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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This circular, for which the directors (“Directors”) of Ganfeng Lithium Co., Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. 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 in this circular misleading. All opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

**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, other licensed corporation, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your shares in the Company, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, licensed corporation, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

- (1) ENGAGEMENT OF DOMESTIC AND OVERSEAS AUDITORS AND THE INTERNAL CONTROL AUDITORS FOR 2021**
  - (2) DETERMINATION OF DIRECTORS' EMOLUMENTS**
  - (3) DETERMINATION OF SUPERVISORS' EMOLUMENTS**
  - (4) PROFIT DISTRIBUTION PROPOSAL FOR 2020**
  - (5) CONTINUING RELATED-PARTY TRANSACTIONS FOR 2021**
  - (6) GRANT OF GENERAL MANDATE TO THE BOARD OF THE COMPANY**
  - (7) GENERAL MANDATE TO ISSUE DOMESTIC AND OVERSEAS DEBT FINANCING INSTRUMENTS**
  - (8) ENGAGEMENT IN FOREIGN EXCHANGE HEDGING BUSINESS BY THE COMPANY AND ITS SUBSIDIARIES**
  - (9) CAPITAL INCREASE IN ITS WHOLLY-OWNED SUBSIDIARY**
  - (10) THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY**
  - (11) PROPOSED ADOPTION OF SHARE OPTION INCENTIVE SCHEME AND PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE SHARE OPTION INCENTIVE SCHEME**
  - (12) NOTICE OF THE 2020 AGM**
  - AND**
  - (13) NOTICE OF THE H SHARE CLASS MEETING**
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The notices convening the AGM and the H Share Class Meeting to 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 Friday, June 4, 2021 at 2 p.m.; and the proxy form for use at and the reply slip in relation to the AGM and the H Share Class Meeting were despatched by the Company on April 30, 2021 and also published and available for downloading on the websites of The Stock Exchange of Hong Kong Limited at [www.hkexnews.com.hk](http://www.hkexnews.com.hk) and of the Company at [www.ganfenglithium.com](http://www.ganfenglithium.com).

The 2020 AGM of 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, PRC on Friday, June 4, 2021 at 2 p.m.; Notice of the AGM is set out on pages 61 to 63 of this circular. The H Share Class Meeting of 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, PRC on Friday, June 4, 2021, immediately after the conclusion or adjournment of the A Share Class Meeting to be held on the same day at the same venue; Notice of the H Share Class Meeting is set out on pages 64 to 66 of this circular.

Whether or not you intend to attend the AGM and the H Share Class Meeting, you are advised to complete and return the proxy form in respect of the AGM and the H Share Class Meeting 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 Thursday, June 3, 2021 (Hong Kong time)). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the H Share Class Meeting or any adjournment thereof should you so wish.

April 28, 2021

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*Note:* in case of any inconsistency between the Chinese version and the English version, the English version shall prevail.

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## DEFINITIONS

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

“A Share(s)”	the RMB denominated ordinary share(s) of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Shenzhen Stock Exchange
“A Share Class Meeting”	the class meeting of A Shareholders
“A Shareholder(s)”	holders of A Shares
“Administrative Measures”	the Administrative Measures on Equity Incentives of Listed Companies
“AGM” or “2020 AGM”	the 2020 annual general meeting of the Company to be held on June 4, 2021 at the Conference Room, 4th Floor, R&D Building at the Company’s Headquarter, Longteng Road, Economic Development Zone, Xinyu, Jiangxi Province, PRC
“Articles of Association”	the articles of association of the Company with effect from May 26, 2020, as amended from time to time
“Assessment Measures”	Management Measures for the Implementation of the Share Option Incentive Scheme
“Board”	the board of Directors of the Company
“Board of Supervisors”	the board of supervisors of the Company
“Cash Dividends”	the cash dividend of RMB3.0 proposed to be distributed for every 10 shares to all Shareholders with the undistributed profit based on the total share capital as at the record date at the time of distribution of annual profit
“Class Meetings”	the class meeting of A Shareholders and the class meeting of H Shareholders
“Company”	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company with limited liability established in the PRC with limited liability whose A Shares and H Shares are listed on the SZSE and on the Main Board of Stock Exchange, respectively

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## DEFINITIONS

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“Company Law”	Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Exercisable Date”	the date on which the Participants are entitled to exercise the Share Options, which must be a trading day
“Exercise”	Participant’s exercise of his/her Share Option(s) according to the Share Option Incentive Scheme, i.e. Participant’s purchasing target Shares according to conditions as stipulated in the Share Option Incentive Scheme
“Exercise Conditions”	the conditions must be fulfilled by Participants to exercise the Share Option(s) under the Share Option Incentive Scheme
“Exercise Period”	period during which the Share Option(s) can be exercised
“Exercise Price”	the price determined by the Share Option Incentive Scheme, at which the Participants shall purchase the Shares
“Grant Date”	the date on which the Company shall grant Share Option(s) to the Participants, which shall fall on a trading day
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Stock Exchange
“H Share Class Meeting”	the class meeting of H Shareholders
“H Shareholder(s)”	holders of H Shares

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## DEFINITIONS

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“HK\$” or “Hong Kong dollars” “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	April 26, 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Participant(s)”	Participant(s) to be granted the Share Option(s) under the Share Option Incentive Scheme
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Profit Distribution Proposal for 2020”	to distribute Cash Dividends
“Remuneration and Assessment Committee”	the remuneration and assessment committee under the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	Securities Law of the People’s Republic of China, as amended from time to time
“Share Option(s)”	the rights to be granted by the Company to the Participants to purchase a certain number of Shares at a predetermined price and conditions within a certain period of time in the future under the Share Option Incentive Scheme
“Share Option Incentive Scheme”	the 2021 Share Option Incentive Scheme of the Company
“Shareholder(s)”	holder(s) of Share(s) of the Company

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## DEFINITIONS

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“Shenzhen Listing Rules”	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange (深圳證券交易所股票上市規則), as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“SZSE”	The Shenzhen Stock Exchange
“Validity Period”	the period from the date of registration of the initial grant of the Share Option(s) to the full exercise or cancellation of the Share Option(s)
“Vesting Period”	the period from the Grant Date to the Exercise Date
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

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

*Registered Office:*

Longteng Road,  
Economic Development Zone  
Xinyu City,  
Jiangxi Province, PRC

*Non-executive Directors:*

Mr. YU Jianguo  
Ms. YANG Juan

*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:*

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

April 28, 2021

*To the Shareholders*

Dear Sir or Madam,

- (1) ENGAGEMENT OF DOMESTIC AND OVERSEAS AUDITORS AND THE INTERNAL CONTROL AUDITORS FOR 2021**
- (2) DETERMINATION OF DIRECTORS' EMOLUMENTS**
- (3) DETERMINATION OF SUPERVISORS' EMOLUMENTS**
- (4) PROFIT DISTRIBUTION PROPOSAL FOR 2020**
- (5) CONTINUING RELATED-PARTY TRANSACTIONS FOR 2021**
- (6) GRANT OF GENERAL MANDATE TO THE BOARD OF THE COMPANY**
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- (12) NOTICE OF THE 2020 AGM**
- AND**
- (13) NOTICE OF THE H SHARE CLASS MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and the H Share Class Meeting, and information on the resolutions to be considered at the AGM and the Class Meetings to enable you to make informed decisions on whether to vote for or against such resolutions at the AGM and the Class Meetings.

### 2. BUSINESS TO BE CONSIDERED AT THE AGM AND CLASS MEETINGS

Ordinary resolutions to be proposed at the AGM for the consideration and approval of the Shareholders include: (a) engagement of domestic and overseas auditors and the internal control auditors for 2021; (b) determination of directors' emoluments; (c) determination of supervisors' emoluments; (d) profit distribution proposal for 2020; and (e) capital increase in its wholly-owned subsidiary;

Special resolutions to be proposed at the AGM for the consideration and approval of the Shareholders include: (a) grant of general mandate to the Board of the Company; (b) grant of general mandate to issue domestic and overseas debt financing instruments, (c) engagement in foreign exchange hedging business by the Company and its subsidiaries; (d) continuing related party transactions for 2021; (e) the provision of guarantees to the controlled subsidiary and (f) proposed adoption of Share Option Incentive Scheme and proposed authorization to the Board to deal with relevant matters in relation to the Share Option Incentive Scheme. The special resolution to be proposed at the Class Meetings for the Shareholders to consider and approve is proposed adoption of Share Option Incentive Scheme and proposed authorization to the Board to deal with relevant matters in relation to the Share Option Incentive Scheme.

Business to be considered at the AGM and the Class Meetings are elaborated on pages 61 to 66 of this circular. In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and the Class Meetings and to make informed decisions thereon, the Company has provided detailed information in relation to business to be considered at the 2020 AGM and the Class Meetings (Appendix I).

### 3. THE AGM AND THE CLASS MEETINGS

Notices of the AGM and the H Share Class Meeting are set out on pages 61 to 66 of this circular.

Pursuant to the Hong Kong 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 AGM and the H Share Class Meeting in the manner prescribed under the Hong Kong Listing Rules.



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## LETTER FROM THE BOARD

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To the best knowledge of the Directors after making all reasonable enquiries, Mr. Li Liangbin, Mr. Wang Xiaoshen and Ms. Ouyang Ming are required to abstain from voting in respect of the resolution that would be proposed to approve the continuing related-party transaction for 2021, and Mr. Li Liangbin, Mr. Deng Zhaonan and Mr. Shen Haibo and their associates are required to abstain from voting in respect of the resolution that would be proposed to approve the proposed adoption of Share Option Incentive Scheme and proposed authorization to the Board to deal with relevant matters in relation to the Share Option Incentive Scheme at the AGM.

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 AGM and the Class Meetings.

A form of proxy for use at the AGM and the H Share Class Meeting are enclosed with this circular. Whether or not you are able to attend the AGM and the H Share Class Meeting in person, you are requested to complete the form of proxy 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 AGM and the H Share Class Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM and the H Share Class Meeting or any adjournment thereof should you so desire.

#### **4. RECOMMENDATION**

The Board (including independent non-executive Directors) considers that the resolutions set out in this circular are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that Shareholders eligible to vote at the AGM and the Class Meetings to attend and vote in favour of the resolutions.

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## LETTER FROM THE BOARD

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### 5. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. 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.

### 6. GENERAL

You are advised to pay attention to other information as set out in the appendixes.

Yours faithfully  
By Order of the Board  
**GANFENG LITHIUM CO., LTD.**  
**LI Liangbin**  
*Chairman*

**A. TO CONSIDER AND APPROVE THE RESOLUTION IN RELATION TO THE ENGAGEMENT OF DOMESTIC AND OVERSEAS AUDITORS AND THE INTERNAL CONTROL AUDITORS FOR 2021**

The audit committee of the Company has reviewed the practices, integrity and other relevant information of Ernst & Young Hua Ming LLP (“**Ernst & Young Hua Ming**”) and Ernst & Young (“**Ernst & Young**”), and is of the view that Ernst & Young Hua Ming and Ernst & Young has met the qualifications prescribed under the Articles of Association of the Company. As such, the Company proposes to engage Ernst & Young Hua Ming as the domestic auditor (to assist the Company in preparing the 2021 financial report in accordance with the PRC Accounting Standards for Business Enterprises) as well as the internal control auditor; and to appoint Ernst & Young as the overseas auditor (to assist the Company in preparing the 2021 financial report in accordance with the International Financial Reporting Standards). The Board will authorize the management of the Company to determine the service fees for the year 2021 for the aforesaid auditors based on the prevailing industrial standards and the actualities of the audit work of the Company. Ernst & Young Hua Ming and Ernst & Young are in possession of the required practice qualifications and are able to fulfill the audit requirements for the year 2021 of the Company.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders’ consideration and approval.

