

GEM Co., Ltd.

About the holding subsidiary Green Cycle signed with the People's
Government of Fengcheng City, Jiangxi Province

Announcement on the investment contract for the recycling of
renewable resources such as waste plastic modification and
intelligent manufacturing

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.

1. Project Overview

Recently, Jiangxi Green Recycling Industry Co., Ltd. (hereinafter referred to as "Green Recycling" or "Party B"), a holding subsidiary of GEM Co., Ltd. (hereinafter referred to as the "Company"), accelerated the recycling and dismantling of electronic waste in order to promote the listing process. and green transformation and upgrading of recycling business, promote the rapid development of electronic waste recycling business and waste plastic recycling business, and build a globally competitive "electronic waste recycling and dismantling - waste plastic recycling - metal recycling" electronic waste recycling industry chain will promote the waste treatment industry represented by China's electronic waste to enter the world's advanced ranks, and make positive contributions to the realization of the strategic goal of "carbon peaking and carbon neutrality". ") signed the "Investment Contract for the Recycling of Renewable Resources such as Waste Plastic Modified Intelligent Manufacturing" (hereinafter referred to as the "Investment Contract"). According to the "Investment Contract", the People's Government of Fengcheng City, Jiangxi Province will provide preferential policies such

as land, taxation, talents and other policies for Green Recycling to invest in the comprehensive utilization of renewable resources in Jiangxi Fengcheng Circular Economy Industrial Park, so as to speed up the listing process of Green Recycling and promote the Green Cycle takes Fengcheng, Jiangxi Province as the base to develop a low-carbon and pollution-reduction green industry with the recycling of renewable resources as the main body.

With this signing, Green Cycle has performed the normative procedures of its board of directors, and Green Cycle will also perform the approval procedures of its shareholders meeting in accordance with its "Articles of Association".

According to the principle of operational independence of Green Recycling and relevant regulations such as the "Articles of Association", the investment contract signed by Green Recycling this time does not need to be submitted to the company's board of directors and shareholders' meeting for review and approval. The investment contract signed by Green Cycle this time does not constitute a related party transaction, nor does it constitute a major asset reorganization stipulated in the "Administrative Measures for Major Asset Restructuring of Listed Companies", which does not require approval from relevant departments.

2. Introduction of the counter party to the agreement

(1) Name of the counter-party to the agreement: People's Government of Fengcheng City, Jiangxi Province

(2) Nature: Local government agency

(3) Related relationship: There is no related relationship between the People's Government of Fengcheng City, Jiangxi Province and the Company.

3. Main Contents of the Investment Contract

(1) Basic information of the investment project

1. Party B invests in the establishment of a comprehensive utilization project of renewable resources in the recycling park. The specific investment and production content:

Project 1: An intelligent manufacturing project with an annual output of 100,000 tons of waste plastic modified granulation, with a total investment of 290 million yuan. New waste plastic cleaning and sorting production line, waste plastic electrostatic sorting

and material sorting system, regeneration granulation production line, regeneration modification production line and intelligent warehouse.

Project 2: The annual output of 30,000 tons of fully biodegradable plastic intelligent manufacturing project, with a total investment of 350 million yuan. Newly built starch filled resin modified plastic granulation production line, biodegradable plastic production line and supporting production storage system and AGV logistics system.

Project 3: The annual dismantling of 150,000 tons of scrapped "non-government fund subsidy" electronic and electrical projects, with a total investment of 250 million yuan. A crushing and sorting line system for scrapped electronic and electrical appliances, a cold chain dismantling line, an intelligent and non-destructive dismantling line for small IT equipment will be built, and a supporting storage system will be built.

Project 4: The annual processing of 30,000 tons of waste circuit boards to extract rare and precious metals green recycling project, with a total investment of 590 million yuan, 2 new PCB circuit board crushing lines and 1 set of circuit board green recycling system.

Project 5: A construction project with an annual output of 100,000 tons of recycled aluminum, with a total investment of 430 million yuan. Newly built waste aluminum crushing system, waste aluminum smelting system, aluminum slag ash recovery system and supporting storage system.

Project 6: The polymer material recycling engineering technology research center project, with a total investment of 150 million yuan, the project is constructed in accordance with the national R&D platform standards, and a new four-story R&D building is located in the existing factory area of the North District of Green Cycle Phase I.

2. The total investment of Party B's project is 2.06 billion yuan, and the entire contract stipulates that the investment will be completed within 3 years.

3. According to the project category, Party B shall ensure that the investment intensity of fixed assets is not less than 2.6 million yuan per mu, and the building plot ratio is above 1.0. It is expected that after all six projects are put into operation, the annual output value will be 3.6 billion yuan.

