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Ganfeng Lithium Co., Ltd.
江西贛鋒鋰業股份有限公司

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

(Stock Code: 1772)

DISCLOSEABLE TRANSACTION
LITHIUM SALT PRODUCTION LINES COOPERATION AGREEMENT

On August 19, 2020 (after trading hours), Party B (the Company) entered into a cooperation agreement (the "**Cooperation Agreement**") with Party A (Jiangxi Special Electric Motor Co., Ltd.* (江西特種電機股份有限公司) ("**Jiangxi Special**"), Jiangxi Jiangte Mining Development Co., Ltd.* (江西江特礦業發展有限公司) ("**Jiangxi Jiangte**") and Yichun Yinli New Energy Co., Ltd.* (宜春銀鋰新能源有限責任公司)("**Yichun Yinli**")), pursuant to which, Party A shall entrust their lithium salt production lines to Party B for production, operation and management independently, and in return Party B shall pay management fee to Party A. The term of cooperation will commence from October 1, 2020 and expire on March 31, 2023. The lithium salt production lines under the management cooperation specifically includes the subordinate production line of "the project of using lepidolite to produce 5,000 tons of lithium carbonate per year and comprehensive utilization of by-products", the subordinate production line of the "expansion project of using spodumene to produce 10,000 tons of battery-grade and industrial-grade lithium carbonate and 5,000 tons of lithium hydroxide" and the subordinate production line of "the project of using lepidolite to produce 10,000 tons of lithium carbonate per year" (the "**Lithium Salt Production Lines**").

The Cooperation Agreement shall be subject to the official approval by the Board. A Board meeting will be convened by the Company for approving the Cooperation Agreement. Further announcement will be made by the Company upon the official approval of the agreement by the Board.

THE COOPERATION AGREEMENT

The principal terms of the Cooperation Agreement are as follows:

Date: August 19, 2020 (after trading hours)

Parties: (i) Party B: The Company; and

(ii) Party A: Jiangxi Special, Jiangxi Jiangte, Yichun Yinli

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Party A and their respective ultimate beneficial owners are third parties independent of the Company.

Term of the agreement: From October 1, 2020 to March 31, 2023 (the "**Management Period**")

Content of cooperation: 1. Party A has agreed to deliver the Lithium salt Production Lines and the plants (the "**Cooperation Assets**") to Party B for full operation and management; Party B has agreed to manage the Cooperation Assets in accordance with the terms and conditions of the Cooperation Agreement during the Management Period, and enjoy the corresponding rights and assume the corresponding obligations in accordance with the Cooperation Agreement.

2. During the Management Period, Party B shall be fully responsible for the production, operation and management of the Cooperation Assets in accordance with the terms and conditions of the Cooperation Agreement, and enjoy all operating revenue and bear all operating losses of the Cooperation Assets; Party A shall have the right to receive the management fee paid by Party B in accordance with the Cooperation Agreement, but shall not participate in the production, operation and management of the Cooperation Assets, and shall not enjoy the relevant operating revenue or bear the relevant operating losses of the Cooperation Assets.

3. During the Management Period, the ownership of the Cooperation Assets shall remain unchanged, and the Cooperation Assets shall legally belong to Party A.

4. From the effective date of the Cooperation Agreement, Party B shall lead the technological transformation of the Lithium Salt Production Lines, and Party A shall actively cooperate with the aforementioned technological transformation and provide reasonable support and assistance; the specific technological transformation plan and technological transformation costs shall be determined by Party A and Party B through mutual negotiation; the relevant technological transformation costs shall be borne by Party A and paid by Party B in advance, which shall be deducted from the management fee payable in 2020 and 2021 thereafter.

