Yixin

November 30, 2021

*To the Shareholders*

Dear Sir or Madam,

- (1) THE APPLICATION FOR BANK FACILITIES AND PROVISION OF GUARANTEES BY THE COMPANY AND ITS SUBSIDIARIES;**  
**(2) THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY;**  
**(3) PROPOSED CAPITAL INCREASE AND PROVISION OF FINANCIAL ASSISTANCE TO WHOLLY-OWNED SUBSIDIARY LITIO BY GANFENG NETHERLANDS;**  
**(4) CONNECTED TRANSACTIONS:(i) GRANT OF WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING TO ACTUAL CONTROLLER; AND (ii) ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER;**  
**AND**  
**(5) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

# LETTER FROM THE BOARD

## INTRODUCTION

The purpose of this circular is to provide you with the relevant information for making informed decisions in respect of the resolutions at the EGM, in relation to (i) the application for bank facilities and provision of guarantees by the Company and its subsidiaries; (ii) the provision of guarantees to the controlled subsidiary; (iii) the proposed capital increase and provision of financial assistance to wholly-owned subsidiary Litio by Ganfeng Netherlands; and (iv) the Connected Transactions:

## I. THE APPLICATION FOR BANK FACILITIES AND PROVISION OF GUARANTEES BY THE COMPANY AND ITS SUBSIDIARIES

### 1. Overview of the Guarantees

The 35th meeting of the fifth session of the Board was held on October 26, 2021, which considered and approved the Resolution in Relation to the Application for Bank Facilities and Provision of Guarantees by the Company and Its Subsidiaries (《關於本公司及子公司申請銀行授信並提供擔保的議案》). In order to meet the development, production and operational needs of the Company and its subsidiaries, the Company and its subsidiaries were approved to apply to the following cooperative banks for a comprehensive credit line of RMB7,900 million in total, of which a total of RMB2,200 million will be guaranteed by way of joint liability guarantees provided by the Company. The details are as follows:

*Unit: RMB0'000*

Name of applicant	Line of credit	Method of guarantee	Term	Name of bank	Type of credit facility
The Company	150,000	The loan of the Company is the credit guarantee, and provide no more than RMB500 millions of joint guarantees for corresponding subsidiaries	2 years	Bank of Communications Co., Ltd	Comprehensive credit facilities
Yichun Ganfeng Lithium Co., Ltd					
Fengxin Ganfeng Lithium Co., Ltd					
Ganfeng Recycling	100,000	The Company provide no more than RMB1 billion of joint liability guarantees for corresponding subsidiaries			
Ganfeng Electronics					
Ganfeng LiEnergy					

## LETTER FROM THE BOARD

Name of applicant	Line of credit	Method of guarantee	Term	Name of bank	Type of credit facility
The Company	180,000	Credit guarantee	1 year	Industrial and Commercial Bank of China Limited	Comprehensive credit facilities
The Company	200,000	Credit guarantee	2 years	China Merchants Bank Co., Ltd	Comprehensive credit facilities
The Company	100,000	The loan of the Company is the credit guarantee, and provide no more than RMB500 millions of joint guarantees for Huizhou Ganfeng	1 year	China Minsheng Banking Corp., Ltd	Comprehensive credit facilities
Huizhou Ganfeng					
The Company	60,000	The loan of the Company is the credit guarantee, and provide no more than RMB200 millions of joint guarantees for GFL International	1 year	HSBC Bank Company Limited	Comprehensive credit facilities
GFL International					
<b>Total</b>	<b>790,000</b>				

The Company and its subsidiaries are exempt from paying guarantee fees or providing counter-guarantees in respect of the above guarantees.

The management of the Company is hereby authorized to handle relevant formalities and sign relevant legal documents on behalf of the Company subject to limit approved by the resolution. This matter is subject to the consideration and approval at the EGM.

As of the Latest Practicable Date, no agreement has been entered into in respect of the above guarantees.



---

## LETTER FROM THE BOARD

---

### 2. Basic Information on the Guaranteed Parties

#### (1) *Basic Information on Ganfeng LiEnergy*

Company name:	Jiangxi Ganfeng LiEnergy Technology Co., Ltd.
Unified social credit code:	91360500576129026E
Address:	No. 2551, Yangguang Avenue, High-tech Development Zone, Xinyu, Jiangxi Province
Registered capital:	RMB2,135.7 million
Legal representative:	Ge Zhimin
Principal business:	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; lithium battery industrial design services; lithium battery technology consulting, promotion and transfer services; self-operated and commissioned commodity import and export business.

As at the Latest Practicable Date, the Company holds 60.87% equity interests in Ganfeng LiEnergy, with the remaining 39.13% equity interests held by other 49 shareholders, each holding less than 5% equity interests. Mr. Li Chenglin, the son of Director, Mr. Li Liangbin, and the Directors, Mr. Wang Xiaoshen, Ms. Deng Zhaonan and Mr. Shen Haibo are connected persons at the issuer level of the Company, holding 2.6689%, 1.0301%, 0.1405% and 0.1405% equity interests in Ganfeng LiEnergy, respectively, the total of which does not exceed 10%. Therefore, Ganfeng LiEnergy does not constitute a connected subsidiary of the Company and the guarantee provided to Ganfeng LiEnergy does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

---

## LETTER FROM THE BOARD

---

The Company has a good reputation and has established a good relationship with the banks. Ganfeng LiEnergy's loan from the bank, which is guaranteed by the Company can enjoy the same preferential interest rate policy as the Company. Lithium battery industry is an asset-heavy industry. Due to the late start of Ganfeng LiEnergy and its large scale of early asset investment, the loan will be used for the capacity expansion and construction of Ganfeng LiEnergy. Subject to the favorable changes in the macro environment and the growth of market demand, and with the continuous expansion of the capacity scale of Ganfeng LiEnergy, the operating performance of Ganfeng LiEnergy showed a rapid upward trend, and the operating scale and profitability increased significantly compared with the same period last year.

Below is the financial data of Ganfeng LiEnergy for the year and period indicated:

*Unit: RMB0'000*

<b>Item</b>	<b>As of December</b>	<b>As of June</b>
	<b>31, 2020</b>	<b>30, 2021</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Total assets	257,492.78	356,792.90
Net assets	86,510.00	89,452.87

  

<b>Item</b>	<b>For the year ended</b>	<b>For the six months</b>
	<b>December 31, 2020</b>	<b>ended June 30, 2021</b>
	<b>(Audited)</b>	<b>(Audited)</b>
Operating revenue	129,491.98	78,463.08
Net profit	3,133.58	2,699.79

As of June 30, 2021, the gearing ratio of Ganfeng LiEnergy was 74.93%.

---

## LETTER FROM THE BOARD

---

(2) *Basic Information on Ganfeng Electronics*

Company name:	Xinyu Ganfeng Electronics Co., Ltd.
Unified social credit code:	91360500MA37TA6N0C
Address:	No. 2668, Nanyuan Road, High-tech Development Zone, Xinyu, Jiangxi Province
Registered capital:	RMB60 million
Legal representative:	Xiao Haiyan
Principal business:	research and development, design, processing, manufacturing and sales of digital 3C lithium-ion battery, secondary rechargeable battery and electronics; production and sales of medical devices

Ganfeng LiEnergy holds 100% equity interests in Ganfeng Electronics as at the Latest Practicable Date.

Below is the financial data of Ganfeng Electronics for the year and period indicated:

*Unit: RMB0'000*

Item	As of December	As of June
	31, 2020	30, 2021
	(Unaudited)	(Unaudited)
Total assets	38,258.95	38,337.70
Net assets	8,572.87	9,373.23

  

Item	For the year ended	For the six months
	December 31, 2020	ended June 30, 2021
	(Unaudited)	(Unaudited)
Operating revenue	23,787.15	13,391.46
Net profit	2,457.64	800.36

As of June 30, 2021, the gearing ratio of Ganfeng Electronics was 75.55%.

---

## LETTER FROM THE BOARD

---

**(3) Basic Information on Huizhou Ganfeng**

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

Unified social credit code: 91441300MA556NCC0P

Address: Room 1303, Chenjiang Chuangye Building, Yuanhui Road, Chenjiang Street, Zhongkai High-tech Zone, Huizhou

Registered capital: RMB100 million

Legal representative: Ge Zhimin

Principal business: development, production, sales and after-sales service of lithium battery cells, lithium-ion batteries, lithium polymer batteries, metal lithium batteries, power batteries, energy storage batteries, rechargeable battery packs, battery management systems, wind and photovoltaic power storage systems, lithium-ion battery packs and spare parts, and equipment related to lithium battery protection devices; providing technical consultation, technology transfer, product quality testing and certification services for lithium batteries and related accessories; production and sales of labor protection products and industrial masks; development, manufacturing and sales of precision molds; import and export of commodities or technologies

Ganfeng LiEnergy holds 100% equity interests in Huizhou Ganfeng as at the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

Below is the financial data of Huizhou Ganfeng for the year and period indicated:

*Unit: RMB0'000*

<b>Item</b>	<b>As of December 31, 2020 (Unaudited)</b>	<b>As of June 30, 2021 (Unaudited)</b>
-------------	--	--

Total assets	0.01	10,666.56
Net assets	-0.19	9,978.31

<b>Item</b>	<b>For the year ended December 31, 2020 (Unaudited)</b>	<b>For the six months ended June 30, 2021 (Unaudited)</b>
-------------	---	---

Operating revenue	0.00	0.00
Net profit	-0.19	-21.51

As of June 30, 2021, the gearing ratio of Huizhou Ganfeng was 6.45%.