**B. TO CONSIDER AND APPROVE THE RESOLUTION IN RELATION TO THE DETERMINATION OF THE DIRECTORS’ EMOLUMENTS**

In 2020, for Directors (other than the independent Directors and external Directors) who received emoluments from the Company, their emoluments shall be determined based on the Company’s overall development plan and actual operating performance in 2020 and in accordance with the requirements under the Measurement on Remuneration and Assessment of the Senior Management (《高級管理人員薪酬考核辦法》).

The Measurement on Remuneration and Assessment of the Senior Management prescribes that: the remuneration of the senior management shall consist of basic salary and performance bonus. The remuneration shall be based on their respective position as well as the underlying responsibilities, risks and working achievements, whereas the performance bonus shall be determined based on the operating results of the Company, their individual post performance and other appraisal results.

After taking into account the actualities of the Company as well as the working hours and performance of the Directors, the Directors' emoluments of the Company for the year 2020 are as follows:

Name	Position	Emoluments received from the Company in 2020 <i>(RMB0'000, before tax)</i>
LI Liangbin	Chairman and executive Director	87.04
WANG Xiaoshen	Vice chairman and executive Director	82.44
DENG Zhaonan	Executive Director	54.43
SHEN Haibo	Executive Director	52.97
YU Jianguo	Non-executive Director	6
YANG Juan	Non-executive Director	6
LIU Jun	Independent non-executive Director	8
WONG Sze Wing	Independent non-executive Director	17.78
XU Yixin	Independent non-executive Director	6
XU Guanghua	Independent non-executive Director	6

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

**C. TO CONSIDER AND APPROVE THE RESOLUTION IN RELATION TO THE DETERMINATION OF THE SUPERVISORS' EMOLUMENTS**

In 2020, for Supervisors who received emoluments from the Company, the Company determined their emoluments for 2020 based on the Company's overall development plan, the actual operating results (audited) and the remuneration systems of the Company.

After taking into account the actualities of the Company as well as the working hours and performance of the Supervisors, the Supervisors' emoluments of the Company for the year of 2020 are as follows:

Name	Position	Emoluments received from the Company in 2020 <i>(RMB0'000, before tax)</i>
HUANG Hua'an	Supervisor	14.02
ZOU Jian	Supervisor	8
GUO Huaping	Supervisor	6

The aforesaid resolution was considered and approved at the 15th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

#### D. TO CONSIDER AND APPROVE THE PROFIT DISTRIBUTION PROPOSAL FOR 2020

As audited by the Ernst & Young, in 2020, the Company recorded net profit of RMB139,000,000. After taking into account the undistributed profit at the beginning of the year of RMB2,477,000,000, and deducting the profit of RMB388,000,000 distributed for the year 2020 and the surplus reserves of RMB14,000,000 withdrawn, profit available for distribution amounted to RMB2,214,000,000.

In comprehensive consideration of the industrial features, stage of development, the Company's operation mode and profitability, the Board puts forth the following profit distribution proposal in accordance with the Articles of Association and the Shareholder Return Plan for the Upcoming Three Years (2019 to 2021)《未來三年(2019–2021年股東回報計畫》: to distribute cash dividend of RMB3.0 (tax inclusive) for every 10 shares to all Shareholders with the undistributed profit based on the total share capital as at the record date at the time of distribution of annual profit; no bonus shares will be awarded, nor will any extra share be issued by way of conversion of capital reserve.

The aforesaid Cash Dividends proposed to be distributed are all denominated in RMB. Dividends for the A Shareholders and the H Shareholders through the Southbound Trading Link (the "Southbound Shareholders") will be paid in RMB, and dividends for the H Shareholders other than the Southbound Shareholders will be paid in Hong Kong dollars. For Cash Dividends to be paid in Hong Kong dollars, the exchange rate shall be the average of the mid-point rates of RMB against Hong Kong dollars published by the People's Bank of China for the week prior to the date of approval of declaration of dividends by the AGM. The arrangements concerning the record date for entitlement to the Shareholders' rights for Southbound Shareholders are the same as those for the holders of H Shares. The remaining undistributed profit and capita reserves will be carried forward to the next year.

For the purpose of determining the entitlement of H Shareholders to the Cash Dividends, the H Share register of members of the Company will be closed from Thursday, June 10, 2021 to Thursday, June 17, 2021 (both days inclusive), during which period no transfer of H Shares will be registered. H Shareholders whose names appear on the H Share register of members of the Company on Thursday, June 17, 2021 are entitled to the Cash Dividends. In order to be entitled to receive the Cash Dividends, all instruments of transfers in respect of H Shares, must be lodged for registration with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, June 9, 2021.

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) and the "Rules for the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》), both implemented on January 1, 2008 and the "Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares" (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated on November 6, 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise shareholders at a tax rate of 10% from 2008 onwards when the Company distributes any dividends to nonresident enterprise shareholders whose names appear on the register of members of H Shares of the Company. As such, any H shares of the Company which are not registered in the name(s) of individual(s) (which, for this purpose, including whose shares registered in the name of HKSCC Nominees Limited, other nominees, trustees, or other organizations or groups) shall be deemed to be H shares held by non-resident enterprise shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise shareholders may apply for a tax refund for the difference (if any) in accordance to relevant tax laws such as tax treaty (arrangement).

In accordance with the "Circular on Certain Issues Concerning the Policies of Individual Income Tax" (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises.

In accordance with the “Letter of the State Administration of Taxation concerning Taxation Issues of Dividends Received by Foreign Individuals Holding Shares of Companies Listed in China” (Guo Shui Han Fa [1994] No. 440) (《外籍個人持有中國境內上市公司股票所取得的股息有關稅收問題的函》(國稅函發[1994]440號)) as promulgated by the State Administration of Taxation on July 26, 1994, dividends (capital bonuses) received by foreign individuals holding B shares or overseas shares (including H shares) from Chinese enterprises issuing such B shares or overseas shares are temporarily exempted from individual income tax. Accordingly, the Company will not withhold and pay the individual income tax on behalf of foreign individual Shareholders when the Company distributes the Cash Dividends to individual Shareholders whose names appear on the register of members of H Shares of the Company.

Shareholders are advised to consult their tax advisers regarding PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders’ consideration and approval. Upon approval, the Cash Dividends are expected to be paid within two months after the date of the AGM.

**E. TO CONSIDER AND APPROVE THE RESOLUTION IN RELATION TO THE ESTIMATED CONTINUING RELATED-PARTY TRANSACTIONS FOR 2021**

As Mr. Li Liangbin and Mr. Wang Xiaoshen, both being Directors of the Company, also hold directorship in the Australia-based Reed Industrial Minerals Pty Ltd. (“**RIM**”), a stock-sharing subsidiary, and Ms. Ouyang Ming, vice president of the Company, also holds directorship in Dalian Yike Energy Technology Co., Ltd. (大連伊科新能源科技有限公司) (“**Dalian Yike**”), Zhejiang Shaxing Technology Co., Ltd. (浙江沙星科技有限公司) (“**Zhejiang Shaxing**”) and Ganzhou Tengyuan Cobalt New Material Co., Ltd. (贛州騰遠鈷業新材料股份有限公司) (“**Tengyuan Cobalt**”), RIM, Dalian Yike, Zhejiang Shaxing and Tengyuan Cobalt are related legal persons of the Company. However, according to Chapter 14A of the Hong Kong Listing Rules, none of RIM, Dalian Yike and Zhejiang Shaxing is a connected person of the Company. As such, transactions between the Company and RIM, Dalian Yike, Zhejiang Shaxing and Tengyuan Cobalt do not constitute connected transactions under Chapter 14A of the Hong Kong Listing Rules. Considering the exclusive sales agreement and supplemental exclusive sales agreement entered into between the

Company and RIM, and the business conducted between the Company and Dalian Yike, Zhejiang Shaxing and Tengyuan Cobalt, the estimated continuing related-party transactions of the Company for 2021 are as follows:

Type of related-party contraction	Subdivision by products or labor	Related party	Contracted amount or estimated amount	Amount incurred as at the disclosure date (RMB0'000)	Amount incurred in last year (RMB0'000)
Purchase of raw materials	Spodumene	RIM	Not more than USD450 million	28,545.27	98,548.99
Purchase of raw materials	Battery separator	Dalian Yike	Not more than RMB10 million	-	0.59
Purchase of raw materials	Lithium chloride solution	Zhejiang Shaxing	Not more than RMB10 million	443.25	148.65
Purchase of raw materials	Cobaltous sulfate	Tengyuan Cobalt	Not more than RMB15 million	192.00	163.50
Sales of products	Lithium metal	Zhejiang Shaxing	Not more than RMB60 million	543.68	649.24

#### **Pricing policy and basis of the related-party transactions:**

For purchase of raw materials from RIM, Dalian Yike, Zhejiang Shaxing and Tengyuan Cobalt, and sales of products to Zhejiang Shaxing made by the Company and subsidiaries under the coverage of the Company's consolidated statements, the transaction amount shall be determined based on the fair market price and conditions in accordance with the principle of openness, fairness and equality; and the pricing policy and basis of such transaction shall be determined with reference to the market prices upon negotiation. The Company will, based on the actual conditions of the daily production and operation of the Company, enter into relevant contracts with the related parties and implement the transactions concerned. The total transaction amount is no more than RMB3,042,500,000.

#### **Purpose of the related-party transactions and impact on the Company:**

The purchase of raw materials from RIM, Dalian Yike, Zhejiang Shaxing and Tengyuan Cobalt, and sales of products to Zhejiang Shaxing made by the Company and subsidiaries under the coverage of the Company's consolidated statements all fall within the ordinary business activities of the Company and are conducted following the general market operation rules. Each of the Company and the aforesaid related parties is an independent legal person and is independent with one another in respect of assets, finance and personnel. The transaction prices are determined based on the fair



market price in a fair and reasonable manner, which is beneficial for each party to fully exert their respective industrial edges, and conducive to the reduction of production and operation costs and the improvement of the economic benefits and comprehensive competitiveness of the Company, will do no harm to the interests of the Company and its Shareholders, nor will prejudice the independence of the Company or result in reliance upon such related parties.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board. The related Directors, Mr. Li Liangbin and Mr. Wang Xiaoshen, abstained from voting and did not act on behalf of other Directors, and the remaining 8 non-related Directors with voting rights reviewed and unanimously passed the resolution. and the resolution is hereby proposed at the AGM for the Shareholders' consideration and approval.

**F. TO CONSIDER AND APPROVE THE PROPOSAL IN RESPECT OF SEEKING AUTHORIZATION FROM SHAREHOLDERS' MEETING OF THE COMPANY OF THE GRANT OF A GENERAL MANDATE TO THE BOARD FOR ISSUE OF A SHARES OR H SHARES**

1. To grant a general and unconditional mandate to the Board and then to delegate to the chairman of the Board and his authorized person(s) by the Board to determine separately or jointly allot, issue and grant A Shares and/or H Shares, convertible securities, options, warrants, or similar rights of subscribing A Shares or H Shares (the "**Similar Rights**") of the Company and the terms and conditions for the allotment, issuance and granting of new Shares, including but not limited to:
  - (i) class and number of new shares to be issued;
  - (ii) price determination method of new shares and/or issue price (including price range);
  - (iii) the starting and closing dates for the issue;
  - (iv) class and number of the new shares to be issued to the existing shareholders; and/or
  - (v) the making or granting of offers, agreements, options, debt-for-equity right and other relevant rights which might require the exercise of such powers.
2. The numbers of A Shares or H Shares (excluding shares issued in form of capital conversion from capital reserve) to be separately or jointly allotted, issued and granted (whether pursuant to an option or otherwise) by the Board or the chairman of the Board and his authorized person(s) pursuant to the general mandate, shall not exceed 20% of the A Shares or H Shares in issue at the time when this resolution is passed at the AGM, respectively.

