

GEM Co., Ltd.

About the company's subsidiary company and Taixing Economic Development Zone Management Committee to sign the cycle of ternary precursor, cobalt tetroxide and supporting nickel-cobalt-manganese-lithium raw material system Announcement of the Investment Agreement for Economic and Industrial Projects

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.

I. Overview

In order to promote the application of GEM Co., Ltd. (hereinafter referred to as "GEM", "the company") new energy full life cycle value chain model in the Yangtze River Delta, and to promote the company's new energy materials to form a "Jingmen + Taixing + Fuan" one main and two auxiliary The manufacturing pattern of ternary precursors, consolidate the global core position of the company's ternary precursors, cobalt tetroxide and other new energy materials, and promote the realization of the company's strategic goal of breaking through the 30 billion output value during the "14th Five-Year Plan". Recently, the company's wholly-owned subsidiary GEM (Jiangsu) Cobalt Industry Co., Ltd. (hereinafter referred to as "GEM (Jiangsu)", "Party B") and Jiangsu Taixing Economic Development Zone Management Committee (hereinafter referred to as "Taixing Economic Development Zone Management Committee", "Party A") in line with " Based on the principle of complementary advantages, equality and mutual benefit, and common development", GEM (Jiangsu) in Taixing Economic Development Zone, Jiangsu Province, takes scrap power battery raw materials as the leading role, and uses a circular economy and low-carbon industrial model to build a new energy material project and a cycle of supporting raw materials. Economic and industrial projects, forming a ternary

precursor production project with an annual output of 30,000 tons of new energy vehicle power battery cathode materials, 10,000 tons of high-performance tricobalt tetroxide, 25,000 tons of high-purity nickel-cobalt-manganese raw materials, 3,000 tons of lithium phosphate raw materials, and the circular economy industry project of upgrading and upgrading the park's green, safe, innovative and intelligent manufacturing level reached an agreement and signed the "New Energy" Investment Agreement for Circular Economy Industrial Projects of Materials and Supporting Raw Materials. Both parties agreed that this project is in line with the new development concept of "ecological priority and green development", and is a major measure to further implement the national strategy of "carbon peaking in 2030 and carbon neutrality in 2060", and will effectively help build a new economic belt in the Yangtze River. The low-carbon industry model of energy materials makes new contributions to the development of circular economy in Jiangsu Province and Taixing City.

The company held the 32nd meeting of the fifth board of directors on June 6, 2021, reviewed and approved the "Regarding the signing of ternary precursors, cobalt tetroxide and supporting nickel-cobalt-manganese-lithium raw material systems between the company's subsidiaries and the Taixing Economic Development Zone Management Committee" Circular Economy Industry Project Investment Agreement Proposal. According to the "Shenzhen Stock Exchange Listing Rules", "Articles of Association" and other relevant regulations, the investment agreement signed by the company this time does not need to be submitted to the general meeting of shareholders for deliberation and approval. The signing of the investment agreement this time does not constitute an affiliated transaction, nor does it constitute a major asset reorganization as stipulated in the Measures for the Administration of Major Asset Restructuring of Listed Companies, which does not require approval from relevant departments.

2. Basic information of partners

Taixing Economic Development Zone is located in the geographical center of the Yangtze River Delta. It was founded in 1991. It is one of the first 13 provincial-level development zones in Jiangsu Province, and one of the earliest professional fine chemical parks in China. It is the dominant chemical industry cluster in Jiangsu and even China. The park is rich in basic raw materials such as acid, alkali and steam, and various supporting facilities such as environmental treatment facilities are complete. "China Industry-University-Research Cooperation Innovation Demonstration Base",

"National Intellectual Property Pilot Park", "National Key Support Park for Recycling Transformation", "National Industrial Cluster Regional Brand Building Fine Chemical Industry Pilot Park", "National New Industrialization Industry Demonstration Base", "National Foreign Trade" Transformation and upgrading base" and "China Smart Chemical Industry Park Pilot Demonstration Unit" are good manufacturing areas for chemical products such as ternary precursors.

