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Ganfeng Lithium Co., Ltd.

江西赣锋锂业股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1772)

THE GRANT OF SHARE OPTIONS TO PARTICIPANTS

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

References are made to (i) the announcement of the Company dated May 25, 2022 in relation to the proposed adoption of the 2022 Share Option Incentive Scheme and the proposed grant of Share Options thereunder; (ii) the circular of the Company dated August 4, 2022 (the “**Circular**”) in relation to, among other things, the proposed adoption of the 2022 Share Option Incentive Scheme; and (iii) the announcement of the Company dated August 25, 2022 in relation to the poll results of, among other things, the resolutions to approve the adoption of the 2022 Share Option Incentive Scheme by the Shareholders. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board hereby announces that the conditions of the Grant required under the 2022 Share Option Incentive Scheme of the Company have been satisfied. In accordance with the requirements under the 2022 Share Option Incentive Scheme and the authorization by the EGM and Class Meetings held by the Company on August 25, 2022, the Company convened the 48th meeting of the fifth session of the Board on September 5, 2022, which considered and approved the resolution on the grant of Share Options to the Participants of the 2022 Share Option Incentive Scheme and the resolution on the adjustments to the matters relating to 2022 Share Option Incentive Scheme of the Company, and determined September 5, 2022 as the Date of Grant under the 2022 Share Option Incentive Scheme and adjusted the list of Participants and the number of Share Options granted. The relevant matters are explained as follows:

I. DETAILS OF THE GRANT OF SHARE OPTIONS

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

1. On May 25, 2022, the Company convened the 42nd meeting of the fifth session of the Board, which considered and approved the resolution on the 2022 Share Option Incentive Scheme of the Company (draft) and its summary, the resolution on the assessment measures in respect of the implementation of the 2022 Share Option Incentive Scheme of the Company and the resolution on proposing to the shareholders' general meeting to authorize the Board to handle matters in relation to the 2022 Share Option Incentive Scheme of the Company, respectively. The independent non-executive Directors issued an independent opinion on matters relevant to the 2022 Share Option Incentive Scheme.
2. On May 25, 2022, the Company convened the 31th meeting of the fifth session of the supervisory committee, which considered and approved the resolution on the 2022 Share Option Incentive Scheme of the Company (draft) and its summary, the resolution on the assessment measures in respect of the implementation of the 2022 Share Option Incentive Scheme of the Company and the resolution on the verification in respect of the list of Participants of the 2022 Share Option Incentive Scheme.
3. From June 13, 2022 to June 22, 2022, the Company announced the list of the Participants via the Company's internal Office Automation System. During the period of announcement, the supervisory committee has not received any objection to the list of proposed Participants from any employees, and it has reviewed the list of Participants and issued a review opinion thereon believing that the qualifications of the Participants as a subject are legal and valid.

4. On August 25, 2022, the Company convened the EGM and Class Meetings, considered and approved the proposed adoption of the 2022 Share Option Incentive Scheme, regarding the assessment management measures for the implementation of the 2022 Share Option Incentive Scheme and the proposed authorization to the Board to deal with relevant matters in relation to the 2022 Share Option Incentive Scheme. For details, please refer to the relevant announcements published by the Company on the website of the Stock Exchange (www.hkexnews.hk) and the website of the SZSE (www.szse.cn) on August 25, 2022 and August 26, 2022, respectively. On August 25, 2022, the Company has announced the Self-Inspection Report on Trading of Shares of the Company by Insider of the 2022 Share Option Incentive Scheme. For details, please refer to the relevant announcements disclosed by the Company on the website of the Stock Exchange (www.hkexnews.hk) and the website of the SZSE on August 25, 2022 and August 26, 2022, respectively.
5. On September 5, 2022, the Company convened the 48th meeting of the fifth session of the Board and the 35th meeting of the fifth session of the supervisory committee, considered and approved the resolution on the adjustments to the matters relating to the 2022 Share Option Incentive Scheme of the Company and the resolution on the grant of Share Options to the Participants of the 2022 Share Option Incentive Scheme. On the same date, the independent non-executive Directors issued an independent opinion on relevant matters.

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

In accordance with the requirements in the 2022 Share Option Incentive Scheme, the Company may only grant Share Options to the Participants if all of the following conditions are met; otherwise, the Company may not grant any Share Option to the Participants if any of the following conditions of Grant is not met:

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

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

The Board believes that the Company is under no circumstance whereby the Share Options cannot be granted under the 2022 Share Option Incentive Scheme and relevant laws and regulations. All the Participants to whom the interests are granted meet the conditions of Grant as stipulated in the Share Option Incentive Scheme and that the conditions of Grant in the Share Option Incentive Scheme have been fulfilled. The Board agrees to determine September 5, 2022 as the date of the Grant of Share Options, and to grant 2.891 million Share Options to 110 Participants with an exercise price of RMB84.90 per Share.