3. If the Board or the chairman of the Board and his authorized person(s) have resolved to allot, issue and grant A Shares or/and H Shares or Similar Rights within the Relevant Period as defined below, and the Company has also obtained the relevant approval, permission or registration (if applicable) from the competent regulatory authorities within the validity term of the general mandate, the Board or the chairman of the Board and his authorized person(s) may complete the relevant allotment, issuance and granting works within the validity term of such approval, permission or registration.
4. To grant the Board or the chairman of the Board and his authorized person(s) to obtain approvals from the relevant government authorities and/or regulatory authorities (if applicable) in accordance with applicable laws (including but not limited to the Company Law of the PRC, the Hong Kong Listing Rules and Shenzhen Listing Rules) for the exercising of the general mandate.
5. The general mandate will become effective from the date of passing of this resolution at the AGM until the earlier of (the “**Relevant Period**”):
  - (i) the expiration of 12 months from the date of passing of this resolution at the AGM;
  - (ii) the conclusion of 2021 annual general meeting; or
  - (iii) the revocation or amendment of the general mandate granted under this resolution by the approval of special resolution at a general meeting by the Shareholders.
6. To grant the Board or the chairman of the Board and his authorized person(s) to approve, execute and make or procure to execute and make any documents, deeds and matters, complete necessary formalities, adopt other necessary actions in connection with the allotment, issuance and granting of any new Shares in accordance with the general mandate as considered fit.
7. To grant the Board or the chairman of the Board and his authorized person(s) to increase the registered capital of the Company and to make appropriate and necessary amendments to the Articles of Association after completion of the allotment and issuance of new shares according to the method, type and number of the allotment and issuance of new shares by the Company, and the then shareholding structure of the Company.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders’ consideration and approval.

**G. TO CONSIDER AND APPROVE THE PROPOSAL IN RESPECT OF THE GENERAL MANDATE FOR ISSUE OF DEBT FINANCING INSTRUMENTS DOMESTICALLY OR ABROAD**

As stated in the overseas regulatory announcement of the Company dated March 31, 2021, the Company convened the 20th meeting of the fifth session of the Board on March 30, 2021, and considered and approved the proposal in relation to the general mandate for issue of debt financing instruments domestically or abroad, details of which are as follows:

To satisfy the production and operation needs of the Company as well as the infrastructure and operation needs of domestic or overseas projects, replenish working capital, reduce capital cost and make use of favorable opportunities in a timely manner, it is proposed to the AGM to grant a general and unconditional mandate to the Board and then delegate to the chairman of the Board and his authorised person(s) to determine the following specific issue matters within the scope of available debt financing instruments in accordance with relevant laws and regulation, Articles of Association and the actual conditions:

**(I) Major Terms of the Issue of Debt Financing Instruments**

1. Type of the debt financing instruments: The relevant debt financing instruments include but not limited to short-term financing bonds, super-short term financing bonds, medium term notes, non-public targeted debt financing instruments, corporate bonds, company bonds, A share or H share convertible bonds, offshore RMB bonds and foreign currency bonds, perpetual bonds and other domestic and abroad debt financing instruments denominated in RMB or foreign currency permitted by competent regulatory authority.
2. Size of issue: The issue size of the domestic and offshore debt financing instruments of this mandate shall not be more than RMB10 billion or equivalent amount in foreign currency (calculated based on the outstanding payable balance after the issue, while for the issue denominated in a foreign currency, calculated based on median discount price published by the People's Bank of China on the date of such issue), which can be issued either one-off or in tranches within the definite validity period.
3. Currency of issue: The currency of issue shall be determined based on the review and approval results of debt financing instruments and the domestic and overseas market conditions of debt financing instruments at the time of the issue, which may be RMB or foreign currency debt financing instruments.

4. Term and interest rate: The maximum term shall be no more than 15 years, which is applicable to a single-term type or a combination of types with multiple terms; Domestic debt financing instruments without a fixed term are not subject to the aforementioned term limit. The specific composition of terms, size of issue and interest rate of each type with different terms shall be determined based on the relevant requirements and the market conditions by the Board or the chairman of the Board and his authorised persons.
5. Issuer: The issuer shall be the Company or a domestic or offshore wholly-owned subsidiary or a special purpose vehicle of the Company, and in the case of a domestic or offshore wholly-owned subsidiary or a special purpose company of the Company as the issuer of the debt financing instruments, the Company can provide guarantees (including the guarantee provided by the issuer of the debt financing instrument itself and/or such guarantee provided by the Company) to such subsidiaries or special purpose company within the issue size of its debt financing instruments, issue a keepwell agreement or adopt third party credit enhancement conventional methods.
6. Issue price: the specific issue price shall be determined by the Board or the chairman of the Board and his authorized persons according to relevant regulations and market conditions.
7. Use of proceeds: after deducting the issue expenses, the proceeds to be raised from the proposed issue of the debt financing instruments are intended to be used towards meeting the demand of the Company's daily operations, repaying loans, replenishing its working capital and/or other investment acquisition purposes, and the specific use of proceeds shall be determined by the Board or the chairman of the Board and his authorised persons according to the capital needs of the Company from time to time.
8. Method of issue: method of issue shall be determined based on the review and results of issue approval of debt financing instruments and the domestic and overseas bond market conditions at the time of the issue of debt financing instruments.
9. If A Share or H Share convertible bonds are to be issued, and upon the request of share conversion applied by holders of convertible bonds, the new A Shares or H Shares generated thereof may be issued under the relevant general mandate considered and approved at the AGM.
10. The debt financing instruments to be issued are proposed to be listed on the Inter-bank Bond Market, the SZSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges.

**(II) Matters in Relation to the Mandate of Issue of Debt Financing Instruments**

1. It is proposed to the AGM to grant a general and unconditional mandate to the Board and then delegate to the chairman of the Board and his authorised person(s) to decide and deal with all matters relating to the issue of the debt financing instruments at full discretion pursuant to the requirements of relevant laws and regulations and in accordance with the demands of the Company from time to time and the market conditions, including but not limited to:
  - (a) determining and implementing the specific terms and proposal of the issue of debt financing instruments, including but not limited to the establishment and determination of the appropriate issuer, the type of the debt financing instruments to be issued, the method of issue, the currency of issue, the nominal value of the debt financing instruments, the price of issue, the size of issue, the interest rate of issue or its determination mechanism, the markets for issue, the timing of issue, the term of issue, issue in instalments and number of tranches (if applicable), sale back clause and redemption clause (if applicable), the right to set and increase nominal interest rate, rating, guarantees (if applicable), repayment period, conversion price, use of proceeds, placing, underwriting and all matters in respect of the issue of debt financing instruments.
  - (b) carrying out all necessary and ancillary actions and procedures in relation to the issue of debt financing instruments, including but not limited to, select and engage intermediary institutions, handle all approval, registration and filing procedures with the relevant regulatory authorities in connection with the issue on behalf of the Company, sign, revise and execute all necessary documents for the issue, select trustee(s) for the issue of debt financing instruments, formulate rules for meetings of the holders of the debt financing instruments, deal with any related disclosure in accordance with the applicable laws and regulations and requirements from regulatory authorities, and deal with any other matters in connection with the bond issue and trading.
  - (c) subject to the authorization at the AGM, if there are changes in the regulatory policies or market conditions, correspondingly revising the specific proposals and terms of the proposal for the issue of debt financing instruments in due course in accordance with the view of regulatory authorities or in the event that there are changes in the then market conditions, or determining whether to continue relevant issues based on actual situations, except for matters that require approval at the general meeting of the Company in respect of relevant laws, regulations and the Articles of Association.

- (d) deciding and dealing with all relevant matters in connection with the proposed listing of debt financing instruments to be issued on the Inter-bank Bond Market, the SZSE, the Hong Kong Stock Exchange or other domestic or foreign exchanges according to the market conditions.
  - (e) to handle any other specific matters relating to the issuance of debt financing instruments and to sign all relevant or required documents.
- 2. To further authorise to the Board and then to delegate to the chairman of the Board and his authorised person(s) to execute all matters in connection with the issue of debt financing instruments based on the Company's needs and other market conditions upon approval and authorization in respect of the above matters at the AGM.
  - 3. To authorise the chairman of the Board and his authorised person(s) to approve, execute and dispatch relevant documents, announcements and circulars and make information disclosure in accordance with the applicable rules and regulations of the relevant jurisdictions where the securities of the Company are listed.

### **(III) Term of the Issue of Debt Financing Instrument**

The mandate of the issue of the debt financing instruments shall be effective from the date of approval at the AGM to the date of convening the 2021 annual general meeting.

If the Board or the chairman of the Board and his authorised person(s) have resolved to issue the debt financing instruments within the validity term of the mandate and the Company has also obtained the approval, permission or registration (if applicable) for the issuance from the competent regulatory authorities within the validity term of the mandate, the Board or the chairman of the Board and his authorised person(s) may complete the issue of such debt financing instruments within the validity term of such approval, permission or registration.

If the proposal is approved by the AGM, the decision of the Board and the issue of debt financing instruments domestically or abroad shall be made in accordance with the proposal within the validity period of the said mandate to issue debt financing instruments.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

**H. TO CONSIDER AND APPROVE THE RESOLUTION IN RELATION TO ENGAGEMENT IN FOREIGN EXCHANGE HEDGING BUSINESS BY THE COMPANY AND ITS SUBSIDIARIES**

With the growing presence of the Company in the international market, the international business became increasingly robust and promising and, accordingly, foreign currency settlement and overseas financing of the Company increased progressively. In order to avoid the adverse impact of fluctuation in interest rate and exchange rate on the production, operation and cost control of the Company, the Group proposes to carry out foreign exchange hedging business with self-owned funds of not more than RMB5 billion (inclusive) or its foreign currency equivalents, based on the import and export businesses relating to foreign exchange, receipts and disbursements of international projects and fund demand of the Company in 2021, and in accordance with the prudent projection principle. The Board only intends to set a cap for the scale of such foreign exchange hedging business and no concrete transaction is proposed to be made for the moment. When entering into any specific transaction, the Company will comply with relevant requirements including Chapter 14 of the Hong Kong Listing Rules.

The foreign exchange hedging business of the Group only concerns such major currencies as used for settlement in the production and operation of the Company. Such currencies include US dollars, Australian dollars, Hong Kong dollars and Euros. The foreign exchange hedging business of the Company pertains to business quoted in the stock exchanges and mainly includes forward exchange facilities, futures exchange, foreign exchange swap, interest rate swap and the relevant product portfolio.

Considering the Company's asset scale and business needs, the amount of the foreign exchange hedging business proposed to be carried out by the Company shall not exceed RMB5 billion (inclusive) or its foreign currency equivalents, and not exceed 40% of the latest audited total assets of the Company. The chairman of the Board shall be authorized to approve routine foreign exchange hedging business plans and execute contracts in relation thereto.

The business shall be effective and valid for 12 months from the date of consideration and approval at the 2020 AGM of the Company.

Risk analysis and control measures relating to the operation of foreign exchange hedging business:

1. The foreign exchange hedging business of the Company and its subsidiaries shall be conducted in accordance with the principle of hedging for the sake of locking in exchange rate and shall involve in no venture and arbitrage transactions. When entering into contracts, the projected amount for foreign exchange receipts and disbursements (including international investment) and debt repayments in the import and export business of the Company shall be heeded strictly.