The Management Committee of Jiangsu Taixing Economic Development Zone has a good reputation and performance capability, and has no relationship with the company and the company's controlling shareholder, actual controller, directors, supervisors, and senior managers.

3. Main content of the agreement

(1) Project situation

1. Party B intends to use its existing land at No. 8 Binjiang North Road, Taixing Economic Development Zone, Jiangsu Province, with an investment of 1.8 billion yuan. It will be dominated by scrap battery raw materials and adopt a circular economy model to form a multi-functional lithium battery with an annual output of 30,000 tons. Precursor, 10,000 tons of high-performance tricobalt tetroxide, annual output of 25,000 tons of high-purity nickel-cobalt-manganese raw materials and 3,000 tons of lithium phosphate raw materials, 50,000 tons of anhydrous sodium sulfate by-product, and upgrade the park's green, safe, innovative and intelligent manufacturing Level, build a research and development platform of Jiangsu Province National Nickel Cobalt Manganese Lithium Lithium Battery Raw Material Recycling and Cobalt Product Green Manufacturing High Value Utilization Engineering Research Center;

2. Party B plans to start the construction of the project in June 2021. It is estimated that the construction of the 30,000-ton lithium battery multi-precursor project will be completed by June 2022, and the construction of all projects will be completed in December 2023.

(2) Supporting support

1. Party A is responsible for supplying water, electricity, steam, drainage, sewage, communication and other public works to the boundary of Party B's enterprise, and actively coordinating the acid-base supply pipeline network of enterprises in the park to go directly to the park.

2. Administrative service support

(1) Party A assists Party B in handling relevant procedures such as project planning, project construction, safety and environmental assessment, and administrative licensing;

Party A promises to organize and complete the upgrade and upgrade demonstration of the relevant procedures such as safety and environmental protection required by the project within one month after the signing of this agreement, so as to ensure the implementation of the project.

(2) Party A shall issue preferential investment promotion policies for Party B with reference to strategic emerging industries such as biomedicine and in accordance with "one enterprise, one policy";

(3) Party A assists Party B to obtain provincial, municipal and district fixed assets investment subsidies;

(4) Party A assists Party B in handling the power expansion procedures;

(5) Party A assists Party B in applying for various national, provincial and municipal talent incentives and innovation policy support.

4. Impact on the company

The two parties signed an investment agreement this time. The company will rely on the advantages of the chemical park in Taixing Economic Development Zone, especially the advantages of raw materials such as acid and alkali, steam and environmental treatment facilities in the chemical park, using battery waste as the main raw material and adopting a circular economy model. , a new ternary precursor production project with an annual output of 30,000 tons of new energy vehicle power battery cathode materials, 10,000 tons of high-performance tricobalt tetroxide, 25,000 tons of high-purity nickel-cobalt-manganese raw materials, and 3,000 tons of lithium phosphate raw materials, not only the company's precursor materials The expansion of production capacity has been implemented to 200,000 tons per year and the company's total production capacity of cobalt tetroxide has been expanded to more than 30,000 tons per year to meet the production capacity needs of market growth in 2022 and the company's medium and long-term production capacity needs, and added 25,000 tons of high-purity nickel-cobalt-manganese raw materials, 3,000 tons of lithium phosphate raw materials have become the second largest nickel-cobalt-manganese chemical raw material manufacturing base after the company's Jingmen Park. It has also effectively recovered lithium resources, forming a manufacturing capacity of 3,000 tons of lithium phosphate raw materials per year,

which will effectively guarantee the company's precursor production capacity. The release of the required nickel-cobalt-manganese raw materials needs to effectively stabilize the overall gross profit margin of the company's ternary precursors.

After the completion of this project, the company will form two core nickel-cobalt-manganese-lithium raw material system manufacturing bases of "Jingmen + Taixing" and three ternary precursor manufacturing bases including "Jingmen + Taixing + Fu'an", effectively building the company's "Jingmen + Taixing" + Fu'an "one main and two auxiliary ternary precursor manufacturing base, forming a total production capacity of 200,000 tons/year of precursors and a total production capacity of 120,000 metal tons of nickel, cobalt and manganese raw materials, which effectively guarantees the nickel required for the production capacity of ternary precursors. The total amount of cobalt and manganese raw material system.

