

GEM Co., Ltd.

About the subsidiary company Jingmen GEM signed the Indonesian nickel resource project Announcement of the Memorandum of Increase in Shareholding

The company and all members of the board of directors guarantee that the information disclosed is true, accurate and complete, and that there are no false records, misleading statements or major omissions.

Special Note:

The memorandum signed this time belongs to the framework, intention and preliminary agreement of the parties' willingness to further cooperation and basic principles. It is affected by factors such as the specific implementation progress and project situation, and there are still uncertainties. Investors are advised to make decisions with caution and pay attention to investment risks.

I. Overview

GEM Co., Ltd. (hereinafter referred to as "GEM", the "Company") held the 40th meeting of the fourth board of directors on September 27, 2018, and the third extraordinary general meeting of 2018 held on October 16, 2018, reviewed and approved the "About the company's subsidiary Jingmen GEM and Xinzhan International, Guangdong Bangpu, Indonesia's IMIP Park, and Banhe Xingye to sign the "About the construction of Indonesian laterite nickel ore to produce battery-grade nickel chemicals (nickel sulfate crystals) (50,000 tons) Nickel/Year) Project Joint Venture Agreement" Proposal, agreeing that Jingmen GEM, a subsidiary of the company, and Xinzhan International (a subsidiary of Tsingshan Iron and Steel), Guangdong Bangpu (CATL Holding Company), Indonesia IMIP Park, and Banhe

Xingye signed the "About the Construction of Indonesia" Joint Venture Agreement for Laterite Nickel Ore Production of Battery Grade Nickel Chemicals (Nickel Sulfate Crystals) (50,000 tons of Nickel/Year). For details, please refer to the information disclosed by the company in the information disclosure media "China Securities Journal", "Securities Times", "Shanghai Securities News", "Securities Daily" and <http://www.cninfo.com.cn> related announcements.

After the signing of the project, the partners set up PT. QMB NEW ENERGY MATERIALS (hereinafter referred to as "QMB Company") in Indonesia to implement the project.

In response to the shortage of nickel resources brought about by the development of global new energy, in order to expand the strategic control of nickel resources and better promote the development of nickel resources projects in Indonesia, with the support and understanding of various partners, the company's subsidiary Jingmen GEM New Materials Co., Ltd. (hereinafter referred to as "Jingmen GEM") recently cooperated with Ningbo Bangpu Times New Energy Co., Ltd. (hereinafter referred to as "Ningbo Bangpu Times"), Hong Kong Bangpu Recycling Technology Co., Ltd. (hereinafter referred to as "Hong Kong Bangpu"), Yongqing Technology Co., Ltd. (hereinafter referred to as "Yongqing Technology"), Xinzhan International Holdings Co., Ltd. (hereinafter referred to as "Xinzhan International"), PT. Indonesia Morowali Industrial Park (hereinafter referred to as "IMIP") signed the agreement on PT. The memorandum of QMB NEW ENERGY MATERIALS (hereinafter referred to as "this memorandum") agrees that Jingmen GEM and its affiliates, a subsidiary of the company, will directly and indirectly hold 72% of the shares of Qingmeibang.

According to the "Articles of Association" and other relevant regulations, the memorandum signed by the company this time does not need to be submitted to the board of directors and the general meeting of shareholders for consideration and approval. The signing of the memorandum does not constitute a related party transaction, nor does it constitute a major asset reorganization as stipulated in the "Administrative Measures for Major Asset Restructuring of Listed Companies", which does not require approval from relevant departments.

2. Introduction of partners

(1) Ningbo Bangpu Times New Energy Co., Ltd.

Nationality: Chinese

Address: Room 128, Office Building, No. 29, Business Center, Meishan Avenue,

Beilun District, Ningbo City, Zhejiang Province

Legal representative: Li Changdong

Ningbo Bangpu Times New Energy Co., Ltd. was established on September 16, 2019, mainly engaged in new energy technology development, technical consultation, technical services, technology transfer and wholesale and retail of lithium battery materials and precious metals.