2. In terms of risks concerning exchange rate fluctuation, the Company will enhance study and analysis of exchange rate, keep abreast of the changes in international markets, and adjust its operation strategy when appropriate to get rid of exchange loss to the utmost. The Company will make proper projections on the exchange rate movements in coordination with its bank partners, keep close track with changes in exchange rate and implement dynamic management base on market changes. It will strictly control the proportion of the amount occupied by foreign exchange hedging over the total business amount and allow for strategic adjustment in response to exchange rate fluctuation.
3. For liquidity risks, the foreign exchange hedging business of the Company is based on the budgetary foreign exchange receipts and disbursements of the Company. As the foreign exchange hedging business of the Company is well aligned with the actual foreign exchange receipts and disbursements, adequate capital for settlement at delivery is ensured to be right in place. As such, there is little impact on the liquid assets of the Company.
4. As to operation risks, the Company has prepared the foreign Exchange Hedging Management System (《外匯套期保值管理制度》), which prescribes that such business can only be carried out with the self-owned funds of the Group, and no transaction on financial derivatives purely for the purpose of profit shall be conducted. The Company is staffed with specialty personnel compatible with the responsibility of the post, who will implement the foreign exchange hedging business in strict compliance with the terms of reference. The Company has also set up the timely reporting system for abnormalities to circumvent operation risks to the extent possible.
5. In order to prevent delayed delivery of foreign exchange hedging, the Company will regulate the total amount of foreign exchange funds and the settlement and sale timing of foreign exchanges in close adherence to the receivable collection scheme. In principle, the lock-up amount and period for foreign currency hedging shall be in line with the recovery amount and time of foreign currency in circulation. In addition, the Company will give special weight to the management of foreign currency receivables to avoid late payment of account receivables.
6. With regard to legal risks, when conducting the foreign currency hedging business, the Company will keep abreast of relevant domestic and overseas policies and regulations and follow closely the requirements under relevant laws and regulations so as to ensure the lawful operations of the Group in respect of relevant transactions. Besides, the Company will enter into legal agreements with accurate and clearly defined terms to avoid any possible legal dispute.



7. The audit department shall be responsible for supervising and inspecting the compliance matter of the decision-making, management and implementation of hedging transactions made by the Group; making analysis on the operation status and fulfillment of plans of the Group, issuing review opinions on the necessity of the hedging business based thereon and providing information on profit and loss analysis and risk analysis in a timely manner in accordance with the management requirements.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

**I. TO CONSIDER AND APPROVE CAPITAL INCREASE IN ITS WHOLLY-OWNED SUBSIDIARY**

In order to meet the needs of the Company's development, it's agreed that the Company increases its capital to its wholly-owned subsidiary Qinghai Liangcheng Mining Co., Ltd. (hereinafter referred to as "**Qinghai Liangcheng**") with its own funds of RMB1,500 million.

Upon the completion of the capital injection, the registered capital of Qinghai Liangcheng will increase from RMB100 million to RMB1,600 million, 100% equity interest of which the Company holds.

The capital injection is to expand the scale of Qinghai Liangcheng and to ensure the capital needs for foreign investment of Qinghai Liangcheng. The capital injection will not change the equity proportion held by the Company in Qinghai Liangcheng and will not have substantial effect to future financial conditions and performance of the Company.

The aforesaid resolution was considered and approved at the 20th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

**J. THE PROVISION OF GUARANTEES TO THE CONTROLLED SUBSIDIARY**

**1. Overview of the Guarantees**

The 24th meeting of the fifth session of the Board was held on April 28, 2021 at which the Resolution in relation to the Provision of Guarantees to the Controlled Subsidiary 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 of not more than US\$10,000,000 in equivalent amount in peso from a third-party institution, which was guaranteed in equivalent amount by the Company or the controlled subsidiaries of the Company.

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

## 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 interest in Minera Exar through its wholly-owned subsidiary Ganfeng Lithium Netherlands Co., B.V., and Lithium Americas Corp. holds 49% equity interest 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 a year and a period:

*Unit: US\$*

<b>Item</b>	December 31, 2019 (Unaudited)	<b>December 31, 2020</b> (Unaudited)
Total assets	449,471,698	<b>501,792,840</b>
Net assets	230,356,469	<b>208,284,117</b>
<b>Item</b>	2019 (Unaudited)	<b>2020</b> (Unaudited)
Operating revenue	–	–
Net profit	–	<b>2,449,292.28</b>

As of December 31, 2020, the gearing ratio of Minera Exar was 58.49%.

## 3. Opinions of the Board

The provision of guarantees to Minera Exar, the controlled subsidiary, serves as the security of funds for the Cauchari-Olaroz Lithium Brine Project held by Minera Exar to promote 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.

#### **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, serves as the security of funds for the Cauchari-Olaroz Lithium Brine Project held by Minera Exar to promote the production schedule of such projects, 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 decisionmaking procedures and methods of the Board on the guarantee 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 agreed the provision of guarantees to Minera Exar, the controlled subsidiary.

The aforesaid resolution was considered and approved at the 24th meeting of the fifth session of the Board, and is hereby proposed at the AGM for the Shareholders' consideration and approval.

#### **K. PROPOSED ADOPTION OF SHARE OPTION INCENTIVE SCHEME AND PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH RELEVANT MATTERS IN RELATION TO THE SHARE OPTION INCENTIVE SCHEME**

As stated in the announcement of the Company dated April 6, 2021 (the "**Announcement**"), the Board, on April 2, 2021, considered and approved the resolutions in relation to, among others, (i) the proposed adoption of the Share Option Incentive Scheme and the Assessment Measures; and (ii) the proposed authorization to the Board to deal with relevant matters in relation to the Share Option Incentive Scheme. The Share Option Incentive Scheme shall become effective upon consideration and approval at the AGM and the Class Meetings of the Company. Before the AGM and the Class Meetings are held for approval of the Share Option Incentive Scheme, the Company may amend the Share Option Incentive Scheme upon the request of the regulatory authorities in the PRC and/or Hong Kong.

**1. PROPOSED ADOPTION OF THE SHARE OPTION INCENTIVE SCHEME*****1.1 Purpose of the Share Option Incentive Scheme***

In order to further establish and improve the Company's long-term incentive mechanism, attract and retain outstanding employees, fully motivate the mid-level and senior management and core technical or business personnel of the Company, effectively align the interests of Shareholders, the Company and the key individuals, and bring their attention to the Company's long-term development, under the premise of fully safeguarding the interests of Shareholders, the Share Option Incentive Scheme is formulated, following the principle that benefit is equivalent to contribution, in accordance with provisions of the relevant laws, regulations and regulatory documents, including the Company Law, the Securities Law, the Administrative Measures as well as the Articles of Association.

***1.2 Management Agency of the Share Option Incentive Scheme***

- (1). The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, modification and termination of the Share Option Incentive Scheme. The general meeting may, within its powers and authority, authorize the Board to handle certain matters relating to the Share Option Incentive Scheme.
- (2). The Board shall act as the executive and administrative body for the Share Option Incentive Scheme and be responsible for the implementation of the Share Option Incentive Scheme. The Remuneration and Assessment Committee under the Board shall be responsible for drafting and revising the Share Option Incentive Scheme, and submitting the Share Option Incentive Scheme to the Board for consideration. Upon consideration and approval by the Board, the Share Option Incentive Scheme shall be further submitted to the AGM and the Class Meetings for consideration. The Board may handle other matters relating to the Share Option Incentive Scheme within its scope of authority as delegated by the general meeting. The Directors related to the Share Option Incentive Scheme, who are proposed to be the Participants of the Share Option Incentive Scheme, should abstain from the review and execution of the Share Option Incentive Scheme.

- (3). The committee of the Supervisors and the independent non-executive Director(s) are responsible for supervising the implementation and management of the Share Option Incentive Scheme, and shall issue opinions as to whether the Share Option Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole. The committee of the Supervisors shall supervise the implementation of the Share Option Incentive Scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Stock Exchange, and shall be responsible for verifying the list of the Participants. The independent non-executive Director(s) shall solicit voting rights by proxy from all Shareholders in respect of the Share Option Incentive Scheme.

Where amendments have been made to the Share Option Incentive Scheme before the Share Option Incentive Scheme is passed at the AGM and the Class Meetings, the independent non-executive Director(s) and the committee of the Supervisors shall issue independent opinions as to whether the amended incentive scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole.

Before any entitlements are granted to a Participant, the independent non-executive Director(s) and the committee of the Supervisors shall issue clear opinions on the conditions to be fulfilled for the Participant to receive such entitlements stipulated under the Share Option Incentive Scheme. In the event of any discrepancy between the entitlements granted to a Participant and the arrangement under the Share Option Incentive Scheme, the independent non-executive Director(s) and the committee of the Supervisors (where there is a change of the Participants) shall simultaneously issue clear opinions thereon.

Before the exercise of interests by a Participant, the independent non-executive Director(s) and the committee of the Supervisors shall issue clear opinions as to whether the conditions stipulated under the Share Option Incentive Scheme for the Participant to exercise such entitlements have been fulfilled.

**1.3 Basis for Determining the Participants and the Scope of the Participants****(1). Legal Basis for Determining the Participants**

Participants of the Share Option Incentive Scheme are determined in accordance with the Company Law, the Securities Law, the Administrative Measures and other relevant laws, regulations and regulatory documents, as well as provisions of the Articles of Association with reference to the actual situations of the Company.

**(2). Position Basis for Determining the Participants**

The Participants of the Share Option Incentive Scheme shall be the Company's Directors, senior management, core management and core technical or business personnel (excluding independent non-executive Directors and Supervisors). All Participants are employed by the Company or its holding subsidiaries and branches, and have entered into labour contracts with and received remuneration from the Company or its holding subsidiaries.

**(3). Assessment Basis for Determining the Participants**

In respect of the assessment matters for the Share Option Incentive Scheme, the Remuneration and Assessment Committee has formulated the Assessment Measures as the basis of assessment. The Participants will be assessed in accordance with the Assessment Measures and will be eligible to be granted the Share Option under the Share Option Incentive Scheme only if their assessment results are competent or above.

**(4). Verification of Participants**

(i). After the Board has reviewed and approved the Share Option Incentive Scheme, the Company shall internally publish the names and the positions of the Participants for a period of no less than 10 days.

(ii). The committee of the Supervisors of the Company shall verify the list of the Participants and thoroughly consider opinions to the list. The Company shall publish the opinions of the committee of the Supervisors on the verification and the introduction to the publication of the list of the

Participants from 3 to 5 days before the Share Option Incentive Scheme is considered at the AGM and the Class Meetings of the Company. Any adjustments to the list of the Participants made by the Board shall also be subject to verification by the committee of the Supervisors of the Company.

*(5). Scope of Participants*

There are 407 Participants proposed to be granted under the Share Option Incentive Scheme in total, including:

- (i). Directors and members of senior management of the Company;
- (ii). core management personnel of the Company; and
- (iii). core technical or business personnel of the Company.

The Participants under the Share Option Incentive Scheme exclude the Company's independent non-executive Directors, Supervisors, the Shareholders individually or in aggregate holding 5% or more of the Shares of the Company or the de facto controllers and their spouses, parents or children.

Among the above Participants, Directors and members of senior management must be elected by the general meeting of the Company or appointed by the Board of the Company. All the Participants must hold positions in and enter into labour contracts with the Company (including the Company's branch and holding subsidiaries) within the assessment period of the Share Option Incentive Scheme.

**1.4 Source of Shares and Number of Share Options**

*(1) Source of Shares*

The source of the underlying Shares of the Share Option Incentive Scheme shall be ordinary A Shares to be directly issued to the Participants by the Company. The A Share(s) to be issued and allotted upon the Exercise of a Share Option will be subject to all the provisions of the Articles of Association, will entitle its holder(s) to enjoy all rights and fulfill all obligations as the A Shareholders of the Company (including those arising on a liquidation of the Company)

and accordingly will entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment. The Share Option(s) per se will not entitle the relevant Participants the above-mentioned rights.