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

1. Date of Grant: September 5, 2022.
2. Number of Grant: 2.891 million.
3. Number of Participants of Grant: 110.
4. Exercise Price: RMB84.90 per Share. In the event of capitalization issue, bonus issue, share subdivision, rights issue or share consolidation of the Company prior to any Exercise by the Participants, the number of the Share Options shall be adjusted accordingly.
5. Source of Shares: A Shares of the Company to be directly issued to the Participants by the Company.
6. Validity Period of the Share Options: The validity period of the Share Option granted under the 2022 Share Option Incentive Scheme shall commence from the date of the grant of the Share Options, and shall not be longer than 60 months.
7. Current price of subject shares: RMB81.10 per share (the closing price on the reserved Grant Date of September 5, 2022)
8. The Arrangement of Validity Period, Vesting Period and Exercise Period of the Scheme:
 - (1) The validity period of the 2022 Share Option Incentive Scheme shall commence from the date of the grant of the Share Options and end on the date on which all the Share Options granted to the Participants have been exercised or repurchased and cancelled, which shall not be longer than 60 months.

- (2) The Vesting Period for the Share Options under the 2022 Share Option Incentive Scheme shall commence from the date of grant of the Share Options and end on the Exercisable Date of the Share Options. The Vesting Periods of the Share Options are 12 months, 24 months, 36 months and 48 months, respectively. During the Vesting Periods, the Share Options which are granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt.
- (3) The Share Options granted to the Participants can be exercised after expiry of 12 months commencing from the date of the grant, subject to the consideration and approval of the 2022 Share Option Incentive Scheme at the EGM and the Class Meetings. The Exercisable Date must be a trading day and shall not fall within any of the following periods:
 - (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and ending on one day prior to the actual announcement date;
 - (ii) the period commencing on 10 days prior to the announcements of results forecast and preliminary results of the Company;
 - (iii) the period commencing on the date of the occurrence of material events that may have significant impacts on trading price of Shares and derivatives of the Company, or the date of entering into the decision-making process, and ending on two trading days after such events have been lawful disclosed; and
 - (iv) other periods prescribed by the CSRC and SZSE.

During the Exercise Period, the Participants are able to exercise the Share Options according to the following exercising arrangement upon the fulfillment of the Exercise Conditions for the Share Options granted under the 2022 Share Option Incentive Scheme.

The Exercise Period of the Share Options granted under the 2022 Share Option Incentive Scheme and timetable for each Exercise are set out below:

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

Share Options for which Exercise Conditions are not fulfilled during the above agreed period shall not be exercised or deferred to be exercised during the next Exercise Period, and the Company shall cancel the underlying Share Options of the Participants according to the principle stipulated in the 2022 Share Option Incentive Scheme. After the end of each Exercise Period of the Share Options, the Share Options of the Participants for the current period that have not been exercised shall be terminated and cancelled by the Company.

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

Name	Position(s)	Number of the Share Options granted (10,000 A Shares)	Percentage to total number of the Share Options granted (%)	Percentage to the total share capital at the date of announcement of the 2022 Share Option Incentive Scheme (%)
	110 core management and core technical or business personnel	289.10	100.00%	0.14%
	Total (110)	<u>289.10</u>	<u>100.00%</u>	<u>0.14%</u>

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

- Given that 3 Participants determined by the 2022 Share Option Incentive Scheme resigned due to the personal reasons, the Company decide to the cancel the incentive qualification of the above Participants (105 thousand Share Option in total). The Company convened the 48th meeting of the fifth session of the Board, at which the adjustments to the list of Participants of the Grant of Share Options and number of Shares Options granted under the Share Option Incentive Scheme have been made, in accordance with the authorizations delegated at the EGM and Class Meetings. After such adjustments, the number of Participants of the Scheme is adjusted from 113 to 110, and the number of Share Options granted is adjusted from 2.17 million to 2.065 million.
- Given that the Company's 2021 AGM, the First A Share Class Meeting in 2022 and the First H Share Class Meeting in 2022 held on 15 June 2022 considered and approved the "Profit Distribution Proposal for 2021", which was implemented on 4 July 2022. Hence, the exercise price and the number of Share Options granted under the 2022 Share Option Incentive Scheme shall be adjusted. After such adjustments, the exercise price of Share Options under the 2022 Share Option Incentive Scheme was adjusted from RMB118.86 per share (A shares) to RMB84.90 per share (A shares) and the number of Share Options to be granted was adjusted from 2.065 million to 2.891 million.