Ningbo Bangpu Times New Energy Co., Ltd. has no associated relationship with the company.

Upon inquiry, Ningbo Bangpu Times New Energy Co., Ltd. is not a dishonest person subject to enforcement.

(2) Hong Kong Bangpu Recycling Technology Co., Ltd.

Nationality: Hong Kong, China

Address: Room 1804, Beverly Building, 93-107 Lockhart Road, Wanchai Road, Hong Kong

Chairman: Li Changdong

Hong Kong Bangpu Recycling Technology Co., Ltd. is mainly engaged in metal materials, import and export trade and foreign investment.

Hong Kong Bangpu Recycling Technology Co., Ltd. has no associated relationship with the company.

Upon inquiry, Hong Kong Bangpu Recycling Technology Co., Ltd. is not a dishonest person subject to execution.

(3) Yongqing Technology Co., Ltd.

Nationality: Chinese

Address: Room 1701, Building B, Qingshan Headquarters Building, No. 2666, Longxiang Road, Longwan District, Wenzhou City, Zhejiang Province

Legal representative: Jiang Sen

Yongqing Technology Co., Ltd. was established on January 24, 2018, mainly engaged in the research and development, production, processing, sales and related technical services of metal nickel materials and battery materials, as well as power battery system equipment, wind photovoltaic energy storage power system equipment. Research and development, production, processing, sales and after-sales service, etc.

Yongqing Technology Co., Ltd. has no associated relationship with the company.

Upon inquiry, Yongqing Technology Co., Ltd. is not a dishonest person subject to execution.

(4) New Exhibition International Holdings Limited

Nationality: Hong Kong, China

Address: Unit 2, 1st Floor, Guanhua Centre, 61 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong

Director: Xiang Binghe

Xinzhan International Holdings Co., Ltd. is a subsidiary of Tsingshan Industrial. Tsingshan Industry is an outstanding representative of Chinese national enterprises. It has created a legend of technological innovation and industrial development in the entire industrial chain from low-grade laterite nickel ore to high-grade stainless steel products. It has a number of nickel mines in Indonesia with rich reserves of 1 billion tons of raw ore. Above, the nickel metal reserves are more than 12 million tons, and the world's largest nickel-iron alloy smelting capacity has been built, which has an important impact on the global nickel resource market and is an outstanding enterprise since China implemented the "Belt and Road" initiative.

Xinzhan International Holdings Co., Ltd. is not affiliated with the company.

Upon inquiry, Xinzhan International Holdings Co., Ltd. is not a dishonest person subject to enforcement.

PT. Indonesia Morowali Industrial Park

(5) PT. Indonesia Morowali Industrial Park (Indonesia Economic and Trade Cooperation Zone Qingshan Park Development Co., Ltd.)

Nationality: Indonesian

Address: Gd. Wisma Mulia Lt. 41 Suite 4101 J. Jend. Gatot Subroto
No.42Kel.Kuningan Barat Kec.Mampang Prapatan Kota Administrasi
Jakarta Selatan 12710

Chairman: Wu Huadi

Indonesia Economic and Trade Cooperation Zone Qingshan Park Development Co., Ltd. was established in Indonesia with the approval of the Shanghai Municipal Department of Commerce by Shanghai Dingxin Investment (Group) Co., Ltd. \$60.8 million. Indonesia IMIP Park, as the development owner of Qingshan Park, China-Indonesia Comprehensive Industrial Park, is mainly responsible for land purchase and land development, road, wharf and park infrastructure construction, park administration, social management, park security and environmental protection and other functions.

Indonesia Economic and Trade Cooperation Zone Qingshan Park Development

Co., Ltd. has no relationship with the company.

After inquiries, Indonesia Economic and Trade Cooperation Zone Qingshan Park Development Co., Ltd. is not a dishonest person subject to enforcement.