(2) Project land

1. Party A shall provide Party B with the industrial land required by the project. The specific four boundaries and actual area shall be subject to the "Contract for the Assignment of State-owned Land Use Rights" of this contract project. The nature of the land is industrial land.

2. Party A assists Party B in handling the land transfer procedures and the real estate certificate. The relevant handling fees, construction costs and related taxes and other fees involved in the process of handling the real estate certificate shall be borne by Party B.

(3) Project construction and acceptance

The project land provided by Party A has "three connections and one leveling" (water connection, electricity connection, access road and land leveling), and other supporting facilities (such as tap water, communication, drainage, sewage and other pipelines) are in place according to the overall development progress of the park. They are all connected to the nearest planned road around the enterprise land area.

(4) Rights and obligations of both parties

1. Party A's rights and obligations

(1) Provide high-quality services and a good development environment for Party B, and maintain the normal production and operation order of Party B;

(2) Under the premise of Party B's cooperation, assist Party B in handling enterprise project establishment, approval and other relevant license procedures;

(3) Actively coordinate the procedures for obtaining project approval and environmental impact assessment for Party B's projects, and on the premise that Party B's relevant approval materials are complete, assist Party B in "processing 30,000 tons of waste circuit boards to extract rare and precious metals for green recycling" and "annual production of 100,000 tons" The Recycled Aluminum Construction Project ” project successfully obtained the EIA approval.

(4) Actively coordinate the declaration of a national R&D platform for Party B's polymer material recycling engineering technology research center.

2. Party B's rights and obligations

(1) Party B can enjoy relevant local preferential policies and incentive policies after the completion and acceptance of the project;

(2) Construction must be started and completed and put into production in strict

accordance with the time limit stipulated in the contract, and the investment amount agreed in the contract must be in place; if the project of Party B needs to be postponed due to objective reasons, it must apply to Party A in writing and obtain Party A ' s approval.

(5) Other matters

(1) Party B enjoys the relevant preferential policies in the document Fengbanfa [2020] No. 33 "Detailed Implementation Rules for Several Policies to Promote High-Quality Economic Development in Fengcheng". If the national, provincial and municipal fiscal and taxation policies are adjusted, the adjusted fiscal and taxation policies shall be implemented.

(2) Both parties should actively cooperate with each other in their work, exchange information, and support each other, so as to promote the smooth progress of cooperation between the two parties. In case of special matters during the execution of the contract, the two parties can negotiate and agree to change or terminate the contract and sign a written agreement.

4. The impact of the signing of the investment contract on the company

This time, Green Recycling, a holding subsidiary of the company, has cooperated deeply with the people's government of Fengcheng City, Jiangxi Province, and deeply integrated local economic development. The expansion of the comprehensive utilization project of renewable resources in Jiangxi Fengcheng Circular Economy Industrial Park is conducive to the land and taxation given by the government platform. , talents and other advantages, accelerate the process of entering the capital market, expand and strengthen Green Cycle's main business of comprehensive utilization of electronic waste and waste plastic recycling business, improve profitability and comprehensive competitiveness, so as to maximize the interests of shareholders, In line with the company's long-term development plan, it is conducive to promoting the effective implementation of GEM's "urban mine + new energy materials" dual-track drive strategy and further enhancing the company's value.

The comprehensive utilization of renewable resources with waste plastics and electronic waste as the main body is a green industry that "eliminates pollution,

regenerates resources, and benefits mankind". It promotes the transformation of the resource model from natural resources to circular resources, which is in line with the current carbon peak and carbon neutrality. The main channel of green development shows great market space and industrial prospects. The cooperation between Green Cycle and the People's Government of Fengcheng City, Jiangxi Province will make positive contributions to China's victory in the tough battle of pollution prevention and control and the realization of the strategic goal of "carbon peaking and carbon neutrality", and contribute more to China's victory in the tough battle of pollution prevention and control.

The implementation of this project will not affect the independence of the company's business, and there is no situation that damages the interests of the company and all shareholders.

V. Risk Warning

After the signing of the investment contract this time, the operation risks caused by uncertain factors such as policies, business environment, market and operation management cannot be excluded in the later operation process. Investors are requested to pay attention to investment risks. The board of directors of the company will continue to pay attention to the above. The progress of the project shall be disclosed in a timely manner in strict accordance with the provisions and requirements of relevant laws and regulations. Investors are advised to pay attention to investment risks.

6. Documents for reference

An investment contract signed by Jiangxi Green Recycling Industry Co., Ltd. and the People's Government of Fengcheng City, Jiangxi Province.

Special announcement

Board of Directors of GEM Co., Ltd.

April 28, 2021