

GEM CO., LTD.

Announcement on the signing of the Investment Cooperation Agreement of 150,000 tons / year iron phosphate project and the progress of outbound investment

The Company and all members of the Board of Directors guarantee that the contents of the information disclosed are true, accurate and complete, with no false records, misleading statements or material omissions.

I. Overview of outbound investment

On September 17th, 2021, GEM CO., LTD. (hereinafter referred to as "the company" or "GEM") held the fifth board of directors examined and approved the signed with Jingmen Government construction of new energy materials circular economy low carbon industry demonstration park and new energy materials, industrial solid waste comprehensive treatment project investment cooperation agreement bill, agreed to the company new investment construction annual output of 50000 tons of lithium iron phosphate cathode materials, 100000 tons of iron phosphate precursor material projects. For details, please refer to Announcement on the Investment Cooperation Agreement on the Construction of New Energy Materials Circular Economy and Low-carbon Industrial Demonstration Park and New Energy Materials and Industrial Solid Waste Comprehensive Treatment Projects with Jingmen Municipal Government published on CNINFO on September 18th, 2021 (www.cninfo.com, Announcement No.: 2021-089).

On January 10th, 2022, Company wholly owned subsidiary GEM (Hubei) New Energy Materials Co., Ltd. (hereinafter referred to as "Party B") and Xinyangfeng Agricultural Technology Co. Ltd's wholly owned subsidiary Yanfeng Chuyuan New Energy Technology Co., Ltd. (hereinafter referred to as "Yangfeng Chuyuan" or "Party A") signed the Xinyangfeng Agricultural Technology Co. Ltd And GEM (Hubei) New Energy Materials Co., Ltd. About 150000 tons / year iron phosphate project Investment Cooperation Agreement (hereinafter referred to as the "Agreement"). The two parties agree to jointly establish a joint venture company as the investment and operation entity of the 150,000-ton / year iron phosphate project, the registered capital of the joint venture company is RMB330

million, Party A has subscribed the capital contribution in currency RMB 214.5 million, for 65% of the registered capital; Party B shall capital in currency RMB 115.5 million Yuan, accounting for 35% of the registered capital.

According to the Stock Listing Rules of Shenzhen Stock Exchange, the Articles of Association and other relevant provisions, the signing of the investment cooperation agreement need not be submitted to the board of directors and the general meeting of shareholders for deliberation and approval. The signing of the investment cooperation agreement does not constitute a related party transaction, nor does it constitute a material assets reorganization as stipulated in the Administrative Measures for the Material Assets Reorganization of Listed Companies, and it does not need to be approved by the relevant departments.

2. Introduction of the partners

Company name: Yanfeng Chuyuan New Energy Technology Co., Ltd

Enterprise type: limited liability company (wholly owned by legal person invested or controlled by natural person)

Legal representative: Yang Lei

Registered capital: RMB 500.00 million

Establishment date: December 10, 2021

Registered address: No.7, North Moon Lake Road, Dongbao District, Jingmen City

Business scope: general items: technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; battery manufacturing; battery sales; electronic materials research and development; electronic materials sales; electronic materials manufacturing; new materials technology development; emerging energy storage technology services; engineering technology services (planning management, survey, design, supervision); information technology consulting services; investment activities; new materials technology promotion services (except approved by business license)

Yanfeng Chuyuan is a wholly-owned subsidiary of Xinyangfeng Agricultural Technology Co. Ltd. (hereinafter referred to as "Yonfer"). Yanfeng Chuyuan has no relationship with the company and the company's controlling shareholders, actual controllers, directors, supervisors and senior managers.

Yanfeng Chuyuan operating condition and financial condition is good, with good reputation and performance ability. After inquiry, Yanfeng Chuyuan does not belong to the person subject to enforcement for trust-breaking.

III. Basic information of the investment target

In order to ensure the smooth implementation of the investment and cooperation project between both parties, Party A and Party B agree to jointly establish a joint venture company as the investment and operation subject of the 150,000 tons / year iron phosphate project.

(1) Basic information of the joint venture Company

Company name: tentative name "Hubei Yangfeng Gemei New Energy Technology Co., LTD." (the name of the joint venture company shall be subject to the final name approved by the market regulatory department).

Registered address: Huji Town, Zhongxiang City, Hubei Province.

