

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



**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)

## **ANNOUNCEMENT**

### **PROPOSED ADOPTION OF THE SHARE OPTION INCENTIVE SCHEME AND PROPOSED GRANT OF SHARE OPTIONS THEREUNDER**

The Company hereby announces that on April 2, 2021, the Board has 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 of the Company. The Share Option Incentive Scheme shall become effective upon consideration and approval at the AGM or EGM and the Class Meetings of the Company. Before the AGM or EGM and the Class Meetings are held for, among other things, the 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 or EGM 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 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 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 or EGM and the Class Meetings, the independent 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 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 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 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 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 or EGM 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 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 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 for the time being in force and will rank pari passu in all respects with the fully paid A Shares 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.

### ***(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 announcement of the draft of the Share Option Incentive Scheme, i.e. 1,355,928,726 shares. There is no executing share option incentive scheme of the Company.

The number of Shares of the Company 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 or EGM 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, Exercisable 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 or EGM 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 or EGM 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 or EGM and the Class Meetings. The Exercisable Date must be a trading day and shall not fall within any of the following periods:

- (i) the period commencing on 30 days prior to the announcements of periodic reports of the Company, or in the event of postponement in publishing the periodic reports for special reasons, 30 days prior to the original announcement date and ending on one day prior to the actual announcement date;
- (ii) the period commencing on 10 days prior to the announcements of results forecast and preliminary results of the Company;
- (iii) the period commencing on the date of the occurrence of material events that may have significant impacts on trading price of Shares and derivatives of the Company, or the date of entering into the decision-making process, and ending on two trading days after such events have been lawfully disclosed; and
- (iv) other periods prescribed by the CSRC and Shenzhen Stock Exchange.

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%
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:

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;

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;

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;

prohibition from the implementation of a share incentive by laws and regulations; or

other circumstances determined by the CSRC.

- (ii) There is no occurrence of any of the following events on the part of the Participants:

he or she has been determined by any stock exchange as an ineligible person in the last 12 months;

he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;

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;

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;

he or she is prohibited from participating in the share incentive of listed companies as required by laws and regulations; or

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:

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;

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;

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;

prohibition from the implementation of a share incentive by laws and regulations; or

other circumstances determined by the CSRC.

- (ii) There is no occurrence of any of the following events on the part of the Participants:

he or she has been determined by any stock exchange as an ineligible person in the last 12 months;

he or she has been determined by the CSRC and its delegated agencies as an ineligible person in the last 12 months;

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;

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;

he or she is prohibited from participating in the share incentive of listed companies as required by laws and regulations; or

he or she is under other circumstances determined by the CSRC.

In case any of the circumstances specified in the above sub-paragraph (i) 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 (ii) 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 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.

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:

<b>Assessment results</b>	<b>Actual fulfillment of performance commitment</b>	<b>Method for exercise of Share Options</b>
Fulfilled	P 100%	All the Share Options which are to be exercised by the Participants in the segment/subsidiary for the period can be exercised
	80% 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 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%, 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 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 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***

$$Q = Q_0 \times (1 + n)$$

Where:  $Q_0$  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*

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where:  $Q_0$  represents the number of the Share Options prior to adjustment;  $P_1$  represents the closing price of the Share Options on the registration date;  $P_2$  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*

$$Q = Q_0 \times n$$

Where:  $Q_0$  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:  $P_0$  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*

$$P = P0 \times (P1 + P2 \times n) \div [P1 \times (1 + n)]$$

Where: P0 represents the Exercise Price prior to the adjustment; P1 represents the closing price of the Share Options as at 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 P represents the Exercise Price after the adjustment.

*(iii) Share consolidation*

$$P = P0 \div n$$

Where: P0 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 of the Company 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/EGM 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/EGM and the Class Meetings, such amendment shall be considered and determined at the AGM/EGM and the Class Meetings given that such amendment shall not result in the following:

that will result in acceleration of the Exercise;

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/EGM 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 at 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/EGM and the Class Meetings, such termination shall be considered and determined by the AGM/EGM and the Class Meetings.