#### **(4) Basic Information on Ganfeng Recycling**

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

Unified social credit code: 91360500MA35GCE49Y

Address: No. 608, Nanyuan Avenue, High-tech Development Zone, Xinyu, Jiangxi Province

Registered capital: RMB100 million

Legal representative: Xie Shaozhong

Principal business: recycling, processing and sales of batteries and mental scraps; production and sales of lithium salt, rubidium cesium salt and nickel cobalt manganese hydroxide; import and export of goods; environmental engineering

The Company holds 100% equity interests in Ganfeng Recycling as at the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

Below is the financial data of Ganfeng Recycling for the year and period indicated:

*Unit: RMB0'000*

<b>Item</b>	<b>As of December</b>	<b>As of June</b>
	<b>31, 2020</b>	<b>30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total assets	41,454.71	68,408.30
Net assets	30,014.72	41,915.94

  

<b>Item</b>	<b>For the year ended</b>	<b>For the six months</b>
	<b>December 31, 2020</b>	<b>ended June 30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating revenue	72,119.39	51,583.71
Net profit	5,179.31	11,890.99

As of June 30, 2021, the gearing ratio of Ganfeng Recycling was 38.73%.

**(5) Basic Information on Fengxin Ganfeng Lithium Co., Ltd**

Company name:	Fengxin Ganfeng Lithium Co., Ltd.
Unified social credit code:	9136092175677003XG
Address:	Fengtian Development Zone, Fengxin County, Yichun City, Jiangxi Province
Registered capital:	RMB135 million
Legal representative:	Zhu Shigui
Principal business:	production and sales of lithium and sodium hypochlorite (valid period of safety production license: December 22, 2023); production and sales of chemical products and chemical raw materials; production and sales of lithium battery materials, instruments and mechanical equipment

The Company holds 100% equity interests in Fengxin Ganfeng Lithium Co., Ltd. As at the Latest Practicable Date.

---

## LETTER FROM THE BOARD

---

Below is the financial data of Fengxin Ganfeng Lithium Co., Ltd. For the year and period indicated:

*Unit: RMB0'000*

<b>Item</b>	<b>As of December 31, 2020 (Unaudited)</b>	<b>As of June 30, 2021 (Unaudited)</b>
Total assets	57,054.72	59,855.77
Net assets	53,789.96	56,502.23

<b>Item</b>	<b>For the year ended December 31, 2020 (Unaudited)</b>	<b>For the six months ended June 30, 2021 (Unaudited)</b>
Operating revenue	37,120.89	21,443.33
Net profit	6,395.58	2,708.45

As of June 30, 2021, the gearing ratio of Fengxin Ganfeng Lithium Co., Ltd. Was 5.60%.

**(6) Basic Information on Yichun Ganfeng Lithium Co., Ltd**

Company name:	Yichun Ganfeng Lithium Co., Ltd.
Unified social credit code:	91360900677954594R
Address:	Economic Development Zone in Yichun, Jiangxi Province
Registered capital:	RMB50 million
Legal representative:	Zhu Shigui
Principal business:	Production and sales of lithium battery materials, nonferrous metals, instruments and meters and mechanical equipment; It is engaged in incoming material processing and “three supplies and one compensation” business, chemical product production, nonferrous metal alloy manufacturing, nonferrous metal alloy sales and hazardous chemical production

---

## LETTER FROM THE BOARD

---

The Company holds 100% equity interests in Yichun Ganfeng Lithium Co., Ltd. As at the Latest Practicable Date.

Below is the financial data of Yichun Ganfeng Lithium Co., Ltd. For a year and a period:

*Unit: RMB0'000*

<b>Item</b>	<b>As of December 31, 2020 (Unaudited)</b>	<b>As of June 30, 2021 (Unaudited)</b>
Total assets	61,283.61	67,019.74
Net assets	56,898.8	63,036.55

<b>Item</b>	<b>For the year ended December 31, 2020 (Unaudited)</b>	<b>For the six months ended June 30, 2021 (Unaudited)</b>
Operating revenue	37,684.11	24,747.17
Net profit	7,858.06	6,131.76

As of June 30, 2021, the gearing ratio of Yichun Ganfeng Lithium Co., Ltd. Was 5.94%.

**(7) Basic Information on GFL International**

Company name:	GFL International Co., Limited
Place of incorporation:	Hong Kong
Scope of business:	Investment and trading (minerals, etc.)
Number of certificate of incorporation:	1580183
Business registration number:	5814941200003117

The Company holds 100% equity interests in GFL International as at the Latest Practicable Date.



---

## LETTER FROM THE BOARD

---

Below is the financial data of GFL International for the year and period indicated:

*Unit: USD0'000*

<b>Item</b>	<b>As of December</b>	<b>As of June</b>
	<b>31, 2020</b>	<b>30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total assets	90,966.13	109,772.16
Net assets	90,789.84	108,673.08

  

<b>Item</b>	<b>For the year ended</b>	<b>For the six months</b>
	<b>December 31, 2020</b>	<b>ended June 30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating revenue	23,840.47	14,544.76
Net profit	10,208.42	7,980.05

As of June 30, 2021, the gearing ratio of GFL International was 1.00%.

### **3. Opinions of the Board**

The Board is of the opinion that in order to meet the capital requirements and optimize the financial structures of the Company and its subsidiaries, the provision of guarantees by the Company to its subsidiaries is conducive to the development and production and operational needs of the Company and its subsidiaries, the satisfaction of the financing requirements of the Company, and the long-term development of the Company without prejudice to the interests of the Company and the minority Shareholders.

### **4. Opinions of Independent Non-executive Directors**

The independent non-executive Directors are of the opinion that in order to meet the capital requirements and optimize the financial structures of the Company and its subsidiaries, the provision of guarantees by the Company to its subsidiaries is conducive to the development and production and operational needs of the Company and its subsidiaries, the satisfaction of the financing requirements of the Company, and the long-term development of the Company without prejudice to the interests of the Company and the minority Shareholders. The decision-making procedures and methods of the Board on the guarantees met the provisions of relevant laws and regulations and the Articles of Association without prejudice to the interests of the Company and Shareholders as a whole. Therefore, all independent non-executive Directors approved the application for bank facilities and the provision of guarantees by the Company and its subsidiaries.

---

## LETTER FROM THE BOARD

---

The resolution in relation to the application for bank facilities and provision of guarantees by the Company and its subsidiaries was considered and approved at the 35th meeting of the fifth session of the Board and is subject to the consideration and approval at the EGM by way of a special resolution.

### II. THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY

#### 1. Overview of the Guarantees

The 36th meeting of the fifth session of the Board was held on November 29, 2021 at which the Resolution in relation to the Provision of Guarantees to the Controlled Subsidiary 《關於為控股子公司提供擔保的議案》 was considered and approved. In order to promote the development and construction of the Cauchari-Olaroz Lithium Brine Project of Minera Exar located in Jujuy, Argentina, Minera Exar was approved to apply for a loan from a third-party institution. A total of USD90 million will be guaranteed by way of guarantees provided by the Company or the controlled subsidiaries of the Company.

The Company or its controlled subsidiary provides guarantee for the loan of Minera Exar, which is mainly used for the construction of the planned annual production capacity of 40,000 tons of battery grade lithium carbonate project of Cauchari-Olaroz lithium salt lake. After the Company controlled Minera Exar, it has played a key leading role in the production and operation management of Minera Exar, and the Company assigned a technical team to guide the production and construction of Minera Exar, to accelerate the construction of the production line, which is expected to be put into operation in 2022. According to the agreement between the Company and the other shareholder, LAC, the Company enjoys the underwriting right of 76% of the planned annual production capacity of 40,000 tons of battery grade lithium carbonate products of Cauchari-Olaroz lithium salt lake project. After the Cauchari-Olaroz lithium salt lake project is put into operation, Minera Exar will make a profit, which will have a positive impact on the situation of Minera Exar, The increased profitability will further improve Minera Exar's ability to perform its obligations.

The management of the Company is hereby authorized to handle relevant formalities and sign relevant legal documents on behalf of the Company as subject to limit approved by the resolution. This matter is subject to the consideration and approval at the EGM.

As of the Latest Practicable Date, no agreement has been entered into in respect of the above guarantees.