(2) *Number of the Share Options*

The Share Option Incentive Scheme intends to grant 15,794,000 Share Options to the Participants, representing approximately 1.16 % of the total issued Shares of the Company as at the date of the Announcement and approximately 1.42% of the total issued A Shares of the Company as at the date of the Announcement. There is no executing share option incentive scheme of the Company.

The number of Shares to be granted to any of the Participants under the Share Option Incentive Scheme shall not exceed 1% of the relevant class of securities in issue when the Share Option Incentive Scheme is approved by the AGM and the Class Meetings.

During the period from the date of the Announcement of the Share Option Incentive Scheme to the completion of the exercise of Share Option by the Participants, the total number of underlying Shares involved shall be adjusted accordingly in the event of any capitalization issue, bonus issue, share subdivision, share consolidation or rights issue, etc.

**1.5 *Validity Period, Grant Date, Vesting Period, Exercise Date and the Lock up Requirements of the Share Option Incentive Scheme***

(1) *Validity Period of the Share Option Incentive Scheme*

The validity period of the Share Option Incentive Scheme shall commence from the date of the grant of the Share Options and end on the date on which all the Share Options granted to the Participants have been exercised or repurchased and cancelled, which shall not be longer than 60 months.

(2) *Validity Period of the Share Options*

The validity period of the Share Option granted under the Share Option Incentive Scheme shall commence from the date of the grant of the Share Options, and shall not be longer than 60 months.



(3) *Grant Date*

The Grant Date shall be determined by the Board after the Share Option Incentive Scheme is considered and passed at the AGM and the Class Meetings of the Company. The Grant Date must be a trading day falling within a period in compliance with the applicable Administrative Measures, listing rules, laws and regulations. Directors who are proposed Participants or related to the Share Option Incentive Scheme shall abstain from voting at the Board meeting which reviews and approves the Grant Date. The Company shall grant the Share Options and complete the announcement and registration procedures within 60 days (excluding the number of days where the Company is prohibited from granting Share Options pursuant to the applicable Administrative Measures, listing rules, laws and regulations) from the date on which the Share Option Incentive Scheme is considered and approved at the AGM and Class Meetings, failing which the Share Option Incentive Scheme will be terminated, and the Share Options which have not been granted will lapse.

(4) *Vesting Period*

The Vesting Period for the Share Options under the Share Option Incentive Scheme shall commence from the date of grant of the Share Options and end on the first 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 Period, the Share Options which are granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt.

(5) *Exercisable Date*

The Share Options granted to the Participants can be exercised after expiry of 12 months commencing from the date of the grant, subject to the consideration and approval of the Share Option Incentive Scheme at the AGM and the Class Meetings. The Exercisable Date must be a trading day and shall not fall within any of the following periods:

- (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and ending on one day prior to the actual announcement date;

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

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

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

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

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

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

(6) *Relevant lock-up provisions*

The lock-up period refers to the period during which there is sale restriction on Shares obtained by the Participants upon the Exercise. Lock-up provisions of the Share Option Incentive Scheme shall be implemented in accordance with the relevant laws, regulations and normative documents such as the Company Law and the Securities Law, as well as the Articles of Association, of which details are set out below:

- (i) where a Participant is a Director or a member of the senior management of the Company, the number of shares that may be transferred each year during his or her terms of office shall not exceed 25% of the total number of Shares held by him or her in the Company. No Shares held by him or her may be transferred within half a year upon his or her termination of office;
- (ii) where a Participant is a Director or a member of the senior management of the Company and he or she disposes of any Shares within six months after any purchase of Shares from the Company, or if he or she should purchase Shares within six months after disposal thereof, all gains deriving therefrom should be vested with the Company and the Board will forfeit all such gains; and

- (iii) where, during the Validity Period of the Share Option Incentive Scheme, there is any change to the requirements regarding the transfer of shares held by Directors and members of senior management under relevant laws, regulations and normative documents such as the Company Law and the Securities Law, and under the Articles of Association, the transfer by such Participants shall comply with such amended requirements.

**1.6 Exercise Price and basis of determination of the Share Options**

- (1) The Exercise Price of the Share Options is RMB96.28 per A Share for the grant, i.e. upon the fulfillment of the Exercise Conditions, the Participants are able to purchase the A Shares issued by the Company to the Participants at the price of RMB96.28 per A Share.
- (2) The Exercise Price of the Share Options for the grant shall not be lower than the nominal value of the Shares, and not lower than the higher of the followings:
  - (i) the average trading price of A Shares of the Company on the last trading day preceding the date of the Announcement of the Share Option Incentive Scheme (the total transaction value of A Shares on the last trading day/the total trading volume of A Shares on the last trading day), being RMB94.73 per A Share; and
  - (ii) the average trading price of A Shares of the Company for the last 20 trading days preceding the date of Announcement of Share Option Incentive Scheme (the total transaction value of A Shares for the last 20 trading days/the total trading volume of A Shares for the last 20 trading days), being RMB96.28 per A Share.

**1.7 Conditions of the Grant and Exercise of the Share Options****(1) Conditions of the Grant**

Share Options may be granted to the Participants by the Company upon satisfaction of all of the following conditions. In other words, Share Options cannot be granted to the Participants if any of the following conditions of grant is not satisfied:

(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 scheme 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.

(2) *Conditions of exercising the Share Options*

Share Options granted to the Participants are able to be exercised upon the fulfilment of the following conditions during the Exercise Period:

- (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 scheme 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.

In case any of the circumstances specified in the above sub-paragraph (1) has occurred on the part of the Company, all the Share Options that have been granted to the Participants under the Share Option Incentive Scheme but have not been exercised shall be cancelled by the Company; in case any of the circumstances specified in the above sub-paragraph (2) has occurred on the part of any Participant, the Share Options that have been granted to the Participant under the Share Option Incentive Scheme but have not been exercised shall be cancelled by the Company.

(iii) Performance assessment at company level

The assessment period of the Share Options under the Share Option Incentive Scheme covers four accounting years from 2021 to 2024. The assessment shall be conducted once a year.

The annual performance assessment targets of the Share Options granted are as follows:

<b>Exercise period</b>	<b>Targets of performance assessment</b>
First Exercise Period	The net profit growth rate of 2021 shall be no less than 380% based on the net profit of 2020;
Second Exercise Period	The net profit growth rate of 2022 shall be no less than 520% based on the net profit of 2020;
Third Exercise Period	The net profit growth rate of 2023 shall be no less than 620% based on the net profit of 2020;
Fourth Exercise Period	The net profit growth rate of 2024 shall be no less than 730% based on the net profit of 2020.

The “net profit” and net profit growth rate mentioned above and after refer to the net profit attributable to the Shareholders of the Company after deducting non-recurring profit or loss, with the net profit excluding the share-based payments incurred by the Company’s implementation of Share Option Incentive Scheme as the calculation basis (in accordance with the China Accounting Standards for Business Enterprises).

If the Exercise Conditions of the Share Options are fulfilled, the Participants may exercise their Share Options according to the proportion as stipulated in the Share Option Incentive Scheme. If the Company fails to achieve the above performance assessment targets, none of the Participants shall exercise their Share Options exercisable for the corresponding assessment year, which shall be cancelled by the Company.



- (iv) Performance assessment at segment/subsidiary level

Exercise of the Share Options is subject to the fulfillment of the performance commitment to the Company made by the segment or subsidiary to which the Participants belong. Detailed arrangements for exercise of the Share Options are shown in the following table:

Assessment results	Actual fulfillment of performance commitment	Method for exercise of Share Options
Fulfilled	$P \geq 100\%$	All the Share Options which are to be exercised by the Participants in the segment/subsidiary for the period can be exercised
	$80\% \leq P < 100\%$	“80% of the Share Options which are to be exercised by the Participants in the segment/subsidiary for the period” can be exercised and the remaining shall be canceled by the Company
Not fulfilled	$P < 80\%$	None of the Share Options which are to be exercised by the Participants in the segment/subsidiary for the period can be exercised and all of them shall be canceled by the Company

The Share Options which are to be exercised by the Participants in the segment/subsidiary for the period can only be exercised fully or partially when the performance commitment has been fulfilled in the assessment for the previous year; if the segment/subsidiary fails to fulfill its performance commitment, the portion out of the Share Options which have been granted to and are to be exercised by the Participants in the segment/subsidiary for the period shall be canceled by the Company according to the requirements under the Incentive Scheme.

The Share Options which are to be exercised for a period shall correspond to the performance assessment at segment/subsidiary level, and the portion of the Share Options for which the performance commitment is not fulfilled in an assessment year shall not be deferred to the following year and shall be cancelled by the Company instead.

(v) Performance assessment at individual level

The Remuneration and Assessment Committee will grade the comprehensive assessment results of the Participants for each assessment year, the details of which are as follows:

<b>Assessment results (S)</b>	<b>S≥80</b>	<b>80&gt;S≥70</b>	<b>70&gt;S≥60</b>	<b>S&lt;60</b>
Standard quota	1.0	0.9	0.8	0

Number of Share Options a Participant actually exercises for a particular year = Number of Share Options the Participant plans to exercise for the year × exercise proportion.

The Participants can only exercise part or all of their Share Options for a particular year when they meet the conditions during the performance assessment in the previous year. Whether a Participant can exercise his/her Share Options depends on the individual performance assessment results of the Participant under the Assessment Measures of the Company. The Share Options that cannot be exercised in an assessment year shall be cancelled by the Company.

(3) *Scientificity and Reasonableness of the Assessment Indicators*

The assessment indicators of the Company’s Share Option Incentive Scheme are divided into three levels, namely, the performance assessment at the company level, the performance assessment at segment/subsidiary level and the performance assessment at the individual level.

The indicators of performance assessment at the company level are the net profit growth rate, which ultimately reflect the operation condition, profitability and growth of an enterprise. The indicator of net profit is an important indicator to measure the operation performance of an enterprise, which can help an enterprise to establish a good image in the capital market. After taking into consideration the macroeconomic environment, historical performance, development condition in the industry, market competition and the development plan of the Company in the future and other related factors, the Company has established the following performance assessment targets for the Share Option Incentive Scheme: based on the net profit attributable to Shareholders of the Company after deducting non-recurring profit or loss of 2020, the net profit growth rate of 2021–2024 shall be no less than 380 %, 520 %, 620% and 730 %, respectively. The Company has established net profit indicator which is scientific and reasonable for the Share Option Incentive Scheme, which is beneficial to motivating and mobilizing the work enthusiasm and initiative of the Participants, and therefore facilitating the achievement of the Company's strategic objectives.

In addition to the performance assessment at the company level, the Company has established a strict performance assessment system for the segment/subsidiary and individuals, which evaluates comprehensively the performance of each segment/subsidiary and the Participants in an accurate and comprehensive manner. The Company will determine whether each segment/subsidiary and the Participants meet the exercise conditions based on their performance assessment results for the previous year.

Given the above, the assessment system for the Share Option Incentive Scheme of the Company is comprehensive, systematic and operable, and the assessment indicators are scientific and reasonable, which are binding on the Participants and can serve the assessment goal of the Share Option Incentive Scheme.

**1.8 Methods of and procedures for adjustment****(1) Adjustment to the number of the Share Options**

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. The adjustment methods are as follows:

- (i) Capitalization issue, bonus issue, share subdivision

$$Q = Q0 \times (1 + n)$$

Where: Q0 represents the number of the Share Options prior to the adjustment; n represents the ratio of increase per Share resulting from capitalization issue, bonus issue or share subdivision (i.e., the number of increased share(s) per Share upon capitalization issue, bonus issue or share subdivision); and Q represents the number of the Share Options after adjustment.

- (ii) Rights issue

$$Q = Q0 \times P1 \times (1 + n) \div (P1 + P2 \times n)$$

Where: Q0 represents the number of the Share Options prior to adjustment; P1 represents the closing price of the Share Options on the registration date; P2 represents the price in respect of the rights issue; n represents the ratio of the rights issue (i.e., the number of Shares to be issued under the rights issue in proportion to the total share capital of the Company prior to the rights issue); and Q represents the number of Share Options after adjustment.

