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赣锋锂业

**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)**

## **DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN MINERA EXAR**

The Board announces that on April 1, 2019 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Transaction Agreement with the Target Company and Lithium Americas Corp. (“LAC”), pursuant to which the Purchaser shall subscribe for 141,016,944 new shares from the Target Company for a total consideration of US\$160,000,000 (the “**Acquisition**”).

Together with the equity interest acquired in the Initial Acquisition, the Purchaser will hold in aggregate 50% of the equity interest in the Target Company upon completion of the Acquisition. The Acquisition will not result in consolidation of the assets of the Target Company in the accounts of the Company.

As both the Initial Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company by the Purchaser within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio upon aggregation is more than 5% but less than 25%, the acquisitions and the transactions contemplated thereunder constitute a disclosable transaction of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement thereunder.

As the Target Company is a related party and the Acquisition is a related party transaction under The Shenzhen Stock Exchange Listing Rules(深圳證券交易所股票上市規則)and The Guidelines for the Standardized Operation for SME Board of the Shenzhen Stock Exchange(深圳證券交易所中小企業板規範運作指引), the Acquisition is subject to the approval of the Shareholders in a Shareholders' meeting. A circular will be sent to all Shareholders in due course.

## **I. THE INITIAL ACQUISITION**

On August 13, 2018, the Group entered into an acquisition agreement with LAC and Sociedad Química y Minera de Chile S.A. (“**SQM**”) regarding the acquisition of direct equity interests in the Cauchari-Olaroz project from SQM for an initial consideration of US\$87.5 million due at closing and additional payment of US\$50 million upon the Cauchari-Olaroz project meeting certain sales milestones. Upon the completion of the Initial Acquisition, the Company held 37.5% of the equity interest in Minera Exar S.A. (“**Minera Exar**”) through the Purchaser.

Further details about the Initial Acquisition is set out in the prospectus of the Company dated 27 September 2018.

## **II. THE ACQUISITION**

### **1. Introduction**

The Board announces that on April 1, 2019 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) entered into the Transaction Agreement with the Target Company and LAC, pursuant to which the Purchaser shall subscribe for 141,016,944 new shares from the Target Company for a total consideration of US\$160,000,000. The Acquisition will not result in consolidation of the assets of the Target Company in the accounts of the Company.

### **2. The Agreement**

The salient terms of the Transaction Agreement are as follows:

#### ***i. Date***

April 1, 2019 (after trading hours)

***ii. Parties***

Purchaser	Ganfeng Lithium Netherlands Co., B.V. (Netherland Ganfeng), a corporation organized under the laws of the Netherlands, a wholly-owned subsidiary of the Company
Target Company	Minera Exar, a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project
LAC	Lithium Americas Corp., a company incorporated in Canada, that holds 50% equity interest in the Target Company, LAC is held as to 16.91% by GFL International

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of the Target Company and LAC and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

***iii. Subject matter***

Pursuant to the Transaction Agreement, the Target Company has conditionally agreed to issue and allot and the Purchaser (as subscriber) conditionally agreed to subscribe for 141,016,944 shares in the Target Company for a consideration of US\$160,000,000 (equivalent to approximately HK\$1,255,968,000).

***iv. Consideration and basis of consideration***

The total Consideration of the Transaction Agreement shall be US\$160,000,000 (tax inclusive) (equivalent to approximately HK\$1,255,968,000), equivalent to unit price of US\$1.1346 (equivalent to approximately HK\$8.9064) per target share. The Consideration was arrived at after arm's length negotiations between the Target Company and the Purchaser with reference and in proportion to the valuation of the Target Company and recent precedent transactions. The Company also hired independent financial advisors to advise the Company on due diligence and valuation.

**v. *Payment terms***

The total consideration of US\$160,000,000 (equivalent to approximately HK\$1,255,968,000) under the Transaction Agreement is payable by the Purchaser to the Target Company on closing (“**Closing Date**”).

**vi. *Conditions***

Payment of the Consideration pursuant to the Transaction Agreement shall be subject to and conditional upon the satisfaction in full of the following conditions:

- a) all terms of the Transaction Agreement being effective;
- b) the Company’s Shareholders’ approval being acquired;
- c) LAC’s shareholders’ approval being acquired;
- d) all necessary consents being obtained; and
- e) all necessary regulatory approvals being acquired.

**vii. *Completion***

The completion of the Acquisition shall take place on the date when all the conditions precedent contained in the Transaction Agreement are either satisfied or waived, the Closing Date. The Parties will use all commercially reasonable efforts to complete the Acquisition as soon as reasonably practicable.

Upon completion of the Acquisition, the Purchaser will hold in aggregate 50%, whereas LAC will remain interested in 50% of the equity interest in the Target Company.

### **3. Reasons For And Benefits Of Entering Into The Transaction Agreement**

The Target Company is a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project, one of the largest lithium brine resources globally with a total Measured and Indicated resource of 17,977,200 tonnes of lithium carbonate equivalent. It is expected, that once in production (targeting 40,000 tpa of lithium carbonate production capacity subject to necessary approvals), the Cauchari-Olaroz project will be among the lowest cost producers of lithium carbonate. Upon completion of the Acquisition, the Purchaser will increase its equity interest in the Target Company from 37.5% to 50%. The increased project interest is expected to provide the Purchaser with a significant economic return and will result in greater board and management representation.