---

## LETTER FROM THE BOARD

---

### 2. Basic Information on the Guaranteed Party

Minera Exar is a mining and exploration company established in 2006 in Argentina, with its registered address at Palma de 4 Carrillo 54, Planta Baja Of. 7, San Salvador de Jujuy (4600) Argentina. As at the Latest Practicable Date, Minera Exar has not been listed. As at the Latest Practicable Date, GFL International holds 51% equity interests in Minera Exar through its wholly-owned subsidiary, Ganfeng Netherlands, and LAC holds 49% equity interests in Minera Exar. Minera Exar owns the Cauchari- Olaroz Lithium Brine Project located in Jujuy, Argentina.

Below is the financial data of Minera Exar for the year and period indicated:

Item	As of December	As of June
	31, 2020	30, 2021
	(Unaudited)	(Unaudited)
Total assets	501,792,840	595,405,463
Net assets	208,284,117	208,284,118
	For the year ended	For the six months
	December 31, 2020	ended June 30, 2021
	(Unaudited)	(Unaudited)
Operating revenue	–	–
Net profit	2,449,292.28	–

As of June 30, 2021, the gearing ratio of Minera Exar was 65.02%.

---

## LETTER FROM THE BOARD

---

The mining right of Minera Exar is as follows:

(1) Basic information on the Cauchari-Olaroz mining right

Mining right owner:	Minera Exar
Mining minerals:	Lithium Salt Lake mine
Address:	Salar Cauchari and Salar Olaroz, Jujuy. The salars extend in a north-south direction from S23o 18' to S24o 05' and in an east-west direction from W66o 34' to W66o 51'
Mining method:	open-air pumping
Mining area:	Minera Exar applied to the Ministry of Mining of Jujuy province of Argentina for an exploration and mining license covering an area of 60,712 hectares and 28,717 hectares have been approved so far, which can fully meet the designed capacity development requirements of the project
Expiry date:	No expiry date for the mining license so long as Minera Exar complies with its obligations under the relevant mining code
Issuance authorities:	Ministry of Mining, Jujuy Province, Argentina

(2) The method, date and examination and approval department for the ownership change of the mining right in recent three years

There has been no change in the ownership of the mining right in the recent three years.

(3) The main product of the Lithium Salt Lake and its usage and product sales methods

The main product of the mine is the battery-grade lithium carbonate produced from lithium-bearing salt lake brine, which is mainly used as the raw material of producing cathode materials of lithium battery.

---

## LETTER FROM THE BOARD

---

(4) Mineral resources reserves:

Description	Lithium Mineral Resource Summary		
	Average Lithium Concentration (mg/L)	Lithium (tonnes)	LCE (tonnes)
Measured Resource	591	667,800	3,554,700
Indicated Resource	592	3,061,900	16,298,000
Measured+Indicated	592	3,729,700	19,852,700
Inferred	592	887,300	4,722,700

### *LAC*

LAC is a Canada-based resource company focused on advancing two significant lithium projects, the Cauchari-Olaroz project, located in Jujuy province of Argentina, and the Thacker Pass project, located in north-western Nevada, USA, and on the manufacturing and sales of organoclay products.

To the best of the Company's knowledge and belief, LAC is listed on Toronto Stock Exchange and New York Stock Exchange (stock code: LAC). There was no single ultimate beneficial owner of LAC as of the Latest Practicable Date which can exercise control over it. The Company holds 12.5% equity interests in LAC, with the remaining equity interests held by other shareholders, each holding less than 10%, all of whom are independent third parties of the Company. Hence, LAC is an independent third party of the Company.

### 3. Opinions of the Board

The Board is of the opinion that the provision of guarantees to Minera Exar, the controlled subsidiary, ensures capital security for the Cauchari-Olaroz Lithium Brine Project held by Minera Exar and promotes the production schedule of such project, which is conducive to the Company's business development and enhancement of core competitiveness, and is in line with the development strategy of upstream and downstream integration of the Company and of the new energy automobile industry, without any prejudice to interests of the Company and all the Shareholders, in particular minority Shareholders. The decision-making procedures are legal and valid.

---

## LETTER FROM THE BOARD

---

### 4. Opinions of Independent Non-executive Directors

The independent non-executive Directors are of the opinion that the provision of guarantees to Minera Exar, the controlled subsidiary, ensures capital security for the Cauchari-Olaroz Lithium Brine Project held by Minera Exar and promotes the production schedule of such project, which is conducive to the Company's business development and enhancement of core competitiveness, and is in line with the development strategy of upstream and downstream integration of the Company and of the new energy automobile industry, without any prejudice to the interests of the Company and minority Shareholders. The decision-making procedures and methods of the Board on the guarantees met the provisions of relevant laws and regulations and the Articles of Association without prejudice to the interests of the Company and all Shareholders. Accordingly, the independent non-executive Directors unanimously approved the provision of guarantees to Minera Exar, the controlled subsidiary.

The resolution in relation to the provision of guarantees to the controlled subsidiary was considered and approved at the 36th meeting of the fifth session of the Board and is subject to the approval at the EGM by way of a special resolution.

### III. PROPOSED CAPITAL INCREASE AND PROVISION OF FINANCIAL ASSISTANCE TO WHOLLY-OWNED SUBSIDIARY LITIO BY GANFENG NETHERLANDS

The 35th meeting of the fifth session of the Board was held on October 26, 2021 at which the Resolution in relation to the capital increase and provision of financial assistance to wholly-owned subsidiary Litio by Ganfeng Netherlands 《關於荷蘭贛鋒對全資子公司Litio增資並提供財務資助的議案》 was considered and approved. In order to meet the needs of the Company's development, Ganfeng Netherlands is approved to increase the share capital of Litio, the wholly-owned subsidiary, with not more than USD100 million.

Litio was incorporated in Mendoza Province, Argentina on April 5, 2010 according to Argentine law, and has not been listed yet. As at the Latest Practicable Date, the Company indirectly held 100% of its equity interests. The principal business of Litio is mineral exploration and investment, with 100% interests in Mariana lithium salt lake project in Salta Province, Argentina.

---

## LETTER FROM THE BOARD

---

Below is the financial data of Litio for the latest one years and the latest period:

*Unit: USD*

<b>Item</b>	<b>As of December 31, 2020 (Audited)</b>	<b>As of June 30, 2021 (Unaudited)</b>
Total assets	14,683,895.36	24,652,616.00
Net assets	-5,109,783.08	2,585,590.40

<b>Item</b>	<b>For the year ended December 31, 2020 (Audited)</b>	<b>For the six months ended June 30, 2021 (Unaudited)</b>
Operating revenue	0	0
Net profit	-2,559,042.87	1,413,604.48

Meanwhile, the Board announced that Ganfeng Netherlands is approved to provide financial assistance to Litio with a total amount of not more than USD140 million. The capital increase and financial assistance aims to promote the development and construction of Mariana lithium-potassium salt lake project in Argentina, optimize the creditor-debtor relationship of Litio, meet the Company's demand for lithium resource growth in future development, improve the core competitiveness of the Company, and comply with the Company's upstream and downstream integration and the development strategy of new energy automobile industry. The capital increase shall have a positive impact on the financial position and operating results of the Company in the future.

The main contents of the financial assistance are as follows:

1. Purpose of the financial assistance: to promote the development and construction of Mariana lithium-potassium salt lake project in Argentina, optimize the creditor-debtor relationship of Litio;
2. Amount of the financial assistance: the Company or its subsidiary will provide financial assistance with a total amount of not more than USD140 million to Litio;
3. Source of funds: Self-owned funds or financing funds;
4. Interest rate: 10% per annum;

---

## LETTER FROM THE BOARD

---

5. Term: 7 years;
6. Collateral: there is no collateral in the financial assistance; and
7. Repayment guarantee: Litio will repay the loan with its income in the future.

### **Risk control and opinions of the Board**

The Board is of the view that the purpose of the capital increase and provision of financial assistance to Litio is to promote the development and construction of Mariana lithium-potassium salt lake project in Argentina, which is conducive to the Company's business expansion and enhancement of its core competitiveness, and is in line with the Company's strategies of upstream and downstream integration and the development of new energy automobile industry. The purpose of the loan is clear and the source of repayment is guaranteed without any prejudice to the interests of the Company and all shareholders, in particular, the minority shareholders. The decision-making procedures are legal and valid.

### **Opinion of the Independent Directors**

The purpose of the capital increase and provision of financial assistance to Litio is to promote the development and construction of Mariana lithium-potassium salt lake project in Argentina, optimize the creditor-debtor relationship of Litio, meet the Company's demand for lithium resource growth in future development, enhance the Company's long-term competitiveness and comply with the Company's upstream and downstream integration development strategy. The financial assistance is determined through equal consultation, the conditions are fair and reasonable, the procedures comply with relevant regulations, the risks are controllable without any prejudice to the interests of the Company and all shareholders. Based on our independent judgment, we agree that Ganfeng Netherlands will increase the capital of Litio and provide financial assistance.