After the completion of the project, the company's Taixing Park will produce 30,000 tons of ternary precursors, 20,000 tons of cobalt tetroxide, 5,000 tons of lithium cobalt oxide, 2,000 tons of cobalt flakes, and 25,000 tons of high-purity nickel, cobalt, and manganese per year. Raw materials, with an annual output of 3,000 tons of lithium phosphate raw materials, the annual output value of the park will reach more than 10 billion yuan, and it will become another 10 billion output value park following the company's Jingmen Park 10 billion output value park, effectively promoting the company's "14th Five-Year Plan" strategy to break through the 30 billion output value strategy. The effective implementation of the target will greatly enhance the core competitiveness and profitability of the company's new energy materials business.

It is stipulated in this agreement that the project will adopt a circular economy model, take power battery waste as the main raw material, implement the chemical recovery of nickel-cobalt-manganese-lithium resources and the remanufacturing of ternary precursor materials, and cooperate well with the company's Wuxi Park power battery recycling and dismantling / Cascade utilization forms a chain collaboration of "physical process (Wuxi Park) + chemical process (Taixing Park)" to implement a complete and comprehensive recycling of power batteries and battery waste, and pull the company in the Yangtze River Delta "battery recycling-raw material recycling-material recycling" new energy recycling industry chain, and upgrade the park's green, safe, innovative and intelligent manufacturing level, and build a world-class new energy material low-carbon industry demonstration park, a

world-class new energy material manufacturing center, and a world-class new energy material. Energy materials innovation center, a world-class circular economy education demonstration and industrial tourism base, to create a low-carbon development model of the Yangtze River Economic Belt led by new energy materials, driven by green technology innovation, and gathered by high-end talents. It is a benchmark for Jiangsu Province and Taixing. The city's circular economy development will make new contributions, will continue to consolidate the company's core position in the global new energy vehicle power battery material manufacturing field, further enhance the company's core competitiveness and sustainable profitability, and promote the company's "14th Five-Year Plan" to exceed 30 billion yuan. The realization of the strategic goal of output value will help realize the national strategy of "carbon peaking in 2030 and carbon neutrality in 2060".

The company's Taixing Park is a chemical system park located in the Yangtze River Delta Chemical Industry Cluster. Currently, it has formed a manufacturing capacity with an annual output of 10,000 tons of cobalt tetroxide and an annual output of 2,000 tons of cobalt flakes, which is an important source of profits for the company. The company's Wuxi Park is the company's power battery recycling, new energy vehicle recycling base and ternary cathode material manufacturing base in the Yangtze River Delta. At present, it has formed an annual production capacity of 10,000 tons of high-energy density ternary materials and an annual recycling process of 50,000 sets of decommissioning. The capacity of power batteries is being built for the recycling and processing of 100,000 new energy vehicles and 100,000 tons of retired power battery recycling/cascade utilization projects. In 2020, GEM (Wuxi) Energy Materials Co., Ltd., a wholly-owned subsidiary of the company, was included in the list of 27 companies that met the "Industry Specifications for Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles" issued by the Ministry of Industry and Information Technology. It is the only new energy vehicle in Jiangsu Province. An enterprise that comprehensively utilizes industry standard conditions for waste power batteries.

Taixing Economic and Technological Development Zone Management Committee actively allocates resources to provide administrative service support for the company, which is conducive to reducing the company's production and operation costs and promoting the project to successfully achieve the expected goals.

5. Risk Warning

The investment agreement signed this time is still uncertain in terms of the specific implementation progress of the project. The board of directors of the company will actively pay attention to the progress of this matter 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

1. The resolution of the thirty-second meeting of the fifth session of the board of directors signed by the directors present and stamped with the seal of the board of directors;

2. The Investment Agreement on Circular Economy Industry Projects of New Energy Materials and Supporting Raw Materials, signed by GEM (Jiangsu), a wholly-owned subsidiary of the company, and Taixing Economic and Technological Development Zone Management Committee.

Special announcement

Board of Directors of GEM Co., Ltd.

June 6, 2021