5. During the Management Period, Party B shall have the right to choose to purchase the Cooperation Assets from Party A at a price not higher than the book value of the Cooperation Assets. Upon expiration of the Management Period, Party B shall have the right to choose 1) to continue to operate and manage the Cooperation Assets; or 2) to purchase the Cooperation Assets from Party A at a price not higher than the book value of the Cooperation Assets. If Party B chooses to purchase Cooperation Assets from Party A at a price not higher than the book value of the Cooperation Assets, the specific transaction amount shall be determined by both Party A and Party B through negotiation based on the audited valuation results at the time, and Party A shall fully cooperate. If Party A violates this agreement and refuses to transfer the Cooperation Assets to Party B, Party A shall compensate Party B the amount twice as much as the amount paid by Party B in relation to management fee, technological transformation costs, lithium salt production line labour costs under this agreement.

6. For the purpose of the Cooperation Agreement, Party A has agreed to mortgage and pledge the Cooperation Assets to Party B, and provide guarantees for the compensation and indemnity payable by Party A to Party B.

Management Fee and its settlement:	Both Parties determined after arm's length negotiations that Party B shall, during the Management Period, pay the management fee of RMB 192,000,000 (including tax, approximately HK$ 215,380,000) to Party A in total. Party B will pay RMB 19,200,000, RMB 76,800,000, RMB 76,800,000, RMB 19,200,000 to Party A respectively on December 31, 2020, December 31, 2021, December 31, 2022, March 31, 2023. The management fee is determined based on the depreciation, amortization, and relevant tax associated with the Cooperation Assets.
Effectiveness of and prerequisites for the Cooperation Agreement:	1) The Cooperation Agreement has been approved by the authorised organization (such as the board of directors/ the general meeting) of Party A; 2) The Cooperation Agreement has been approved by the (such as the board of directors) of Party B; 3) the Cooperation Arrangement under The Cooperation Agreement has been approved by the mortgagee(s) and pledgee(s) of the Cooperation Assets. Upon the entering into of The Cooperation Agreement, the effectiveness of the Cooperation Agreement shall take effect subject to the fulfillment of the aforesaid prerequisites.

Information on the Company

The Company is principally engaged in the production of lithium hydroxide, lithium compound, 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.

Information on Party A

1. Jiangxi Special is a joint stock company established in the PRC, the A shares of which have been listed on the SZSE since October 12, 2007(Stock Code: 002176). Jiangxi Special is principally engaged in two major business segments, including lithium battery business and smart motor business, among which, the lithium battery business includes exploitation of lithium minerals, processing of lepidolite and spodumene, and scale production of lithium compound.

The shareholdings of the top ten shareholders of the ordinary shares of Jiangxi Special as of 30 June 2020 are set out below:

Name of shareholder	Number of shares held as at the end of June 30, 2020	Percentage of shareholding *(%)*	Type of shareholder
Jiangxi Jiangte Electric Group Co., Ltd.* (江西江特電氣集團有限公司)	240,875,533	14.12	Domestic non-state-owned legal person
Yichun Yuanzhou State-owned Assets Operation Co., Ltd.* (宜春市袁州區國有資產運營有限公司)	57,640,167	3.38	State-owned legal person
Yichun Yuanzhou Financial Holding Co., Ltd.* (宜春市袁州區金融控股有限公司)	47,428,694	2.78	State-owned legal person
Caitong Fund – Bank of Ningbo – Caitong Fund – Anji No. 61 Single Asset Management Programme* (財通基金－寧波銀行－財通基金－安吉61號單一資產管理計劃)	47,428,693	2.78	Other
Tianjin Yuanfang Assets Management Co., Ltd.* (天津遠方資產管理有限公司) – Yangzhou Yuanfang Industry Supporting Fund Partnership LLP* (揚州遠方產業扶持基金合夥企業(有限合夥))	35,571,520	2.08	Other
Central SOEs Industrial Investment Fund for Poor Area (Jiangxi) Partnership LLP* (中央企業貧困地區(江西)產業投資基金合夥企業(有限合夥))	35,571,519	2.08	Other
Yichun Urban Construction Investment and Developmen Co., Ltd.* (宜春市城市建設投資開發有限公司)	35,571,519	2.08	State-owned legal person
Wang Xin (王新)	31,700,000	1.86	Domestic natural person
Caitong Fund – Bank of Ningbo – Caitong Fund – Anji No. 62 Single Asset Management Programme* (財通基金－寧波銀行－財通基金－安吉62號單一資產管理計劃)	23,714,347	1.39	Other
Chen Baohua (陳保華)	10,655,829	0.62	Domestic natural person