The resolution is subject to the consideration and approval at the EGM by way of a special resolution.

## **IV. GRANT OF WAIVER OF THE ORIGINAL NON-COMPETITION UNDERTAKING TO ACTUAL CONTROLLER AND ENTERING INTO THE SUPPLEMENTAL NON-COMPETITION UNDERTAKING BY ACTUAL CONTROLLER**

Reference is made to the announcement of the Company dated October 11, 2021.



---

## LETTER FROM THE BOARD

---

### 1. 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.

---

## LETTER FROM THE BOARD

---

### 2. Backgrounds of the Connected Transactions

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 acquisition of Mengjin Mining, and does not constitute an amendment to the original non-competition undertaking. As Mengjin Mining is engaged in lithium mining and mineral product processing and sales, which is in conflict with the Company's principal business. There will be potential competition between Mr. Li and the Company after completion of the transaction. In order to protect the interests of the Shareholders, in accordance with the provisions of laws, regulations and normative documents such as regulatory guidelines No. 4 (《監管指引4號》), Mr. Li applied to the Board and the general meeting of Shareholders for granting a waiver of the original non-competition undertaking.

On September 22, 2021, the 34<sup>th</sup> 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 Ms. Xu Xiaowei jointly signed the equity transfer agreement dated September 22, 2021 in relation to 70% equity interests of Mengjin Mining, pursuant to which, Mr. Li proposes to acquire 70% equity interests of Mengjin Mining with his self-owned funds of RMB1,344 million. Before completion of the transaction, Ms. Xu Xiaowei held 100% equity interests of Mengjin Mining. On October 12, 2021, the equity transfer agreement has been completed. After completion of the transaction and as at the Latest Practicable Date, Mr. Li held 70% equity interests of Mengjin Mining and Ms. Xu Xiaowei held 30% equity interests of Mengjin Mining.

#### **(1) Basic Information on the Counterparty**

Ms. Xu Xiaowei, a Chinese individual shareholder of the Mengjin Mining, who held 30% equity interests in Mengjin Mining as at the Latest Practicable Date.

Ms. 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.

---

## LETTER FROM THE BOARD

---

(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:	Ms. 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*

<b>Indicator</b>	<b>As at December</b>	<b>As at June</b>
	<b>31, 2020</b>	<b>30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Total assets	35,099.08	42,856.11
Net assets	2,940.83	1,684.42
	<b>For the year ended</b>	<b>For the six months</b>
	<b>December 31, 2020</b>	<b>ended June 30, 2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Operating revenue	53.94	9.33
Net loss	2,017.47	1,256.41

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

---

## LETTER FROM THE BOARD

---

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.

Mengjin Mining obtained the mining license in November 2020 and is still in the development and construction stage. The relevant mining projects of Mengjin Mining are still under construction and have not turned profitable. The net loss of Mengjin Mining was caused by the fact that the third parties who were independent of Ms. Xu Xiaowei, Mr. Li and the Group promoted the development and construction of Mengjin Mining in the form of financial assistance, and Mengjin Mining is required to pay a certain amount of interest every year. The Board believes that the potential transfer of equity interests in Mengjin Mining from Mr. Li to the Company is fair and reasonable to the Independent Shareholders and in the interest of the Company and the Shareholders as a whole as after the construction of Mengjin Mining production line is completed and the production line is put into operation, its performance will gradually improve and the potential equity transfer in the future can provide high-quality lithium resources for the Company, which is conducive to the Company's business expansion and enhances its core competitiveness, and is in line with the Company's upstream and downstream integration and the development strategy of new energy vehicle industry. In the future, the Company will consider the feasibility of acquiring Mengjin Mining from Mr. Li by referring to Mengjin Mining's then financial performance and whether its mining resources meet the Company's expectation.

### *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

---

## LETTER FROM THE BOARD

---

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 Li<sub>2</sub>O 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: Ms. 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 interests of Mengjin Mining held by Party B at the price of RMB1,344 million.

---

## LETTER FROM THE BOARD

---

- 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. Part of the third installment shall be paid to Party B directly, and the rest shall be paid to Party C as a loan.
- 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 calculated in the form of salary and related bonus for the personnel appointed by the Company, which is expected to be no more than RMB2 million per year. The rights and obligations will be determined through fair negotiation between both parties, which is expected to include but not limited to: (i) Party A has the right to assess the performance of the entrusted assets; (ii) The Company has the right to collect the entrusted management fee during the term of the trustee agreement; (iii) The Company shall provide Party A the progress and achievements during provision of entrustment services to Party A; and (iv) the Company is responsible for the confidentiality of sensitive information related to the entrusted assets.

Since the nature of responsibilities of personnel despatched to Mengjin Mining has not changed greatly, the management fee will be determined by Party C and the Company through fair negotiation with reference to the past salary and other relevant cost estimates of the personnel when they worked in the Company. The Company will confirm the pricing terms and sign the trustee agreement with Party C as soon as practicable. If the trustee agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Company will comply with the disclosure requirements set out under Chapter 14A of the Listing Rules.

---

## LETTER FROM THE BOARD

---

- 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.

In the future, if Mengjin Mining obtains a new mining certificate and the mining amount meets the expectation, the Company will give priority to the acquisition of 70% of the equity of Mengjin Mining held by Party A where practicable. If the equity transfer constitutes a notifiable transaction and/or connected transaction of the Company under Chapter 14 and/or Chapter 14A of the Listing Rules, the Company will comply with the disclosure requirements set out under Chapter 14 and/or Chapter 14A of the Listing Rules.

- 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 in 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.

Considering that Party A's participation in the establishment of the project company will constitute potential competition with the Company, in order to comply with the original non-competition undertaking, through consultation between Party A and Party B, the future lithium carbonate project company will be established by the Company as a related party of Party A with a focus on lithium salt deep processing, and a lithium salt production line matching the capacity of Party C will be built. Party A will not directly hold the equity interests of the project company. In the future, the products produced by Party C will be sold to the project company, and Party A will transfer its preemptive right to purchase the products produced by Party C and the project company to the Company so as to ensure the lithium resources required for the production of lithium carbonate project company. In the future, connected transactions involving product sales and the transfer of preemptive rights will comply with the disclosure requirements set out under Chapter 14A of the Listing Rules as applicable.

---

## LETTER FROM THE BOARD

---

### 3. The Application for Granting a Waiver of the Original Non-competition Undertaking and Entering into the Supplemental Non-competition Undertaking

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 interests 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 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(the capital interest means the capital interest generated from the bank loan when the Promisor acquires Mengjin Mining and subsequent additional investment);



---

## LETTER FROM THE BOARD

---

- 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.

#### **4. Reasons for and benefits of the Connected Transactions**

The Company evaluated the mineral resources reserves of Mengjin Mining and is of the view that the niobium tantalum ore reserves in Gabus mining area under Mengjin Mining are abundant and of good quality. Due to the shortage of lithium resources in the upstream, the acquisition of Mengjin Mining will provide the Company with high-quality lithium resources.

In view of 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. There may be some risks in acquisitions of all of its equity interests. Moreover, Ms. Xu Xiaowei has relevant experience, good reputation and strong local strength, and is familiar with the daily operation of Mengjin Mining. Holding Mengjin Mining together with Ms. Xu Xiaowei can make use of the complementary resource advantages and risk sharing of all parties to speed up the development and construction of Mengjin Mining.

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 purchased 70% of the equity interests of Mengjin Mining with self-owned funds. When Mengjin Mining obtains a new mining certificate and the mining amount meets expectations, Mr. Li undertakes to preferentially transfer the 70% equity interests of Mengjin Mining he holds

---

## LETTER FROM THE BOARD

---

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.

Since the mining license of the target company will expire on November 6, 2023, the target company needs to obtain a new mining certificate to ensure the development and construction of the mine and the sustainability of mineral resources mining. The Company will determine the benchmark of expected mining amount after mutual consultation according to the actual production of the project. In the future equity transfer agreement, the Company has the right to require Mr. Li to complete the equity transfer after the above preconditions are fulfilled.

### **5. Implications of the Listing Rules**

As at the Latest Practicable Date, Mr. Li is an executive Director of the Company and is therefore a connected person of the Company under the Listing Rules. According to Chapter 14A of the 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 Listing Rules.

Since Mr. Li has material interests in the Connected Transactions, he has abstained from voting on the Board resolution approving the Connected Transactions in accordance with the requirements of the Articles of Association and the 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 the Connected Transactions. Opus Capital has also been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **6. Information on 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.

---

## LETTER FROM THE BOARD

---

Mr. Li is an 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.

### **7. Opinion of the Independent Directors**

Mr. Li, one of the actual controllers of the Company, acquired the equity interests of Mengjin Mining in order to avoid the investment risk of the Company, provide lithium resources required for the development of the Company, ensure the long-term stable development of the Company and improve the core competitiveness of the Company. The review and decision-making procedures comply with the Articles of Association and relevant laws and regulations. The related Director, namely Mr. Li, has abstained from voting. There is no situation that damages the legitimate interests of the Company and small and medium-sized investors.