If the Company's AGM/EGM, 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 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 pre-calculate the Share Options to be granted (to formally calculate at the time of grant) on the day of announcement of the draft version. 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) Validity Period: one, two, three and four years, respectively (based on the period commencing from Grant Date and ending on the first Exercisable Date for each respective period)
- (iii) 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)

- (iv) 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)
- (v) 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)

### **(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 to be granted (in 10,000 Shares)	Percentage to	Percentage to
				total number of the Share Options to be granted	the issued relevant classes of securities at the date of announcement of the Share Option Incentive Scheme
1	Deng Zhaonan	Executive Director and vice president	20.00	1.27%	0.01%
2	Shen Haibo	Executive Director and vice president	20.00	1.27%	0.01%
3	Ouyang Ming	Secretary of the Board and vice president	20.00	1.27%	0.01%
4	Xu Jianhua	Vice president	20.00	1.27%	0.01%
5	Yang Manying	Vice president and financial director	20.00	1.27%	0.01%
6	Fu Lihua	vice president	15.00	0.95%	0.01%
7	Xiong Xunman	vice president	15.00	0.95%	0.01%
	400 core management and core technical or business personnel		1449.40	91.77%	1.07%
	Total(407)		1579.40	100.00%	1.16%

*Notes:*

1. 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 or EGM and Class Meetings.
2. 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.
3. 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 Xiaoshu 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.
4. The executive Directors participating in the Share Option Incentive Scheme shall abstain from the establishment, review, execution and management of the 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 China Securities Regulatory Commission.

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.
  - (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**

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.

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

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

- (i) 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.
- (ii) The source of funds of subscribing Share Options shall be self-financed by the Participants.
- (iii) The Share Options granted to the Participants shall not be transferred or used as guarantee or for repayment of debts during the Vesting Period.
- (iv) 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.
- (v) The Participants undertake, where false statements 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.

- (vi) Upon consideration and approval of the Share Option Incentive Scheme at the AGM/EGM 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.
- (vii) 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/EGM 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/EGM 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/EGM 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; and
- (12) to handle procedures for consideration, registration, filing, 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;
- (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. The Company will apply for 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.

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. INFORMATION ON 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 allocations 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.

## **8. THE AGM/EGM AND THE CLASS MEETINGS**

The Company would convene the AGM/EGM and Class Meetings to consider and approve, among other things, (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. A circular containing, among other things, details of the Share Option Incentive Scheme will be dispatched to the Shareholders in due course.

## **9. DEFINITIONS**

“A Share(s)”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shenzhen Stock Exchange and traded in Renminbi (Stock Code: 002460)
“Administrative Measures”	the Administrative Measures on Equity Incentives of Listed Companies
“Articles of Associations”	the articles of association of the Company, as amended from time to time
“Assessment Measures”	Management Measures for the Implementation of the Share Option Incentive Scheme
“Board”	the board of Directors



“Company” or “Ganfeng Lithium”	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC with limited liability, the A Shares of which and the H Shares of which are listed on the Shenzhen Stock Exchange (stock code: 002460) and on the Main Board of the Stock Exchange (stock code: 01772), respectively
“Class Meetings”	the class meeting of the A Shareholders and the class meeting of the H Shareholders or any adjournment thereof to approve, among others, the proposed adoption of the Share Option Incentive Scheme, the Assessment Measures, and relevant authorizations in relation to the Share Option Incentive Scheme
“Company Law”	Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“Grant Date”	the date on which the Company shall grant Share Option(s) to the Participants, which shall fall on a trading day
“Director(s)”	the director(s) of the Company
“AGM”	the annual general meeting of the Company to be held on 4 June 2021 thereof to approve, among others, the proposed adoption of the Share Option Incentive Scheme, the Assessment Measures, and relevant authorizations in relation to the Share Option Incentive Scheme
“EGM”	an extraordinary general meeting of the Company or any adjournment thereof to approve, among others, the proposed adoption of the Share Option Incentive Scheme, the Assessment Measures, and relevant authorizations in relation to the Share Option Incentive Scheme

“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 Period”	period during which the Share Option(s) can be exercised
“Exercisable Date”	the date on which the Participants are entitled to exercise the Share Options, which must be a trading day
“Exercise Price”	the price determined by the Share Option Incentive Scheme, at which the Participants shall purchase the Shares
“Exercise Conditions”	the conditions must be fulfilled by Participants to exercise the Share Options under the Share Option Incentive Scheme
“General Meeting”	the general meeting of the Company
“H Share(s)”	overseas share(s) of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Participant(s)”	Participant(s) to be granted the Shares Option(s) under the Share Option Incentive Scheme
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan

“Remuneration and Assessment Committee”	the remuneration and assessment committee under the Board
“Share Option Incentive Scheme”	the 2021 Share Option Incentive Scheme of the Company
“Securities Law”	Securities Law of the People’s Republic of China
“Share(s)”	Share(s) of the Company with a nominal value of RMB1.00 each, comprising both A Shares and H Shares
“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
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Subsidiary”	Same as defined under the Hong Kong Listing Rules
“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 Exercisable Date
“RMB”	Renminbi, the lawful currency of the PRC

By order of the Board  
**Ganfeng Lithium Co., Ltd.**  
**Li Liangbin**  
*Chairman*

Jiangxi, the PRC  
April 6, 2021

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