- (iii) Share consolidation

$$Q = Q0 \times n$$

Where: Q0 represents the number of the Share Options prior to the adjustment; n represents the ratio of consolidation of Shares (i.e., one Share of the Company being consolidated into n Shares); and Q represents the number of the Share Options after the adjustment.

- (iv) Dividend distribution and new shares issuance

In the case of dividend distribution or new shares issuance by the Company, number of the Share Options shall not be adjusted.

(2) *Adjustment methods of the Exercise Price*

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 Exercise Price should be adjusted accordingly. The adjustment methods are as follows:

- (i) Capitalization issue, bonus issue, share subdivision

$$P = P_0 \div (1 + n)$$

Where: P<sub>0</sub> represents the Exercise Price prior to the adjustment; n represents the ratio of increase per Share resulting from the capitalization issue, bonus issue or Share Option subdivision; and P represents the Exercise Price after the adjustment.

- (ii) Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P<sub>0</sub> represents the Exercise Price prior to the adjustment; P<sub>1</sub> represents the closing price of the Share Options as at the registration date; P<sub>2</sub> represents the price in respect of the rights issue; n represents the ratio of the rights issue (i.e., the number of Shares to be issued under the rights issue in proportion to the total share capital of the Company prior to the rights issue); and P represents the Exercise Price after the adjustment.

- (iii) Share consolidation

$$P = P_0 \div n$$

Where: P<sub>0</sub> represents the Exercise Price prior to the adjustment; n represents the ratio of share consolidation; and P represents the Exercise Price after the adjustment.

- (iv) Dividend distribution and new shares issuance

In the case of dividend distribution or new shares issuance by the Company, the Exercise price shall not be adjusted.

(3) *Adjustment procedures for the Share Option Incentive Scheme*

In the case of the foregoing events, the Board shall consider and pass a resolution on adjusting the number of Share Options and the Exercise Price. In respect of any such adjustments, other than any made on a capitalization issue, an independent financial adviser or the Company's auditors will confirm to the Directors in writing that the adjustments satisfy the requirements set out in the note of Rule 17.03(13) of the Hong Kong Listing Rules. The Company shall engage lawyers to provide professional advice to the Board on whether the above-mentioned adjustment is in accordance with the requirements under the Administrative Measures, the Articles of Association and the Share Option Incentive Scheme. After the consideration and approval of the resolution on adjustment by the Board, the Company shall timely disclose the resolution of the Board in an announcement with the opinions from the law firm on the above-mentioned adjustment.

**1.9 Procedures of amendments and termination**

(1) *Procedures of amendments*

- (i). If the Company intends to amend the Share Option Incentive Scheme before it is considered at the AGM and the Class Meetings, such amendment shall be considered and approved by the Board.
- (ii). If the Company intends to amend the Share Option Incentive Scheme after it is considered and approved at the AGM and the Class Meetings, such amendment shall be considered and determined at the AGM and the Class Meetings given that such amendment shall not result in the following:
- ① that will result in acceleration of the Exercise;
  - ② that will lower the Exercise Price.

(2). *Procedures of termination*

- (i) If the Company proposes to terminate the Share Option Incentive Scheme prior to the consideration of the Share Option Incentive Scheme at the AGM and the Class Meetings, such termination shall be considered and approved by the Board, and Directors who are proposed Participants or related to the Share Option Incentive Scheme shall abstain from voting in the Board meeting which reviews the resolution to terminate the Share Option Incentive Scheme.
- (ii) If the Company proposes to terminate the Share Option Incentive Scheme after the consideration and approval of the Share Option Incentive Scheme at the AGM and the Class Meetings, such termination shall be considered and determined by the AGM and the Class Meetings.

If the Company's AGM, the Class Meetings or the Board meeting considers and approves the resolution to terminate the implementation of the Share Options Incentive Scheme, it shall not be allowed to review the Share Option Incentive Scheme in the following 3 months from the date of the announcement of the resolution.

**1.10 Accounting Treatment of the Share Options under the Share Option Incentive Scheme**

(1) *Accounting Treatment*

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.

(2) *Calculation of the Fair Value of the Share Options*

The Ministry of Finance promulgated the Accounting Standards for Business Enterprises No. 11 – Share-based Payment and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial

Instruments on 15 February 2006, which came into force and began to be applied by listed companies on 1 January 2007. According to the relevant provisions on the determination of fair value in the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, an appropriate valuation model is required to be selected to calculate the fair value of the Share Options. The Company chooses Black-Scholes model (B-S model) to calculate the fair value of the Share Options, and then uses the model to predict the total fair value of the Share Options to be RMB527,345,900 (the fair value will be measured on the Grant Date). The specific parameters were selected as below:

- (i). Price of the Underlying Shares: RMB96.28 per Share (assuming the closing price was RMB96.28 on the Grant Date)
- (ii). Exercise Price: RMB96.28 per A Share
- (iii). Validity Period: one, two, three years and four years, respectively (based on the period commencing from Grant Date and ending on the first Exercisable Date for each respective period)
- (iv). Historical volatility ratio: 62.96%, 57.24%, 54.89% and 55.51%, respectively (adopted the historical volatility ratio of the Company in the latest one, two and three years, respectively)
- (v). Risk-free interest rate : 2.58%, 2.78%, 2.87% and 2.93%, respectively (adopted the yield of PRC treasury bond for one, two, three and four years)
- (vi). Dividend yield : 0.48%, 0.91%, 0.80% and 0.65% (the average dividend rate of the Company in one year, two years, three years and four years prior to the Announcement of the Share Option Incentive Scheme)

\* The fair value of the Share Options is only an estimate made by the Company under the Black-Scholes model and a number of assumptions. Therefore the fair value estimated is subject to uncertainty and the limitation of the model.



(3) *Impact on the operating performance of the Company*

The fair value of the Share Options on the Grant Date which is determined in accordance with the relevant valuation method, and the costs of payment of Shares under the Share Option Incentive Scheme which is determined finally, will be amortized in accordance with the percentage of Share Options exercised during the implementation of the Share Option Incentive Scheme. The incentive costs incurred from the Share Option Incentive Scheme will be charged to the recurring profit and loss.

Assuming that the Company grants Share Options to the Participants at the beginning of June 2021. According to the requirements of the PRC accounting standards, the impact of the Share Options granted under the Share Option Incentive Scheme on accounting costs of each period is shown in the following table:

Number of Share Options granted (0'000)	Total costs to be amortized (RMB0'000)	2021 (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)	2024 (RMB0'000)	2025 (RMB0'000)
1579.40	52734.59	14387.75	19036.28	11453.99	6129.82	1726.74

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

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

## 2. PROPOSED GRANT

The distribution details of the Share Options to be granted under the Share Option Incentive Scheme among each Participant are set out as follows:

No.	Name	Position(s)	Number of the Share Options proposed to be granted (in 10,000 Shares)	Percentage to total number of the Share Options proposed to be granted	Percentage to total issued relevant classes of securities at the date of the Announcement	Percentage to total issued Shares at the date of the Announcement
1.	Deng Zhaonan	Executive Director and vice president	20.00	1.27%	0.02%	0.01%
2.	Shen Haibo	Executive Director and vice president	20.00	1.27%	0.02%	0.01%
3.	Ouyang Ming	Secretary of the Board and vice president	20.00	1.27%	0.02%	0.01%
4.	Xu Jianhua	Vice president	20.00	1.27%	0.02%	0.01%
5.	Yang Manying	Vice president and financial director	20.00	1.27%	0.02%	0.01%
6.	Fu Lihua	Vice president	15.00	0.95%	0.01%	0.01%
7.	Xiong Xunman	Vice president	15.00	0.95%	0.01%	0.01%
	400 core management and core technical or business personnel		1449.40	91.77%	1.30%	1.07%
	Total (407)		1579.40	100.00%	1.42%	1.16%

*Note:*

- None of the abovementioned Participants will be granted Shares with more than 1% of the Company's issued relevant classes of securities on a cumulative basis through the fully effective Share Option Incentive Scheme. The total underlying Shares of the Company involved under the fully effective Share Option Incentive Scheme will not exceed 10% of the Company's issued relevant classes of securities as at the date of the proposal of the Share Option Incentive Scheme at the AGM and Class Meetings.
- None of the Participants of the Share Option Incentive Scheme is a Shareholder or an actual controller of the Company who owns or controls more than 5% Shares, or the parents, spouse, son or daughter of such Shareholder or actual controller.
- The grant of Share Options to (i) Deng Zhaonan and Shen Haibo who are executive Directors; (ii) Li Liangyao, Zhu Wei, Deng Jianping, Chen Liangguo and Chen Qingbo who are the associates of Li Liangbin, an executive Director; and (iii) Zhou Xiaoyu and Zeng Xiaopeng, who are the associates of Deng Zhaonan, an executive Director, have been approved by independent non-executive Directors who are not Participants.
- The executive Directors participating in the Share Option Incentive Scheme shall abstain from the establishment, review, execution and management of the Share Option Incentive Scheme.

**3. MECHANISM FOR SPECIFIC OCCURRENCES TO THE COMPANY AND THE PARTICIPANTS*****3.1 Occurrences in respect of the Company***

The Share Option Incentive Scheme shall be terminated for implementation in case any of the following events occurs to the Company. Any Share Options which have been granted to the Participants for exercise but not yet exercised shall be terminated, and the Share Options which are not granted for exercise shall not be exercised and shall be cancelled by the Company:

- (1). issue of the auditors' report with an 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 the auditors' report with an adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the Company in its financial report for the 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 36 months after listing;
- (4). prohibition from implementation of a share incentive scheme by laws and regulations;
- (5). other circumstances under which the Incentive Scheme shall be terminated as determined by the CSRC.

On occurrence of any of the following circumstances in respect of the Company, the Share Option Incentive Scheme shall proceed as usual:

- (1). change of control of the Company;
- (2). spin-off and merger of the Company.

Where false statements, misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with grant conditions or Exercise arrangements of the Share Options, all outstanding

Share Options shall be cancelled by the Company. In respect of the Share Options already exercised by relevant Participants, all Participants concerned shall return to the Company all interests granted. The Participants who bear no responsibility for the aforementioned matters and incur losses as a result of the return of the interests may seek compensation from the Company or responsible parties in accordance with relevant arrangements under the Share Option Incentive Scheme.

### **3.2 Occurrences in respect of the Participants**

- (1). In case a Participant has his/her job position changed but still works in the Company or a branch or a subsidiary of the Company, the Shares Options granted to him/her will be implemented wholly according to the procedures specified in the Share Option Incentive Scheme before such position change. However, in case a Participant has a job change because he/she is not qualified for his/her job, violates laws, disobeys professional ethics, reveals confidential information of the Company, fails to discharge his/her duties or has willful misconduct, causing damages to the interest or reputation of the Company; or the Company terminates the employment relationship with the Participant for any of the above reasons, the Board may decide to terminate the Share Options granted to the Participant for exercise but not yet being exercised according to the Share Option Incentive Scheme, and the Share Options which are not granted for exercise shall not be exercised and shall be cancelled by the Company. The Participant shall pay the individual income tax for the exercised part before he/she leaves the Company.
- (2). In case a Participant has his/her job position changed because he/she is not qualified for his/her original position and is rated as unqualified in performance assessment, the Board may determine the Share Options which had been granted to the Participant for exercise but not yet being exercised under the Share Option Incentive Scheme shall not be exercised, and such Share Options shall be cancelled by the Company. The Participant shall pay the individual income tax for his/her exercised part before he/she leaves the Company.
- (3). When a Participant holds a position in a holding subsidiary of Ganfeng Lithium, if Ganfeng Lithium loses control over the subsidiary and the Participant still works in such subsidiary, the Share Options exercised by the Participant shall continue to be valid. He/she may not exercise the Share Options which had been granted to him/her for exercise but not yet being exercised, and such Share Option shall be cancelled by the Company. The Participant shall pay the

individual income tax for his/her exercised Share Options. If the Participant is recalled and holds a position in the Company, the Share Options granted to him/her shall still be implemented in accordance with the procedures specified in the Share Option Incentive Scheme.