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

Save for circumstances stated above, there is no difference between this Grant of Share Option and the 2022 Share Option Incentive Scheme disclosed. The supervisory committee has verified the adjusted list of Participants, and the independent non-executive Directors have issued their independent opinions in this respect.

III. THE IMPACT OF THE ADJUSTMENTS ON THE COMPANY

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

IV. OPINIONS OF THE SUPERVISORY COMMITTEE

Having conducted verification of the list of Participants of the Company, the supervisory committee is of the view that: (i) the adjustments to the Participants and the number of Share Options under the 2022 Share Option Incentive Scheme effected by the Company are in compliance with relevant provisions of the Administrative Measures and the 2022 Share Option Incentive Scheme; (ii) Participants of the Grant as confirmed by the Company following the adjustments are in compliance with the conditions for Participants set out in the Administrative Measures and other laws, regulations and governing documents, and within the scope of Participants provided for in the 2022 Share Option Incentive Scheme, and their qualifications as Participants under the 2022 Share Option Incentive Scheme are legal and valid; and (iii) other than 3 Participant who did not receive any grant after waiving participation in the 2022 Share Option Incentive Scheme due to resignation, the list of Participants to be granted share options by the Company is consistent with the Participants set out in the 2022 Share Option Incentive Scheme approved at the EGM.

V. OPINIONS OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Participants determined by the Share Option Incentive Scheme of the Company is in compliance with relevant provisions of the Administrative Measures and the 2022 Share Option Incentive Scheme of the Company, their qualifications as Participants under the Share Option Incentive Scheme are legal and valid; the date of grant under the Scheme has been set for September 5, 2022 (Monday) by the Board, which is in compliance with relevant provisions in relation with the grant date of the Administrative Measures and the 2022 Share Option Incentive Scheme; the Grant is in compliance with relevant provisions

in relation with the grant of share options to the Participants of the 2022 Share Option Incentive Scheme of the Company. The independent non-executive Directors of the Company unanimously approve the grant of 2.891 million Share Options to 110 Participants on September 5, 2022. For details, please refer to the overseas regulatory announcement of Independent Opinion of the Independent Non-executive Directors on the 2022 Share Option Incentive Scheme published on the same date as this announcement.

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

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

Upon calculation, the total expenses to be amortized of 2.891 million Share Options granted by the Company on September 5, 2022 is RMB79.1951 million. The amortization of the Share Options costs from 2022 to 2026 is as follows:

Total costs to be amortized (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)	2024 (RMB0'000)	2025 (RMB0'000)	2026 (RMB0'000)
7,919.51	1,167.51	3,129.05	2,056.55	1,146.79	419.60

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

According to the preliminary evaluation by the Company based on the information available, without taking into account the stimulus effects of the 2022 Share Option Incentive Scheme on the results of the Company, the amortization of the costs of 2022 Share Options Incentive Scheme shall affect the net profit of each year during the Validity Period, but the effect will not be substantial. Taking into consideration the positive impact of the Share Option Incentive Scheme on the development of the Company, such as motivating the management team, increasing the operational efficiency, and reducing agent costs, the benefits generated from the improvement in the Company's results due to the Share Option Incentive Scheme shall far exceed the increase in expenses.

VII. CONCLUSIVE OBSERVATIONS OF LEGAL OPINIONS

Jiangxi QZ&WD Law Firm is of the view that: according to the authorization granted to the Board at the Company's EGM and Class Meetings, as of the date on which these legal opinions are issued, the adjustments and the Grant made by the Company have obtained all the necessary approval and authorization; the reasons for the adjustments, the number of Share Options granted and determination of the Date of Grant are in compliance with the relevant provisions in the Administrative Measures and other laws, regulations and normative documents, as well as the Share Option Incentive Scheme; the Company and the Participants under the Grant have met the conditions of the Grant for Share Options as stipulated in the Administrative Measures and other laws, regulations and normative documents, as well as the 2022 Share Option Incentive Scheme.

VIII. PROFESSIONAL ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

Shanghai Realize Investment Consulting Co., Ltd. (上海榮正投資諮詢有限公司) is of the view that: the relevant matters on the First Grant of Share Options under the 2022 Share Option Incentive Scheme have obtained the necessary authorization and approval at the current stage; the Date of Grant, the Exercise Price, the Participants, the determination of the number of Share Options granted under the 2022 Share Option Incentive Scheme, and the adjustment and matters of the Grant under the 2022 Share Option Incentive Scheme are in compliance with the Company Law, the Securities Law, the Administrative Measures and other relevant laws, administrative regulations, normative documents, as well as the relevant provisions of the Articles of Association and the 2022 Share Option Incentive Scheme. There is no circumstance whereby the Company does not meet the conditions of the Grant for the Share Options as stipulated in the 2022 Share Option Incentive Scheme.

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

Jiangxi, PRC
September 5, 2022

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