Business scope: electronic materials manufacturing, electronic materials sales, electronic materials research and development; research and development, production and sales of new energy battery materials; technical consulting and service.(The business scope approved by the market regulatory department shall prevail)

(2) Registered capital and means of capital contribution

Both parties agree that the registered capital of the joint venture company is RMB 330 million, of which Party A shall subscribed RMB 214.5 million in currency, accounting for 65% of the registered capital; Party B shall subscribed RMB 115.5 million in currency, accounting for 35% of the registered capital.Both parties undertake to pay 25% of the subscribed capital contribution to the basic account opened by the joint venture Company within 10 working days from the date of completing the registration of the joint Venture Company. The payment time of the remaining 75% capital contribution subscribed by both parties shall be separately agreed by both parties according to the project construction progress of the joint venture Company, but shall not exceed June 30th,2022 at the latest.

IV. Main contents of the investment cooperation Agreement

(1) Changes in the equity of the joint venture company

1.1 Equity transfer of the joint venture company

(1.1.1) During the duration of the Joint Venture Company, neither party shall, without the written consent of the other party, transfer to or in any other way of the whole or any equity of the Joint Venture, except to any controlling related party.

(1.1.2) If one party (the transferor) decides to transfer or dispose of the equity (not to the controlling related enterprises), shall be 30 days in advance to the other party (not the transferor), the notice includes but not limited to: the amount of the equity, the consideration of equity transfer, the equity acquirer, etc.The non-transferor shall, within 30

days after receipt of the notice, decide whether to agree to the transfer and whether to exercise the preemptive right (hereinafter referred to as the "priority") and inform the transferor in writing. If the non-transferor fails to inform the transferor in writing of the sale of the equity of the joint Venture within that period, it shall be deemed that it has waived the priority and agreed to the transfer.

1.2. Capital increase and preemption right

(1.2.1) Any further increase of the registered capital in the future due to capacity increase ("future capital increase"), both parties shall not object to such capital increase without sufficient justifiable reasons, and either party shall have the right to subscribe the priority to the corresponding registered capital increase ("priority refusal").

(1.2.2) If either party fails to exercise or does not fully exercise the preemption, the other party has the right but no obligation to subscribe the remaining capital increase before the capital increase, or the introduction of third party investors recognized by both parties, up to all new equity is fully subscribed, and the party that fails to exercise the preemption shall not object without sufficient justifiable reasons.

(2) Governance structure of the joint venture company

2.1. Shareholders' meeting

The shareholders is the highest authority of the joint venture and exercises the following functions and powers:

(2.1.1) Decide on the business policy and investment plan of the joint venture company;

(2.1.2) To elect and replace the directors, and to decide on the remuneration of the relevant directors;

(2.1.3) To elect and replace the supervisors appointed by the shareholders' representatives, and to decide on the remuneration of the supervisors;

(2.1.4) To review and approve the report of the board of directors;

(2.1.5) To examine and approve the report of the Board of Supervisors;

(2.1.6) To review and approve the annual financial budget and final account plan of the joint venture company;

(2.1.7) To review and approve the profit distribution plan and loss compensation plan of the joint venture company;

(2.1.8) Resolution on the joint venture company to increase its registered capital or grant similar rights such as options, convertible bonds or warrants that can be converted into the equity of the Company;

(2.1.9) Make a resolution to reduce or redeem the registered capital of the joint venture company;

(2.1.10) Make a resolution on the bond issuance issued by the joint venture company;

(2.1.11) Make a resolution on the transfer of capital contribution to persons other than shareholders;

(2.1.12) Make resolutions on the merger, division, change of the company form, dissolution and liquidation of the joint venture company;

(2.1.13) Make a resolution on any form of guarantee (including guarantee, mortgage or pledge) provided by the joint venture company;

(2.1.14) Make a resolution on the external loan provided by the joint venture company;

(2.1.15) Change the main business of the joint venture company, terminate or suspend all or part of the business;

(2.1.16) Make resolutions on related transactions where the amount of the joint venture company and the affiliated party exceeds the estimated amount of the annual related transactions disclosed by the shareholders' meeting in the current year;

(2.1.17) Amending the articles of association of the joint venture company.

The shareholders' meeting shall be divided into regular meetings and interim meetings, and all shareholders shall be notified in writing 15 days before the meeting is held. Regular meetings are held annually. An interim meeting shall be held only by shareholders representing more than one third of the voting rights, or more than one third of the directors or the supervisors.

The shareholders' meeting, the shareholders shall exercise the voting rights in proportion of capital contribution. Unless otherwise provided in this Agreement or relevant laws and regulations, the resolution of the shareholders' meeting shall be approved by the shareholders representing more than half of the voting rights.