The Directors are of the view that the terms of the Transaction Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole after taking into account the reasons and benefits as stated above.

### **4. Information About The Company And The Parties To The Transaction Agreement**

#### ***The Company***

The Company is principally engaged in the production of lithium hydroxide, lithium carbonate, lithium fluoride and butyl lithium; and the production, processing and sales of non-ferrous metals, batteries, instrumentation components, machinery and equipment, chemical products, chemical raw materials and chemical products.

#### ***The Purchaser***

Netherland Ganfeng, a corporation organized under the laws of the Netherlands, and a wholly-owned subsidiary of the Company. Netherland Ganfeng's principal business objectives are to finance for, participate in, to manage and to supervise other enterprises..

#### ***The Target Company***

The Target Company is a joint venture company incorporated in Argentina, owned by LAC and Netherland Ganfeng, that holds 100% interest in the Cauchari-Olaroz lithium brine project. The Target Company's principal business activity is the development of the Cauchari-Olaroz project, including the extraction and production of lithium products.

Set out below is the financial information of the Target Company:

US\$'000	As at/for the year ended December 31, 2017 (Audited)	As at/for the year ended December 31, 2018 (Unaudited)
Total Assets	55,385	179,885
Net Assets	16,085	75,459
Revenue	—	—
Profit (loss) before taxation	-11,705	-911
Profit (loss) after taxation	-11,705	-911

Set out below is the Mineral Resource Estimate information of the Cauchari-Olaroz project which is owned as to 100% by the Target Company:

#### **Lithium Mineral Resource Summary**

Description	Average Lithium Concentration (mg/L)	Lithium (tonnes)	LCE (tonnes)
Measured Resource	587	651,100	3,465,700
Indicated Resource	580	2,726,300	14,511,500
Measured+ Indicated	581	3,377,400	17,977,200
Inferred	602	957,400	5,096,000

#### ***LAC***

LAC is a Canadian based resource company focused on advancing two significant lithium projects, the Cauchari-Olaroz project, located in Jujuy province of Argentina, and the Thacker Pass project (formerly Stage 1 of the Kings Valley project), located in north-western Nevada, USA, and on the manufacturing and sales of organoclay products.

### **5. Implications Under The Listing Rules**

As both the Initial Acquisition and the Acquisition involve the acquisition of equity interest in the Target Company by the Purchaser within a 12-month period, they are aggregated pursuant to Rule 14.22 of the Listing Rules. As the highest applicable percentage ratio upon aggregation is more than 5% but less than 25%, the acquisitions and the transactions contemplated thereunder constitute a disclosable transaction of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement thereunder.

## 6. Shareholders' Approval

As the Target Company is a related party and the Acquisition is a related party transaction under The Shenzhen Stock Exchange Listing Rules(深圳證券交易所股票上市規則) and The Guidelines for the Standardized Operation for SME Board of the Shenzhen Stock Exchange(深圳證券交易所中小企業板規範運作指引), the Acquisition is subject to the approval of the Shareholders in a Shareholders' meeting. A circular will be sent to all Shareholders in due course.

### DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, 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 Shenzhen Stock Exchange since August 10, 2010 (Stock Code:002460), and except where the context otherwise requires includes its predecessors and subsidiaries
“Directors”	the Directors of the Company
“GFL International”	GFL International Co., Limited, a private company limited by shares incorporated in Hong Kong on March 29, 2011 and a wholly-owned subsidiary of our Company
“Group”	our Company and our subsidiaries
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Initial Acquisition”	the acquisition of direct equity interest in the Cauchari-Olaroz project from SQM for an initial consideration of US\$87.5 million due at closing and additional payment of US\$50 million upon the Cauchari-Olaroz project meeting certain sales milestones
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	shareholders of the Company
“Purchaser”	has the meaning as set out in the paragraph entitled “Parties” in this announcement, a corporation organized under the laws of the Netherlands and is owned as to 100% by GFL International
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	has the meaning as set out in the paragraph entitled “Parties” in this announcement, a joint venture company incorporated in Argentina that holds 100% interest in the Cauchari-Olaroz project
“Transaction Agreement”	the agreement dated April 1, 2019 entered into by the Purchaser with the Target Company
“US\$”	United States dollars, the lawful currency of the United States

*For the purposes of this announcement and illustration only, conversions of US\$ into HK\$ are based on an exchange rate of US\$1.00 = HK\$7.8498. No representation is made that any amount in US\$ or HK\$ could have been or could be converted at the above rate or at any other rates.*

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

Jiangxi, PRC  
April 1, 2019



*As at the date of this announcement, the Board comprises Mr. LI Liangbin, Mr. WANG Xiaoshen, Mr. SHEN Haibo, Ms. DENG Zhaonan and Mr. XU Xiaoxiong as executive directors of the Company; Mr. HUANG Daifang as non-executive director of the Company; and Mr. GUO Huaping, Mr. HUANG Huasheng, Mr. LIU Jun and Ms. WONG Sze Wing as independent non-executive directors of the Company.*