The Independent Directors unanimously agree to submit the proposal to the general meeting of shareholders of the Company for deliberation, and the related Shareholders will abstain from voting.

### **V. EGM**

The notices of the EGM are set out on pages 54 to 56 of this circular.

The proposed resolutions regarding (i) the application for bank facilities and provision of guarantees by the Company and its subsidiaries; (ii) the provision of guarantees to the controlled subsidiary; (iii) the proposed capital increase and provision of financial assistance to wholly-owned subsidiary Litio by Ganfeng Netherlands; and (iv) the Connected Transactions are subject to the approval by way of special resolution of Shareholders at the EGM pursuant to the Articles of Association, which must be passed by two-thirds or more than two-thirds of the total number of shares with valid voting rights held by Shareholders attending the meeting.

Pursuant to the Listing Rules and the Articles of Association, any vote of the Shareholders at a general meeting shall be taken by poll except where the chairman of such meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under the Listing Rules.

As at the Latest Practicable Date, 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 the Connected Transactions. Mr. Li and his associates shall, therefore, abstain from voting on the resolution in relation to the Connected Transactions at the EGM.

---

## LETTER FROM THE BOARD

---

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders will be required to abstain from voting the resolutions set out in this circular.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby he/she has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

Whether or not you are able to attend the EGM in person, you are requested to complete the proxy forms in accordance with the instructions printed thereon and return the same to the share registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy forms shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

### VI. RECOMMENDATION

The Board considers that the proposed resolutions set out above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that Shareholders eligible to vote at the EGM to attend and vote in favour of the resolutions.

The Independent Board Committee, having taken into account the advice from Opus Capital, considers the terms of the Connected Transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee would recommend the Independent Shareholders to vote in favour of the relevant resolutions at the EGM to approve the Connected Transactions.

Yours faithfully  
For and on behalf of the Board  
**GANFENG LITHIUM CO., LTD.**  
**LI Liangbin**  
*Chairman*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the grant of waiver of the original non-competition undertaking to actual controller and the entering into of the supplemental non-competition undertaking by actual controller for the purpose of incorporation in this circular.*



*(A joint stock company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1772)**

November 30, 2021

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated November 30, 2021 (the “**Circular**”) of which this letter forms part. Terms used herein shall have the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Connected Transactions are on normal commercial terms, fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Opus Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in respect of the Connected Transactions.

We wish to draw your attention to the Letter from the Board set out on pages 1 to 31 of the Circular which contains, among others, information on the Connected Transactions, as well as the letter from the Independent Financial Adviser set out on pages 34 to 48 of the Circular which contains its advice and recommendations in respect of the Connected Transactions and the principal factors and the reasons taken into consideration for its advice and recommendations.

Having taken into account the advice of the Independent Financial Adviser, we consider that the terms of the Connected Transactions are on normal commercial terms, fair and reasonable and are in the interest of the Company and its Shareholders as a whole. Mr. Li, one of the actual controllers of the Company, acquired the equity interests of Mengjin Mining in order to avoid the investment risk of the Company,

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

provide lithium resources required for the development of the Company, ensure the long-term stable development of the Company and improve the core competitiveness of the Company. The review and decision-making procedures comply with the Articles of Association and relevant laws and regulations. The related Director, namely Mr. Li, has abstained from voting. There is no situation that damages the legitimate interests of the Company and small and medium-sized investors. Accordingly, we recommend the Independent Shareholders vote in favor of the relevant resolution approving the Connected Transactions to be proposed at the EGM.

Yours faithfully,  
Independent Board Committee

<b>Mr. LIU Jun</b>	<b>Ms. WONG Sze Wing</b>	<b>Ms. XU Yixin</b>	<b>Mr. XU Guanghua</b>
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

*The following is the full text of a letter from Opus Capital to the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions, which has been prepared for the purpose of inclusion in this circular.*



18th Floor, Fung House  
19-20 Connaught Road Central  
Central, Hong Kong

November 30, 2021

*To: the Independent Board Committee and the Independent Shareholders of Ganfeng Lithium Co., Ltd.*

Dear Sirs or Madams,

**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**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected Transactions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of Ganfeng Lithium Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated November 30, 2021 (the “**Circular**”), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As set out in the Letter from the Board, 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 controllers, Li Liangbin family, of the Company, has issued a non-competition undertaking (the “**Original Non-competition Undertaking**”) to the Company. With details set out below in the sub-section headed “1. The Original Non-competition Undertaking” under the section headed “Principal factors and reasons considered”.

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 (i.e. the EGM) for granting a

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

waiver of the Original Non-competition Undertaking and entering into the supplemental non-competition undertaking (the “**Supplemental Non-competition Undertaking**”) based on the equity transfer agreement dated 22 September 2021 (the “**Equity Transfer Agreement**”) entered into between Mr. Li and Ms. Xu Xiaowei (“**Ms. Xu**”), pursuant to which, Mr. Li proposes to acquire 70% equity interests of Mengjin Mining from Ms. Xu with Mr. Li’s self-owned funds of RMB1,344 million (the “**Equity Transfer**”) on the same date. Before completion of the Equity Transfer, Ms. Xu held 100% equity interests of Mengjin Mining. On October 12, 2021, the Equity Transfer Agreement has been completed. After completion of the Equity Transfer and as the Latest Practicable Date, Mr. Li held 70% equity interests of Mengjin Mining and Ms. Xu held 30% equity interests of Mengjin Mining. The Supplemental Non-competition Undertaking is only applicable to Mr. Li’s acquisition of Mengjin Mining under the Equity Transfer Agreement, and does not constitute an amendment to the Original Non-competition Undertaking.

As Mengjin Mining is engaged in lithium mining and mineral product processing and sales, which conflicts with the Company’s principal business. There will be potential competition between Mr. Li and the Company after completion of the Equity Transfer. In order to protect the interests of the investors, in accordance with the provisions of laws, regulations and normative documents such as 《監管指引4號》 (\*Regulatory Guidelines No. 4), Mr. Li applied to the Board and the general meeting of Shareholders (i.e. the EGM) for granting a waiver of 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 Mr. Li. The matter is conditional upon the approval of the Independent Shareholders at the EGM.

As at the Latest Practicable Date, Mr. Li is an executive Director and is therefore a connected person of the Company under the Listing Rules. According to Chapter 14A of the 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 Listing Rules.

Since Mr. Li has material interests in the Connected Transactions, he has abstained from voting on the Board resolution approving the Connected Transactions in accordance with the requirements of the Articles of Association and the Listing Rules.

As at the Latest Practicable Date, 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 the Connected Transactions. Mr. Li and his associates shall, therefore, abstain from voting on the resolution in relation to the Connected Transactions at the EGM.



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders will be required to abstain from voting the resolution in relation to the Connected Transactions at the EGM.

### THE 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, has been established for the purpose of advising the Independent Shareholders in respect of the Connected Transactions. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### OUR INDEPENDENCE

We do not have any relationship with, or interest in, the Group, Mr. Li or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, we have not acted as a financial adviser or an independent financial adviser to the Company. Apart from the normal independent financial advisory fees paid or payable to us in connection with this appointment, no arrangements existed whereby we had received or will receive any fees or benefits from the Group, Mr. Li or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Connected Transactions, we have reviewed, amongst other things:

- (i) the Original Non-competition Undertaking;
- (ii) the Supplemental Non-competition Undertaking;
- (iii) the annual report of the Company for the year ended December 31 (“FY”), 2020 (the “**2020 Annual Report**”);
- (iv) the interim report of the Company for the six months ended June 30 (“HY”), 2021 (the “**2021 Interim Report**”);
- (v) the management accounts of Mengjin Mining prepared under the accounting principles generally accepted in the PRC for FY2020 and HY2021;
- (vi) the Equity Transfer Agreement;

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

(vii) the Circular; and

(viii) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and/or the management of the Group (collectively, the “**Management**”). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. The Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely for their consideration of the Connected Transactions, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Connected Transactions, we have taken into consideration, inter alia, the following principal factors and reasons:

#### 1. The Original Non-competition Undertaking

As stated in the Letter from the Board, 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 controllers, Li Liangbin family, of the Company, has issued a non-competition undertaking as follows:

- (i) 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;
- (ii) From the date of signing the Original Non-competition Undertaking, Li Liangbin family and the subsidiaries and joint-stock companies in which Li Liangbin family has an interest 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;
- (iii) 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;
- (iv) 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.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

During the period of the Original Non-competition Undertaking, Li Liangbin family, the actual controllers of the Company, strictly fulfilled the above undertaking commitments.

### 2. Information on the parties

#### *The Company*

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*

Mr. Li is an 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.