- (4). In case a Participant leaves the Company due to resignation, dismissal, expiration of employment contract or redundancy (except for the reasons set out in subsection (1) above), the Board may decide, on the date of occurrence of such events, to terminate the Share Options granted to the Participant for exercise but not yet being exercised under the Share Option Incentive Scheme, and the Share Options which are not allowed to be exercised shall not be exercised and shall be cancelled by the Company. The Participant shall pay the individual income tax for his/her exercised Share Options before he/she leaves the Company.
- (5). In case a Participant ceases to hold a position in the Company due to retirement, the Board may decide, on the date of occurrence of such event, to terminate the Share Options granted to the Participant for exercise but not yet being exercised under the Share Option Incentive Scheme, and the Share Options which are not allowed to be exercised shall not be exercised and shall be cancelled by the Company. The Participant shall pay the individual income tax for his/her exercised Share Options before he/she leaves the Company.
- (6). In case a Participant leaves the Company due to loss of ability to work, then:
  - (i) in case the Participant loses his/her ability to work due to occupational injury and leaves the Company, the Share Options granted to him/her will be implemented wholly according to the procedures specified in the Share Option Incentive Scheme before his/her loss of ability to work, and the Board may decide not to take his/her personal performance results as Exercise Conditions; or
  - (ii) in case the Participant loses his/her ability to work not due to performance of his/her duties and leaves the Company, the Board may decide to terminate the Share Options granted to the Participant for exercise but not yet being exercised under the Share Option Incentive Scheme, and the Share Options which are not allowed to be exercised shall not be exercised and shall be cancelled by the Company. The Participant shall pay the individual income tax for his/her exercised part before he/she leaves the Company.

The Share Options granted to the Participant for exercise but not yet being exercised can be retained the exercise rights. The Participant shall exercise such options within 6 months and pay the corresponding individual income tax, and the Share Options which have not been exercised within 6 months are not allowed to be exercised and shall be cancelled by the Company. The Share Options which are not allowed to be exercised shall not be exercised and shall be cancelled by the Company.

- (7). In the case of death of a Participant, then:
  - (i). In case a Participant dies during performance of his/her duties, the Share Options granted to him/her are to be held by his/her designated heir or legal heir on his/her behalf, and shall be entirely implemented according to the procedures specified in the Share Option Incentive Scheme before his/her death. The Board may decide not to take his/her personal performance results as Exercise Conditions; or
  - (ii). In case a Participant dies due to other reasons, the Share Options granted to him/her for exercise but not yet being exercised shall not be exercised, and such Share Options shall be cancelled by the Company. The heir shall pay the individual income tax for the exercised Share Options before he/she inherits the exercised Share Options.
- (8). Other unspecified circumstances and the solutions of such circumstances shall be determined by the Board.
- (9). The Directors who are proposed to be the Participants or related to them should abstain from voting when the Board reviews relevant proposals.

### ***3.3 Resolution of Disputes between the Company and the Participants***

If disputes arise between the Company and the Participants, the disputes shall be settled according to the Share Option Incentive Scheme and the provisions of Share Option Incentive Agreement (《股票期權激勵協議書》); if such provisions are unclear, the parties shall solve the disputes through negotiation in accordance with PRC laws and in the principle of fairness and reasonableness; and if the negotiation fails, the disputes shall be submitted to the People's Court with justification in the domicile of the Company for settlement through litigation.

**4. RESPECTIVE RIGHTS AND OBLIGATIONS OF THE COMPANY AND THE PARTICIPANTS****4.1 *Rights and Obligations of the Company***

- (1). The Company shall have the right to construe and execute the Share Option Incentive Scheme and shall assess the performance of the Participants based on the requirements under the Share Option Incentive Scheme. If a Participant fails to fulfill the Exercise Conditions required under the Share Option Incentive Scheme, the Company will cancel the Share Options, which have not been exercised by the Participants, in accordance with the principles under the Share Option Incentive Scheme.
- (2). The Company undertakes not to provide loans or financial support in any other forms, including providing guarantee for loans, to the Participants for acquiring the Share Options under the Share Option Incentive Scheme.
- (3). In accordance with the provisions of PRC tax laws and regulations, the Company withholds and pays the individual income tax and other taxes that the Participants should pay.
- (4). The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the Share Option Incentive Scheme in accordance with the relevant requirements.
- (5). The Company shall actively support the Participants who have fulfilled the Exercise Conditions to exercise the Share Options in accordance with the relevant requirements including those of the Share Option Incentive Scheme, the CSRC, stock exchanges, China Securities Depository and Clearing Corporation Limited. However, the Company disclaims any liability for losses incurred by the Participants who fail to exercise the Share Options at their own will, due to reasons caused by the CSRC, stock exchanges and China Securities Depository and Clearing Corporation Limited.
- (6). The Company confirms that the eligibility of the Participants under the Share Option Incentive Scheme does not represent the right of such Participants to continue to serve the Company and does not constitute a commitment of employment for a fixed term by the Company. The employment relationship between the Company and the Participants is still governed by the employment contract between the parties.

- (7). Other relevant rights and obligations under the laws, administrative regulations and regulatory documents.

#### ***4.2 Rights and Obligations of the Participants***

- (1). A Participant shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
- (2). The source of funds of subscribing Share Options shall be self-financed by the Participants.
- (3). The Share Options granted to the Participants shall not be transferred or used as guarantee or for repayment of debts during the Vesting Period.
- (4). Any gains of the Participants generated from the Share Option Incentive Scheme are subject to individual income tax and other taxes according to PRC tax regulations.
- (5). The Participants undertake, where false statements of or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or arrangements for exercise of the entitlements, the Participants concerned shall return to the Company all interests gained through the Share Option Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents of the Company contain false statements or misleading representations or material omissions.
- (6). Upon consideration and approval of the Share Option Incentive Scheme at the AGM and Class Meetings, the Company will sign a Share Option Incentive Agreement with each Participant in order to define their respective rights and obligations under the Share Option Incentive Scheme and other relevant matters.
- (7). Other relevant rights and obligations under the laws, regulations and the Share Option Incentive Scheme.



**5. PROPOSED MANDATE TO THE BOARD**

To ensure the smooth implementation of the Share Option Incentive Scheme, it is proposed to the AGM and Class Meetings to authorize the Board to deal with all issues in relation to the Share Option Incentive Scheme at their full discretion, among which the Directors who are proposed to be the Participants should abstain from the determination and execution of the mandates below, including but not limited to:

- (1). to determine the Grant Date of the Share Option Incentive Scheme;
- (2). on the occurrence of capitalization issue, bonus issue, share subdivision or share consolidation or right issues, to make corresponding adjustments to the number of the Share Options in accordance with the methods stipulated in the Share Option Incentive Scheme considered and approved by the AGM and Class Meetings;
- (3). on the occurrence of capitalization issue, bonus issue, share subdivision or share consolidation or right issues or dividend distribution, to make corresponding adjustments to the Exercise price in accordance with the methods stipulated in the Share Option Incentive Scheme considered and approved by the AGM and Class Meetings;
- (4). to grant Share Options to Participants when he/she meets the grant conditions and to deal with all matters required related to such grant;
- (5). to examine and confirm whether the Participants are qualified to Exercise and whether the Participants fulfill the Exercise Conditions, to authorize the Board to grant such rights to the Remuneration and Assessment Committee;
- (6). to determine whether the Participants are able to Exercise the Share Options;
- (7). to deal with all necessary matters in relation to the Exercise of Share Options, including but not limited to submission of the Exercise application to the Shenzhen Stock Exchange, application to the Registration and Settlement Company for registration and settlement, amendments to the Articles of Association and registration of changes in the registered capital of the Company;
- (8). to deal with the matters in relation to the exercise of the Share Options yet to be exercised;

- (9). to determine and deal with the matters in relation to the changes and termination of the Share Option Incentive Scheme, including but not limited to the cancellation of the qualification of the Participants to exercise, the cancellation of the granted Share Options that are not Exercised by the Participants yet, dealing with succession issues in respect to the Share Options that are not exercised by Participants who met the Exercise Conditions prior to their death, and determining the withdrawal of the interests of the Participants obtained from the Exercise of the Share Options in accordance with the Share Option Incentive Scheme;
- (10). to manage the Share Option Incentive Scheme, and to formulate or amend the management and implementation requirements of the Share Option Incentive Scheme in accordance with the terms of the Share Option Incentive Scheme; however, if the laws, regulations and relevant regulatory authorities require such amendments to be approved by the General Meeting or/and relevant regulatory authorities, the amendments of the Board must be approved accordingly;
- (11). other necessary matters in relation to the execution of the Share Option Incentive Scheme, except that the rights of the general meeting clearly stipulated in relevant documents;
- (12). to handle procedures for consideration, registration, filling, approval, consent, etc.; signing, implementing, modifying and completing documents submitted to relevant governments, institutions, organizations and individuals; amendments of the Articles of Association; changes of the registered capital of the Company and all actions the Board considers necessary, appropriate or suitable in relation to the Share Option Incentive Scheme;
- (13). to appoint financial advisor, receiving bank, accountants, lawyers, securities firm and other intermediaries; and
- (14). to ensure the period of authorization given to the Board to be consistent with the validity period of the Share Option Incentive Scheme.

The valid period of the above authorization is consistent with that of the Share Option Incentive Scheme.

**6. THE IMPLICATION OF THE HONG KONG LISTING RULES**

The Share Option Incentive Scheme constitutes a share option scheme under Chapter 17 of the Hong Kong Listing Rules, which is subject to the announcement and Shareholders' approval requirements. Accordingly, any grant of Share Options under the Share Option Incentive Scheme to any Participant who is a connected person of the Company will be exempted from all the reporting, announcement and independent Shareholders' approval requirements pursuant to Rule 14A.92(3) (a) of the Hong Kong Listing Rules.

According to the Share Option Incentive Scheme, the Directors who are proposed to be the Participants of the Share Option Incentive Scheme or related to the Share Option Incentive Scheme should abstain from voting during the process of the Board resolution, as such, Mr. Li Liangbin, Ms. Deng Zhaonan and Mr. Shen Haibo have abstained from voting on Board resolutions in relation to the Share Option Incentive Scheme

**7. APPLICATION FOR WAIVER**

Under note 1 to Rule 17.03(9) of the Hong Kong Listing Rules, the exercise price of the share options to be granted under a share option scheme must be the higher of (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Pursuant to Rule 19A.39C of the Hong Kong Listing Rules, the Stock Exchange may waive the requirement under note 1 to Rule 17.03(9) of the Hong Kong Listing Rules for a share option scheme of a PRC issuer dually listed on the Stock Exchange and a PRC stock exchange, provided that: (i) the scheme involves only shares listed on the PRC stock exchange; and (ii) the scheme contains provisions to ensure that the exercise price of the options is no less than the prevailing market price of the relevant shares on the PRC stock exchange at the time of grant of the options.

Under the Share Option Incentive Scheme, the determination of the Exercise Price is in accordance with the relevant laws and regulations of the PRC and consistent with the requirements under Rule 19A.39C of the Hong Kong Listing Rules. The Exercise Price of the Share Options shall not be lower than the nominal value of the Shares, and not lower than the higher of (i) the average trading price of A Shares of the Company on the last trading day preceding the date of the Announcement (the total transaction value of A Shares on the last trading day/the total trading volume of A Shares on the last trading day), being RMB94.73

per A Share; and (ii) the average trading price of A Shares of the Company for the last 20 trading days preceding the date of Announcement (the total transaction value of A Shares for the last 20 trading days/the total trading volume of A Shares for the last 20 trading days), being RMB96.28 per A Share.