Hong Kong Bangpu, Xinzhan International, IMIP, Jingmen GEM and Banwa Industrial Co., Ltd. (hereinafter referred to as "Banwa Industrial") are deemed to be "existing shareholders" in respect of the shares of PT. QMB New Energy Materials held by them as of the date of this memorandum "; The above partners and Jingmen GEM are collectively referred to as the "Parties".

3. The core content of the memorandum

In order to carry out nickel resource smelting and deep processing in Indonesia, the existing shareholders jointly established Qingmeibang Company in Indonesia on January 9, 2019. As of the date of the signing of this memorandum, Jingmen GEM holds 36% of its shares, Hong Kong Bangpu holds 25% of its shares, Xinzhan International holds 21% of its shares, IMIP holds 10% of its shares, and Banhe holds 10% of its shares. Xingye holds 8% of its shares. Now the parties intend to restructure the equity of Qingmeibang Company according to the transaction arrangement agreed in this memorandum, and based on the principle of equality and mutual benefit, the agreement is as follows:

(1) Equity reorganization

All parties agree to reorganize the shareholding structure of Qingmeibang Company (hereinafter referred to as "this reorganization") in accordance with this memorandum to achieve the following objectives:

(1) Hong Kong Bangpu holds 25% equity of Qingmeibang Company, and the equity structure of Hong Kong Bangpu is adjusted to Ningbo Bangpu Times through its wholly-owned subsidiary Hong Kong Bangpu Times New Energy Co., Ltd. (hereinafter referred to as "Hong Kong Bangpu Times"). ") holds 40% of its equity, and Jingmen GEM indirectly holds 60% of its equity through its affiliated companies;

(2) Xinzhan International holds 21% equity of Qingmeibang, and Jingmen GEM holds 100% equity of Xinzhan International directly or indirectly, but Jingmen GEM has the right to designate its affiliates to acquire 100% equity of Xinzhan International, and other parties have no priority to purchase rights and rights to sell;

(3) Jingmen GEM still directly holds 36% equity of Qingmeibang Company;

(4) IMIP still holds 10% equity of Qingmeibang;

(5) Banwa Industrial still holds 8% equity of Qingmeibang.

After the reorganization, Jingmen GEM and its related parties directly and indirectly hold 72% of the shares of Qingmeibang, Ningbo Bangpu Times indirectly holds 10% of the shares of Qingmeibang, IMIP holds 10% of the shares of Qingmeibang, and Banhe Xingye holds the shares of Qingmeibang 8% stake.

(2) Other matters

1. After the signing of this memorandum, Jingmen GEM, Hong Kong Bangpu, Xinzhan International, IMIP and Banhe Xingye shall sign a separate agreement on the equity transfer, capital increase and Qingmeibang joint venture related to this restructuring.

2. If the agreement in this memorandum is inconsistent with the previous agreement or agreement on the joint venture project of Qingmeibang Company, this memorandum shall prevail.

IV Fourth, the impact on the company

Under the general trend that the global new energy power ternary battery is rapidly developing in the direction of high nickel and low cost, the signing of this memorandum will help the company to expand the amount of nickel resources and its strategic control ability, and help the company to seize the opportunity of nickel resources , to provide strategic nickel resource guarantee for the company to build a globally competitive high-nickel ternary precursor material manufacturing system, to meet the market demand for low-cost and high-quality ternary materials for global new energy development, and to promote the company's future in global ternary materials. The improvement of the competitive position in the market field has a positive effect on stabilizing and enhancing the profitability of the company's core business of battery materials.

V. Risk Warning

This memorandum is a framework and intentional agreement on cooperation willingness and basic principles. It is affected by factors such as the specific implementation progress and project situation, and there are uncertainties. If the two parties have signed a formal cooperation agreement, the company will strictly follow the laws and regulations. Perform review procedures , and fulfill the obligation of information disclosure in a timely manner. Investors are advised to make decisions with caution and pay attention to investment risks.

6. Documents for reference

The "Memorandum of PT. QMB NEW ENERGY MATERIALS" signed by all

parties.

Special announcement.

Board of Directors of GEM Co., Ltd.

January 4, 2021