Jiangxi Jiangte Electric Group Co., Ltd.* is the only shareholder who holds over 10% of shares in Jiangxi Special Electric Motor Co., Ltd. Jiangxi Jiangte Industrial Co., Ltd.*(江西江特實業有限公司) and Chen Xiaohong (陳小紅) hold 57.43% and 13.75%, respectively, of shares in Jiangxi Jiangte Electric Group Co., Ltd.*. No shareholder, other than Jiangxi Jiangte Industrial Co., Ltd.* and Chen Xiaohong, holds over 10% of shares in Jiangxi Jiangte Electric Group Co., Ltd.*. Lu Shunmin and Zhu Jun each holds 50% of equity capital in Jiangxi Jiangte Industrial Co., Ltd.* and they are accordingly the actual controllers of Jiangxi Special Electric Motor Co., Ltd.

2. Jiangxi Jiangte is a limited liability company established in the PRC and a wholly-owned subsidiary of Jiangxi Special. Jiangxi Jiangte is a shareholding platform and does not actually operate business.

3. Yichun Yinli is a limited liability company established in the PRC and is currently engaged in production of lithium compound. Jiangxi Jiangte Mining Development Co., Ltd.* and Xin Yimin (辛毅敏) hold 99.9917% and 0.0083%, respectively, of the equity capital in Yichun Yinli.

Financial information about the Cooperation Assets

The financial information about the Cooperation Assets involved in this Cooperation Agreement is as follows:

	For the year ended 31 December (unaudited)		**For the six months ended 30 June (unaudited)**
	2018	**2019**	**2020**
	RMB	*RMB*	*RMB*
Total assets	2,027,636,957	2,336,349,979	2,353,719,546
Net assets	1,417,122,514	1,364,793,412	1,303,624,264
Revenue	358,304,577	486,613,393	125,096,099
Net profit (loss) before tax	77,996,508	-614,119,294	-71,963,703
Net profit (loss) after tax	69,331,624	-520,862,756	-61,169,148

REASONS AND BENEFITS FOR ENTERING INTO THE COOPERATION AGREEMENT

The Company is a global key manufacturer for lithium compound and lithium metal. The Company possesses a high degree of synergy with Party A in respect of the production and operation of lithium compound products. The conclusion of the Cooperation Agreement is conductive to give full play to the Company's available advantages in mineral resources and high-end production technology for lithium salt products, so as to further expand the production scale and market shares of high-end lithium salt products of the Company and enhance the core competitiveness and profitability of the Company, which conforms to the development strategy of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the transaction contemplated under the Cooperation Agreement exceeds 5% but is less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors of the Company
"Company"	Ganfeng Lithium Co., Ltd. (江西贛鋒鋰業股份有限公司), a joint stock company established in the PRC on March 2, 2000 and converted from our predecessor Jiangxi Ganfeng Lithium Company Limited (江西贛鋒鋰業有限公司, formerly known as Xinyu Ganfeng Lithium Company Limited (新余贛鋒鋰業有限公司)) into a joint stock company with limited liability under the PRC Company Law on December 18, 2007, the A Shares of which have been listed on the SZSE since August 10, 2010 (Stock Code: 002460), the H share of which have been listed on The Stock Exchange of Hong Kong Limited (Stock Code: 1772)) and except where the context otherwise requires includes its predecessors and subsidiaries
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"SZSE"	the Shenzhen Stock Exchange

* *For identification purpose only*

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

Jiangxi, PRC
August 19, 2020

As at the date of this announcement, the Board of the Company comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Ms. DENG Zhaonan and Mr. GE Zhimin as executive directors of the Company; Mr. YU Jianguo and Ms. YANG Juanjuan 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.