### 3. Information on Mengjin Mining

Mengjin Mining is principally engaged in tantalum, niobium, lithium, rubidium and cesium mining, and mineral product processing and sales (except those prohibited by the State). As at the Latest Practicable Date, Mr. Li held 70% equity interests of Mengjin Mining and Ms. Xu, a Chinese individual shareholder, who 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., held 30% equity interests of Mengjin Mining.

#### *Financial information of Mengjin Mining*

Set out below is the summary of the financial information of Mengjin Mining:

<i><b>RMB0'000</b></i>	<b>As at December 31, 2020</b> <b>(Unaudited)</b>	<b>As at June 30, 2021</b> <b>(Unaudited)</b>
<b>Total assets</b>	35,099.08	42,856.11
<b>Net assets</b>	2,940.83	1,684.42
	<b>FY2020</b> <b>(Unaudited)</b>	<b>HY2021</b> <b>(Unaudited)</b>
<b>Operating revenue</b>	53.94	9.33
<b>Net loss</b>	2,017.47	1,256.41

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

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

Mengjin Mining obtained the mining license in November 2020 and is still in the development and construction stage. The relevant mining projects of Mengjin Mining are still under construction and have not turned profitable. The net loss of Mengjin Mining was caused by the fact that the third parties who were independent of Ms. Xu, Mr. Li and the Group promoted the development and construction of Mengjin Mining in the form of financial assistance, and Mengjin Mining is required to pay a certain amount of interest every year. The Board believes that the potential transfer of equity interest in Mengjin Mining from Mr. Li to the Company is fair and reasonable to the Independent Shareholders and in the interest of the Company and the Shareholders as a whole as after the construction of Mengjin Mining production line is completed and the production line is put into operation, its performance will gradually improve and the potential equity transfer in the future can provide high-quality lithium resources for the Company, which is conducive to the Company's business expansion and enhances its core competitiveness, and is in line with the Company's upstream and downstream integration and the development strategy of new energy vehicle industry. In the future, the Company will consider the feasibility of acquiring Mengjin Mining from Mr. Li by referring to Mengjin Mining's then financial performance and whether its mining resources meet the Company's expectation.

### ***Mining rights of Mengjin Mining***

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

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:	內蒙古自治區自然資源廳(*Natural Resources Department of Inner Mongolia Autonomous Region)

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

According to the 《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) (\*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) issued by 內蒙古自治區國土資源廳(\*The Department of Land and Resources of Inner Mongolia Autonomous Region), 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 Li<sub>2</sub>O metal oxide is 407,700 tons, with an average grade of 0.4442%.

#### 4. Principal terms of the Equity Transfer Agreement

Parties to the Equity Transfer Agreement (i) Mr. Li;

(ii) Ms. Xu; and

(iii) Mengjin Mining.

(i) Mr. Li purchases 70% equity interests of Mengjin Mining held by Ms. Xu at the price of RMB1,344 million.

(ii) The consideration of the Equity Transfer shall be paid in three installments. Ms. Xu shall handle the change of relevant industrial and commercial registration of Mengjin Mining within 10 working days after receiving the second installment; Mr. Li 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. Part of the third installment shall be paid to Ms. Xu directly, and the rest shall be paid to Mengjin Mining as a loan.

(iii) The parties to the Equity Transfer Agreement confirm and agree that after the completion of the Equity Transfer, Mengjin Mining's subsequent capital arrangement can be carried out by Mr. Li and Ms. Xu providing loans to Mengjin Mining or increasing capital in the same proportion according to their respective equity ratio.

(iv) Ms. Xu confirms and agrees that within 60 months from the completion date of the Equity Transfer, Mr. Li will sign a trustee agreement with the Company, entrusting the Company to be responsible for Mengjin Mining's specific production and operation and actively promoting the development and construction of mines owned by Mengjin Mining. Mengjin Mining shall pay the Company a management fee with fair pricing calculated in the form of salary and related bonus for the personnel appointed by the Company, which is expected to be no more than RMB2 million per year. The rights and obligations will be determined through fair negotiation between both parties, which is expected to include but not limited

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

to: (i) Mr. Li has the right to assess the performance of the entrusted assets; (ii) The Company has the right to collect the entrusted management fee during the term of the trustee agreement; (iii) The Company shall provide Mr. Li the progress and achievements during provision of entrustment services to Mr. Li; and (iv) the Company is responsible for the confidentiality of sensitive information related to the entrusted assets.

Since the nature of responsibilities of personnel despatched to Mengjin Mining has not changed greatly, the management fee will be determined by Mengjin Mining and the Company through fair negotiation with reference to the past salary and other relevant cost estimates of the personnel when they worked in the Company. The Company will confirm the pricing terms and sign the trustee agreement with Mengjin Mining as soon as practicable. If the trustee agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, the Company will comply with the disclosure requirements set out under Chapter 14A of the Listing Rules.

- (v) Ms. Xu confirms and agrees that Mr. Li may transfer 70% of the equity of Mengjin Mining to the Company or its designated subsidiary in the future. Ms. Xu agrees to waive the preemptive right under the above Equity Transfer and fully support and cooperate with Mengjin Mining in performing the examination, approval, registration and filing procedures related to equity transfer in accordance with the provisions of PRC laws.

In the future, if Mengjin Mining obtains a new mining certificate and the mining amount meets the expectation, the Company will give priority to the acquisition of 70% of the equity of Mengjin Mining held by Mr. Li where practicable. If the future equity transfer constitutes a notifiable transaction and/or connected transaction of the Company under Chapter 14 and/or Chapter 14A of the Listing Rules, the Company will comply with the disclosure requirements set out under Chapter 14 and/or Chapter 14A of the Listing Rules.

- (vi) Upon the completion of the Equity Transfer, the board of directors of Mengjin Mining will comprise three directors. Mr. Li shall have the right to nominate two directors, of which the chairman of the board shall be a director nominated by Mr. Li; Mengjin Mining shall have one supervisor recommended by Mr. Li; and the general manager and chief financial officer of Mengjin Mining shall be recommended by Mr. Li.
- (vii) Mr. Li and Ms. Xu confirm and agree to cooperate in a lithium carbonate project later. The shareholding ratio of Mr. Li and Ms. Xu or their respective related parties shall be 70% and 30%. Under the same conditions, Mr. Li has the preemptive right to purchase the products produced by Mengjin Mining and lithium carbonate project company. The specific rules will be discussed by Mr. Li and Ms. Xu separately.

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

Considering that Mr. Li's participation in the establishment of the project company will constitute potential competition with the Company, in order to comply with the Original Non-competition Undertaking, through consultation between Mr. Li and Ms. Xu, the future lithium carbonate project company will be established by the Company, as a related party of Mr. Li with a focus on lithium salt deep processing, and a lithium salt production line matching the capacity of Mengjin Mining will be built. Mr. Li will not directly hold the equity interests of the project company. In the future, the products produced by Mengjin Mining will be sold to the project company, and Mr. Li will transfer its preemptive right to purchase the products produced by Mengjin Mining and the project company to the Company so as to ensure the lithium resources required for the production of lithium carbonate project company. In the future, connected transactions involving product sales and the transfer of preemptive rights will comply with the disclosure requirements set out under Chapter 14A of the Listing Rules as applicable.

### **5. Reasons for and benefits of the Connected Transactions**

As stated in the Letter from the Board, the Company evaluated the mineral resources reserves of Mengjin Mining and is of the view that the niobium tantalum ore reserves in Gabus mining area under Mengjin Mining are abundant and of good quality. Due to the shortage of lithium resources in the upstream, the acquisition of Mengjin Mining will provide the Company with high-quality lithium resources.

In view of 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. There may be some risks in acquisitions of all of its equity interests. Moreover, Ms. Xu has the relevant experience, good reputation and strong local strength, and is familiar with the daily operation of Mengjin Mining. Holding Mengjin Mining together with Ms. Xu can make use of the complementary resource advantages and risk sharing of all parties to speed up the development and construction of Mengjin Mining.

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 purchased 70% of the equity interests of Mengjin Mining with self-owned funds. When Mengjin Mining obtains a new mining certificate and the mining amount meets expectations, Mr. Li undertakes to preferentially transfer the 70% equity interests 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



---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

audited capital interest and other reasonable expenses). The Equity Transfer 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.

Since the mining license of the target company will expire on November 6, 2023, the target company needs to obtain a new mining certificate to ensure the development and construction of the mine and the sustainability of mineral resources mining. The Company will determine the benchmark of expected mining amount after mutual consultation according to the actual production of the project. In the future equity transfer agreement, the Company has the right to require Mr. Li to complete the equity transfer after fulfilling the above pre-conditions.