The Company has applied for and the Stock Exchange has granted a waiver from strict compliance with note 1 to Rule 17.03(9) of the Hong Kong Listing Rules in respect of the Exercise Price of the Share Options that may be granted under the Share Option Incentive Scheme under Rule 19A.39C on the basis that, among other things, (i) the grant of Share Options, if any, shall involve A Shares only; (ii) as confirmed by the Company's PRC legal advisers, the determination of the Exercise Price of the Share Options is in accordance with the relevant laws and regulations of the PRC; (iii) the determination of the Exercise Price is consistent with the requirements under Rule 19A.39C of the Hong Kong Listing Rules; (iv) the Company confirms that, save for the determination of the Exercise Price, all other terms of the Share Option Incentive Scheme are in compliance with Chapter 17 of the Hong Kong Listing Rules; (v) the principal terms of the Share Option Incentive Scheme and the determination of the Exercise Price are subject to the approval by the Shareholders at the AGM and the Class Meetings of the Company; (vi) the principal terms of the Share Option Incentive Scheme and the determination of the Exercise Price are and will be set out in the Announcement and this circular, which would provide potential investors with sufficient information to make a relevant assessment of our Company in their investment decision making process. The details of any subsequent grant of the Share Options, the exercise price and other principal terms will be disclosed by way of announcement(s); and (vii) the waiver will not prejudice the interest of the investing public based on the reasons above and the amount of A Shares will be insignificant.

#### **8. INFORMATION OF THE COMPANY AND REASONS FOR AND BENEFITS OF ADOPTING THE SHARE OPTION INCENTIVE SCHEME**

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 chemical products.

The Share Option Incentive Scheme can further improve the corporate governance structure, perfect the incentive binding mechanism of the Company, form a sound and balanced valuation allocation system and fully arouse the enthusiasm of the middle and senior management of the Company, as so to motivate them to work in integrity and diligence

and to ensure the stable improvement of the results of the Company and the achievement of the development strategy and operation objectives of the Company. The Directors of the Company (including independent non-executive Directors) believes that the adoption of the Share Option Incentive Scheme will help the Company achieve the above objectives, and is also of the view that the terms and conditions of the Share Option Incentive Scheme are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The aforesaid resolution was considered and approved at the 22nd meeting of the fifth session of the Board, and is hereby proposed at the AGM and the H Share Class Meeting for the Shareholders' consideration and approval.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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, the interests and short positions, if any, of each Director and chief executive of the Company in the Existing Shares, underlying Existing 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 and chief executive 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 Companies 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 of shareholding interest
Li Liangbin 李良彬	Beneficial owner	A Shares	269,770,452	19.97%
Wang Xiaoshen 王曉申	Beneficial owner	A Shares	100,898,904	7.47%
Wang Xiaoshen 王曉申	Beneficial owner	H Shares	37,000	0.00%
Deng Zhaonan 鄧招男	Beneficial owner	A Shares	2,402,928	0.18%
Shen Haibo 沈海博	Beneficial owner	A Shares	11,083,568	0.82%

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

Name of Director/ supervisor/chief executive	Nature of interest	Denomination of convertible bonds	Amount of convertible bonds
Li Liangbin 李良彬	Beneficial owner	RMB100	RMB69,583,000
Wang Xiaoshen 王曉申	Beneficial owner	RMB100	RMB51,176,600

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, the following persons had interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Nature of interest	Class	Number of Shares	Approximate percentage of interest in our Company	Approximate percentage of the relevant class of Shares of our Company
Li Liangbin 李良彬	Beneficial owner	A Shares	269,770,452	19.97%	24.29%
Huang Rong 黄蓉	Interest of spouse <sup>(1)</sup>	A Shares	269,770,452	19.97%	24.29%
Wang Xiaoshen 王曉申	Beneficial owner	A Shares	100,898,904	7.47%	9.09%

Name	Nature of interest	Class	Number of Shares	Approximate percentage of interest in our Company	Approximate percentage of the relevant class of Shares of our Company
Xiao Xuan 肖璇	Interest of spouse <sup>(2)</sup>	A Shares	100,898,904	7.47%	9.09%
Rosefinch Fund Management Co., Ltd. (朱雀基金管理有限公司)	Investment manager/ person acting in concert <sup>(4)</sup>	H Shares	57,305,000	4.23%	23.85%
Samsung Asset Management Co., Ltd.	Beneficial owner	H Shares	24,653,800	1.82%	10.26%

*Notes:*

- (1) Ms. Huang Rong is the wife of Mr. Li Liangbin and, by virtue of the SFO, is deemed to be interested in the A Shares in which Mr. Li Liangbin is interested.
- (2) Ms. Xiao Xuan is the wife of Mr. Wang Xiaoshen and, by virtue of the SFO, is deemed to be interested in the A Shares in which Mr. Wang Xiaoshen is interested.
- (3) All interests stated are long positions.
- (4) Rosefinch Fund Management Co., Ltd. (“**Rosefinch**”) is an investment manager and is deemed to be interested in the 57,305,000 H Shares it manages. China Resources Shenzhen International Investment Trust Co., Ltd. (華潤深國投信託有限公司) (“**China Resources**”) has authorized Rosefinch to manage the 2,297,000 H Shares China Resources is entrusted as a trustee and Rosefinch is accordingly deemed to be interested in the 2,297,000 H Shares China Resources is deemed to be interested in by virtue of the SFO.

### 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 Hong Kong 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. 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).

**6. 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.

**7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business at 40/F, Dah sing Financial Centre, 248 Queen's Road East Wanchai, Hong Kong, except public holidays, from the date of this circular up to and including the date of the AGM:

- (a) the letter from the Board dated April 28, 2021, the text of which is set out on pages 1 to 4 of this circular;
- (b) this circular;
- (c) the Share Option Incentive Scheme; and
- (d) the Management Measures for the Implementation of the Share Option Incentive Scheme

**9. 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, HongKong.
- (c) The H Share Registrar, Computershare Hong Kong Investor Services Limited, is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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## NOTICE OF THE 2020 AGM

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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)**

## NOTICE OF THE 2020 AGM

**NOTICE IS HEREBY GIVEN** that the 2020 annual general meeting (the “**AGM**”) 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 Friday, June 4, 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 April 28, 2021 (the “**Circular**”), for which the notice convening the AGM shall constitute a part. The following resolutions shall be considered and approved, if thought fit, at the AGM:

### ORDINARY RESOLUTIONS

1. Work Report of the Board of Directors for 2020
2. Work Report of the Board of Supervisors for 2020
3. 2020 annual report, summary of the annual report and annual results announcement
4. 2020 financial report as respectively audited by the domestic and overseas auditors
5. Engagement of domestic and overseas auditors and the internal control auditors for 2021
6. Determination of directors’ emoluments
7. Determination of supervisors’ emoluments
8. Profit distribution proposal for 2021
9. Capital increase in its wholly-owned subsidiary

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## NOTICE OF THE 2020 AGM

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### SPECIAL RESOLUTIONS

1. Grant of general mandate to the Board of the Company
2. General mandate to issue domestic and overseas debt financing instruments
3. Engagement in foreign exchange hedging business by the Company and its subsidiaries
4. Continuing related party transactions for 2021
5. The provision of guarantees to the controlled subsidiary
6. Proposed adoption of the 2021 Share Option Incentive Scheme
7. Regarding the assessment management measures for the implementation of the 2021 Share Opinion Incentive Scheme
8. Proposed authorization to the Board to deal with relevant matters in relation to the 2021 Share Option Incentive Scheme

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

April 28, 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; Mr. YU Jianguo and Ms. YANG Juan as non-executive Directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive Directors of the Company.*

*Notes:*

- (A) In order to determine the list of shareholders of the Company who will be entitled to attend and vote at the AGM, the registers of members of the Company will be closed from Tuesday, June 1, 2021 to Friday, June 4, 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 (“**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 Monday, May 31, 2021 shall be entitled to attend and vote at the AGM. In order for the holders of H Shares to qualify to attend and vote at the AGM, 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 Monday, May 31, 2021 for registration.

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## NOTICE OF THE 2020 AGM

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- (B) Holders of H Shares intending to attend the AGM (or any adjournment thereof) should complete and return the reply slip for attending the AGM (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 20 days before the AGM (i.e. on or before Saturday, May 15 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 AGM (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 AGM (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 AGM (i.e. not later than 7:00 p.m. on Thursday, June 3, 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 AGM.
- (G) A shareholder of the Company or his proxy should produce proof of identity when attending the AGM (or any adjournment thereof). If a corporate shareholder's legal representative or any other person duly authorised by such corporate shareholder attends the AGM (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 AGM (or any adjournment thereof) is expected to last for one day. Shareholders who attend the AGM (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; Mr. YU Jianguo and Ms. YANG Juan as non-executive Directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive Directors of the Company.

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## NOTICE OF THE H SHARE CLASS MEETING

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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)**

## NOTICE OF THE H SHARE CLASS MEETING

**NOTICE IS HEREBY GIVEN** that a H Share Shareholders Class Meeting (the "**H Share Class Meeting**") of Ganfeng Lithium Co., Ltd. (the "**Company**") will be held on Friday, June 4, 2021 immediately after the conclusion of the A Share Shareholders Class Meeting (the "**A Share Class Meeting**") 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 to consider and, if thought fit, to pass the following resolution:

### **SPECIAL RESOLUTION**

1. Proposed adoption of the 2021 Share Option Incentive Scheme
2. Regarding the assessment management measures for the implementation of the 2021 Share Opinion Incentive Scheme
3. Proposed authorization to the Board to deal with relevant matters in relation to the 2021 Share Option Incentive Scheme

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

April 28, 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; Mr. YU Jianguo and Ms. YANG Juan as non-executive Directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive Directors of the Company.*

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## NOTICE OF THE H SHARE CLASS MEETING

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*Notes:*

(A) In order to determine the list of shareholders of the Company who will be entitled to attend and vote at the H Share Class Meeting, the registers of members of the Company will be closed from Tuesday, June 1, 2021 to Friday, June 4, 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 (“**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 Monday, May 31, 2021 shall be entitled to attend and vote at the H Share Class Meeting. In order for the holders of H Shares to qualify to attend and vote at the H Share Class Meeting, 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 Monday, May 31, 2021 for registration.

(B) Holders of H Shares intending to attend the H Share Class Meeting (or any adjournment thereof) should complete and return the reply slip for attending the H Share Class Meeting (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 20 days before the H Share Class Meeting (i.e. on or before Saturday, May 15, 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 H Share Class Meeting (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 H Share Class Meeting (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 H Share Class Meeting (i.e. not later than 2:00 p.m. on Thursday, June 3, 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 H Share Class Meeting.

(G) A shareholder of the Company or his proxy should produce proof of identity when attending the H Share Class Meeting (or any adjournment thereof). If a corporate shareholder’s legal representative or any other person duly authorised by such corporate shareholder attends the H Share Class Meeting (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).

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## NOTICE OF THE H SHARE CLASS MEETING

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- (H) The H Share Class Meeting (or any adjournment thereof) is expected to last for one day. Shareholders who attend the H Share Class Meeting (or any adjournment thereof) shall bear their own travelling and accommodation expenses.

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; Mr. YU Jianguo and Ms. YANG Juan as non-executive Directors of the Company; and Mr. LIU Jun, Ms. WONG Sze Wing, Ms. XU Yixin and Mr. XU Guanghua as independent non-executive Directors of the Company.