In view of: (i) Mengjin Mining is still at the early stage of construction and development; (ii) only minimal operating revenue was generated in FY0220 and HY2021; (iii) Mengjin Mining was in a loss-making position in FY2020 and HY2021; (iv) the net assets of Mengjin Mining decreased from approximately RMB29.4 million as at 31 December 2020 to approximately RMB16.8 million as at 30 June 2021; and (v) the gearing ratio of Mengjin Mining was approximately 96.07% as at 30 June 2021 as set out in the Letter from the Board which was significantly higher than the gearing ratio of 30% of the Group as at 30 June 2021 according to the 2021 Interim Report, if the Company, instead of Mr. Li, entered into the Equity Transfer Agreement in relation to the Equity Transfer, it will expose the Company to a relatively significant investment risk. As there was only limited exploration work put into Gabus niobium tantalum mine, the Company will be required to make further investment to the Gabus niobium tantalum mine while the resource reserves remain uncertain due to the lack of resource reserve data. As such, we concur that Mr. Li to purchase 70% of the equity of Mengjin Mining with self-owned funds will effectively minimize the investment risk of the Company and maximize the protection of the Company and all Shareholders, especially minority Shareholders.

As set out in the 2021 Interim Report, securing high-quality and stable lithium resources is fundamental to the long-term sustainable growth of the Group's business. The future development strategy of the Company is to achieve resource globalization. As such, the Company will continuously expand its current lithium resources portfolio through further exploration, with a gradually focus on extraction development of brine, lithium clay and other resources. Further, the Company will continue to actively explore the possibility of acquiring further sources of lithium to enrich the core portfolio of high-quality lithium resources and provide reliable and high-quality supply of lithium resources for further enhancement of midstream and downstream operations. By entering into the Supplemental Non-competition Undertaking by Mr. Li, if Gabus niobium tantalum mine obtains a new mining certificate and the mining amount meets the expectation, Mr. Li promises to preferentially transfer the 70% equity of Mengjin Mining to the Company. As mentioned above, the mining scale of Gabus niobium tantalum mine may reach 600,000 tons per year. Therefore, it will provide the Company with stable lithium resources for the development of the Company, ensure the long-term stable development of the Company and improve the core

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

competitiveness of the Company which is consistent with the aforesaid future development strategy of the Company.

**6. The application for granting a waiver of the Original Non-competition Undertaking and entering into the Supplemental Non-competition Undertaking**

As stated in the Letter from the Board, in order to protect the interests of the investors, Mr. Li 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:

- (i) If Mr. Li's proposal on granting a waiver of the Original Non-competition Undertaking is not approved by the general meeting of Shareholders, in order to avoid competition with the Company, Mr. Li will transfer its equity of Mengjin Mining within twelve months from the date of the general meeting of Shareholders;
- (ii) Mr. Li 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, Mr. Li 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;
- (iii) Mr. Li will actively promote the development and the construction of Gabus niobium tantalum mine of Mengjin Mining within 60 months after obtaining 70% equity interests of Mengjin Mining. If Gabus niobium tantalum mine obtains a new mining certificate and the mining amount meets the expectation, Mr. Li promises to preferentially transfer the 70% equity of Mengjin Mining to the Company;
- (iv) If the Company decides to acquire the equity of Mengjin Mining, Mr. Li guarantees to follow the principles of fairness, impartiality, justice and reasonableness and transfer at the cost of Mr. Li's acquisition of Mengjin Mining 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 (the capital interest means the capital interest generated from the bank loan when Mr. Li acquires Mengjin Mining and subsequent additional investment);

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

- (v) If the aforesaid transfer is not approved by the internal decision of the Company, or the Company explicitly give up the right of preemption, Mr. Li promises to take active measures to eliminate competition, and Mr. Li 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
- (vi) Mr. Li guarantees to strictly abide by relevant undertaking. Mr. Li will be liable for any loss incurred to the Company in relation to violation of the undertaking.

### ***Our analysis***

#### *(i) Protection of the interests of the investors*

As stated in the Letter from the Board, Mr. Li applied to the Board and the general meeting of Shareholders for granting a waiver of the Original Non-competition Undertaking, and entering into of the Supplemental Non-competition Undertaking to protect the interests of the investors. It is considered that the entering into of the Supplemental Non-competition Undertaking by Mr. Li could effectively mitigate any potential competition between Mr. Li and the Company after the completion of the Equity Transfer. As mentioned above, if Mr. Li'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, Mr. Li will transfer its equity of Mengjin Mining within twelve months from the date of the general meeting of Shareholders to mitigate any potential competition between Mr. Li and the Company.

#### *(ii) Beneficial for the Company with a new revenue source and close monitoring of Mengjin Mining*

As set out under section headed "4. Principal terms of the Equity Transfer Agreement" above, Mr. Li will sign a trustee agreement with the Company in respect of Mengjin Mining, pursuant to which he shall entrust the Company to be responsible for the specific production and operation and actively promoting the development and construction of mines owned by Mengjin Mining, and Mengjin Mining shall pay the management fee with fair pricing to the Company. Further, Mr. Li 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 from the date of trustee agreement until Mengjin mining is acquired by the Company. In addition, the entering into of the trustee agreement enables the Company to closely monitor and have the most up-to-date information of the development of the specific production and operation of Mengjin Mining which may facilitate the Company to assess whether to exercise the right to acquire Mengjin Mining when the mining amount meets

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

the expectation in the future. After our enquiry with the Management, we understand that there will be very experienced employees in the Group deployed to Mengjin Mining under the trustee agreement who possess 10 years of experience in mine selection and 35 years of experience in the lithium industry which may facilitate the Group to effectively monitor the production and operation of Mengjin Mining. Therefore, it is considered beneficial to the Company and the Shareholders while, on the one hand, the management fee in relation to the production and operation of Mengjin Mining will be an additional revenue source to the Company and, on the other hand, the Company will be able to closely monitor the latest development of Mengjin Mining.

*(iii) A right but not an obligation for the Company*

After the completion of the Equity Transfer, Mr. Li will actively promote the development and the construction of Gabus niobium tantalum mine of Mengjin Mining within 60 months after obtaining 70% equity interests of Mengjin Mining. As further set out in the Supplemental Non-competition Undertaking, if Gabus niobium tantalum mine obtains a new mining certificate and the mining amount meets the expectation, Mr. Li promises to preferentially transfer the 70% equity of Mengjin Mining to the Company. It provides the Company with flexibility as the Company has the right but not an obligation to acquire Mengjin Mining. Further, Mengjin Mining was in a loss-making position in FY2020 and HY2021 respectively. As the Company has the right but not an obligation to acquire Mengjin Mining, the Company has the option of not acquiring Mengjin Mining after considering its financial performance even if the mining amount meets the expectation.

In addition, if the Company decides to acquire the equity of Mengjin Mining, Mr. Li guarantees to follow the principles of fairness, impartiality, justice and reasonableness and transfer at the cost of Mr. Li's acquisition of Mengjin Mining 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. As the future consideration of acquiring the equity of Mengjin Mining will be solely the cost of Mr. Li's acquisition of Mengjin Mining and additional investment (if any) in addition to reasonable expenses (including audited capital interest and other reasonable expenses), it prevents the Company from paying a premium (which is at the expense of the Company and the Shareholders) for acquiring the equity interests in Mengjin Mining.

*(iv) No competition between Mr. Li and the Company after the mining amount of Gabus niobium tantalum mine meets the expectation*

If the Gabus niobium tantalum mine obtains a new mining certificate and the mining amount meets the expectation, the Company may not proceed with acquiring the equity

---

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

---

interests in Mengjin Mining and is able to give up the right of preemption. As set out in the Supplemental Non-competition Undertaking, if the future acquisition of the equity interests of Mengjin Mining is not approved by the internal decision of the Company, or the Company explicitly give up the right of preemption, Mr. Li promises to take active measures to eliminate competition, and Mr. Li 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.

The undertaking by Mr. Li of transferring the equity of Mengjin Mining to other independent third parties, instead of operating Mengjin Mining, if the Company fails to pass the internal decision or give up the right of preemption is considered to be effectively mitigate the potential competition between Mr. Li and the Company after the mining amount of Gabus niobium tantalum mine meets the expectation.

### OPINION AND RECOMMENDATION

In view of the above principal factors and reasons, although not in the ordinary and usual course of business of the Group, we consider that the entering into of the Connected Transactions are in the interests of the Company and the Shareholders as a whole, and the terms of the Connected Transactions, in particular, the Company has the right but not an obligation to acquire Mengjin Mining in the future which would be based on considering Mengjin Mining's then financial performance and whether its mining resources meet the Company's expectation by then, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Board Committee recommend, and we ourselves recommend, the Independent Shareholders vote in favor of the resolution to be proposed at the EGM to approve the Connected Transactions.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**  
**Cheung On Kit Andrew**  
*Executive Director*

*Mr. Cheung On Kit Andrew is an Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 13 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.*

\* *For identification purposes only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and Short Positions of the Directors, Supervisors and the Chief Executive in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, as far as known to the Directors, the interests and short positions, if any, of each Director, supervisor and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, supervisors and chief executives were deemed or taken to have under provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as adopted by the Company were as follows:

#### (i) Interest in shares of our Company

Name of Director/ supervisor/chief executive	Nature of interest	Class of Shares	Number of Shares held	Approximate percentage in total issued share capital of the Company	Approximate percentage of the relevant class of Shares
Li Liangbin	Beneficial owner	A Shares	270,269,871	18.80%	23.52%
Wang Xiaoshen	Beneficial owner	A Shares	100,898,904	7.02%	8.78%
	Beneficial owner	H Shares	37,000	0.00%	0.01%
Shen Haibo	Beneficial owner	A Shares	11,083,568	0.77%	0.96%
	Person having a security interest				
	in Shares		200,000	0.01%	0.02%
Deng Zhaonan	Beneficial owner	A Shares	2,402,928	0.17%	0.21%
	Person having a security interest				
	in Shares		200,000	0.01%	0.02%

**(ii) Interest in debentures of our Company**

As at the Latest Practicable Date, as far as known to the Directors, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in Shares, underlying Shares and debentures of the Company as required to be recorded under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Hong Kong Listing Rules.

**(iii) Interest in associated corporations of the Company**

Name of Director/ supervisor/chief executive	Nature of interest	Name of associated corporation	Number of Shares held	Approximate percentage of shareholding interest
Wang Xiaoshen 王曉申	Ganfeng LiEnergy	Beneficial owner	22,000,000	1.03%
Shen Haibo 沈海博	Ganfeng LiEnergy	Beneficial owner	3,000,000	0.14%
Deng Zhaonan 鄧招男	Ganfeng LiEnergy	Beneficial owner	3,000,000	0.14%

*Notes:*

- (1) All interests stated are long positions

**(b) Directors' Position in Other Companies**

As at the Latest Practicable Date, as far as the Company is aware, none of the Directors are employed by a company which has interests or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Division 2 and 3 of Part XV of the SFO.

**(c) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

As at the Latest Practicable Date, as far as known to the Directors, the following persons (excluding Directors, supervisors and chief executives of the Company) had interests or short positions in Shares and underlying Shares of the Company that shall be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of

the SFO or were recorded in the register of the interests required to be kept by the Company under Section 336 of the SFO.

Name	Nature of interest	Class	Number of Shares	Approximate percentage of total issued share capital of our Company	Approximate percentage of the relevant class of Shares
BlackRock, Inc.	Interest of controlled corporation	H Shares	17,893,258(L)	1.24%	6.21%
	Interest of controlled corporation	H Shares	89,000(S)	0.01%	0.03%
Samsung Asset Management Co., Ltd.	Beneficial owner	H Shares	24,653,800	1.72%	8.55%

*Notes:*

(1) (L) represents long position, (S) represents short position.

### 3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to the Listing Rules

### 4. DIRECTORS AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had any direct or indirect interest in any assets which had since December 31, 2020, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or supervisors of the Company was materially interested, either directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and was significant to the business of the Group.



**5. QUALIFICATION AND CONSENT OF EXPERT**

- (a) The following sets out the qualifications of the expert who has given its opinions or advice or statements as contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Opus Capital	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

- (b) As at the Latest Practicable Date, the above expert had no shareholding in the Group or in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Group or in any member of the Group.
- (c) The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they respectively appear.
- (d) The letter and recommendation given by Opus Capital are given as of the date of this circular for incorporation herein.

**6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had entered into a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading positions of the Group since December 31, 2020, being the date to which the latest published audited accounts of the Group were made up.

**8. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

**9. DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.ganfenglithium.com>) from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Independent Board Committee, the text of which is set out on pages 32 to 33 of this circular;
- (b) the letter from Opus Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out from pages 34 to 48 of this circular;
- (c) the waiver of the original non-competition undertaking and the supplemental non-competition undertaking;and
- (d) the written consent as referred to in the section headed “Qualification and Consent of Expert” in this Appendix I.

**10. GENERAL**

- (a) The registered office of the Company is at Longteng Road, Economic Development Zone, Xinyu City, Jiangxi Province, PRC.
- (b) The principal place of business of the Company is at 40/F, Dah Sing Financial Centre, 248 Queen’s Road East Wanchai, Hong Kong.
- (c) The share registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited, is situated at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

---

## NOTICE OF THE EGM

---



### 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)**

## NOTICE OF THE EGM

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of Ganfeng Lithium Co., Ltd. (the “**Company**”) will be held 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, the People’s Republic of China on Monday, December 20, 2021 at 2:00 p.m for the following purposes. Unless otherwise stated, the terms used herein and in the following resolutions shall have the same meanings as defined in the circular of the Company dated November 30, 2021 (the “**Circular**”), for which the notice convening the EGM shall constitute a part. The following resolutions shall be considered and approved, if thought fit, at the EGM:

### **SPECIAL RESOLUTIONS**

1. To consider and approve the application for bank facilities and provision of guarantees by the Company and its subsidiaries;
2. To consider and approve the provision of guarantees to the controlled subsidiary;
3. To consider and approve the proposed capital increase and provision of financial assistance to wholly-owned subsidiary Litio by Ganfeng Netherlands; and
4. To consider and approve the Connected Transactions.

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

November 30, 2021

*As at the date of this notice, the Board of the Company comprises Mr. LI Liangbin, Mr. WANG Xiaoshen Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Ms. YANG Juan and Mr. YU Jianguo as non-executive directors of the Company; and Mr. LIU Jun Ms. WONG Sze Wing, Mr. XU Guanghua and Ms. XU Yixin as independent non-executive directors of the Company.*

---

## NOTICE OF THE EGM

---

*Notes:*

- (A) In order to determine the list of shareholders of the Company who will be entitled to attend and vote at the EGM, the registers of members of the Company will be closed from Wednesday, December 15, 2021 to Monday, December 20, 2021, both days inclusive, during which no transfer of H shares in the share capital of the Company with a nominal value of RMB1.00 each, which are traded in Hong Kong dollar and listed on the Hong Kong Stock Exchange (the “**H Shares**”), will be effected. Holders of H Shares whose names appear on the registers of members of the Company at 4:30 p.m. on Tuesday, December 14, 2021 shall be entitled to attend and vote at the EGM. In order for the holders of H Shares to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, December 14, 2021 for registration.
- (B) Holders of H Shares intending to attend the EGM (or any adjournment thereof) should complete and return the reply slip for attending the EGM (or any adjournment thereof) personally, by facsimile or by post.
- Holders of H Shares should complete and return the reply slip to the Company’s H Share Registrar by facsimile at (852) 2865 0990 or by post to (or by depositing it at) 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong such that the reply slip shall be received by the Company’s H Share Registrar 10 days before the EGM (i.e. on or before Friday, December 10, 2021).
- (C) Each holder of H Shares may, by completing the form of proxy of the Company, appoint one or more proxies to attend and vote at the EGM (or any adjournment thereof) on his behalf. A proxy need not be a shareholder of the Company.
- (D) Holders of H Shares must use the form of proxy of the Company for appointing a proxy and the appointment must be in writing. The form of proxy must be signed by the relevant shareholder of the Company or by a person duly authorized by the relevant shareholder of the Company in writing (a “**power of attorney**”). If the form of proxy is signed by the person authorized by the relevant shareholder of the Company as aforesaid, the relevant power of attorney and other relevant documents of authorization (if any) must be notarized. If a corporate shareholder of the Company appoints a person other than its legal representative to attend the EGM (or any adjournment thereof) on its behalf, the relevant form of proxy must be affixed with the company seal of the corporate shareholder of the Company or duly signed by the chairman of the board of directors or any other person duly authorized by that corporate shareholder of the Company as required by the articles of association of the Company.
- (E) To be valid, the form of proxy and the relevant notarized power of attorney (if any) and other relevant documents of authorization (if any) as mentioned in note (D) above must be delivered to the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the EGM (i.e. not later than 2:00 p.m. on Sunday, December 19, 2021, Hong Kong time) (or any adjournment thereof).
- (F) Shareholders may contact the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited by telephone at (852) 2862 8555 or by email to [hkinfo@computershare.com.hk](mailto:hkinfo@computershare.com.hk) in connection with the EGM.

---

## NOTICE OF THE EGM

---

- (G) A shareholder of the Company or his proxy should produce proof of identity when attending the EGM (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorised by such corporate shareholder attends the EGM (or any adjournment thereof), such legal representative or other person shall produce his proof of identity, proof of designation as legal representative and/or the valid authorization document (as the case may be).
- (H) The EGM (or any adjournment thereof) is expected to last for one day. Shareholders who attend the EGM (or any adjournment thereof) shall bear their own travelling and accommodation expenses.
- (I) As at the date of this notice, the Board of the Company comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. SHEN Haibo as executive directors of the Company; Ms. YANG Juan and Mr. YU Jianguo as non-executive directors of the Company; and Mr. LIU Jun Ms. WONG Sze Wing, Mr. XU Guanghua and Ms. XU Yixin as independent non-executive directors of the Company.