Both parties confirm that the above (8) - (17) of the shareholders' authority shall be approved by the shareholders of more than 50% of the voting rights of the joint venture company (but by more than two-thirds of the resolution, shall be passed by more than two-thirds of the voting shareholders resolution), and the shareholders of the vote shall include Party B. Unless otherwise agreed upon above or required by laws and regulations, other matters resolved by the shareholders' meeting shall be approved with the consent of shareholders representing at least 50% (50%) of the voting rights of the joint venture company.

If the shareholders unanimously agree in writing on all matters related to the powers of

the shareholders' meeting, they may make decisions without convening the shareholders' meeting, and all shareholders shall sign and seal the decision documents.

2.2. Board of Directors

The joint venture company has a board of directors, composed of 5 directors, elected by the shareholders' meeting. Party A has the right to nominate 3 directors, and Party B has the right to nominate 2 directors. The board of directors shall have a chairman to be elected by the board of directors among the directors nominated by Party A. The chairman is the legal representative of the company.

The Board of Directors exercises the following functions and powers:

(2.2.1) Responsible for convening the shareholders' meeting and reporting the work to the shareholders' meeting;

(2.2.2) Implement the resolutions of the shareholders' meeting;

(2.2.3) Decide on the business plan and investment plan of the joint venture company;

(2.2.4) Formulate the annual financial budget plan and final account proposal of the joint venture company;

(2.2.5) Formulate the profit distribution plan and the loss compensation plan of the joint venture company;

(2.2.6) Formulate plans for the joint venture company to increase the registered capital of the company or grant options, convertible bonds or warrants and other similar rights that can be converted into the equity of the joint venture company;

(2.2.7) Formulate plans to reduce or redeem the registered capital of the joint venture company;

(2.2.8) Formulate a plan for issuing corporate bonds;

(2.2.9) Formulate plans for the merger, division, change of the company form and dissolution of the joint venture company;

(2.2.10) Sell, mortgage, pledge, lease, transfer or otherwise dispose of any assets in the abnormal business process;

(2.2.11) Decide on the establishment of the internal management organization of the joint venture company;

(2.2.12) Appoint or dismiss the general manager, deputy general manager and chief financial officer of the joint venture company and decide on the remuneration;

(2.2.13) Formulate the basic management system of the joint venture company;

(2.2.14) Other functions as stipulated in the articles of association.

The decision of the Board of Directors on the matters discussed shall be valid by more

than half of the directors, and both parties confirm that the directors voting in favor of the items (6) - (10) of the powers of the Board of Directors shall include the directors nominated by Party B. The minutes of the board meeting shall be made and shall be signed by the directors present.

2.3. Supervisors

The joint venture company shall have no board of supervisors and one supervisor, which shall be nominated by Party B and elected by the shareholders' meeting.

The supervisor shall exercise the following functions and powers:

(2.3.1) Check the finance of the joint venture company;

(2.3.2) Supervise the directors and the general manager in violation of laws, regulations or the articles of association when performing the duties of the joint venture company;

(2.3.3) When the actions of the director and general manager harm the interests of the joint venture company, require the director and general manager to make corrections;

(2.3.4) Propose the convening of an interim shareholders' meeting;

(2.3.5) Other functions and powers stipulated in the articles of association of the joint venture company.

2.4. Operation and Management Office

The general manager of the joint venture shall be nominated by Party B and appointed by the board of directors. If Party B does not, the chairman shall nominate; The deputy general manager shall be nominated by the general manager and the board of directors; the financial director shall be recommended by Party B and appointed by the board of directors. The Joint Venture Company and the parties shall encourage the directors to be actively with (including but not limited to holding meetings and making resolutions, etc.), and the Joint Venture Company shall, as required by law, file the registration procedures with the registration authority (if required). In addition, Party B shall appoint at least one quality management and one technical responsible person to the Joint Venture Company, who shall be employees of the Joint Venture Company, and the relevant remuneration and benefits shall be borne by the Joint Venture Company.

2.5. Both parties agree to complete the establishment of the Joint Venture Company within 15 working days after the signing of this Agreement, and both parties guarantee to do their best to provide the application documents or materials signed by both parties for the establishment of the Joint Venture.

(3) Joint venture company project

3.1. Project construction scale

The two parties agree to jointly invest in the construction of a 150,000 tons / year iron phosphate project (hereinafter referred to as the "iron phosphate project"), and handle the approval procedures for project filing, safety assessment of 150,000 tons / year, and the construction of public engineering facilities. The production plant can be implemented in stages according to the scale of 50,000 tons / year.

The site selection area of the project should have advantageous phosphate acid, industrial grade monoammonium phosphate and other supporting basic phosphate chemical raw materials, and strive for the project cost advantage.

3.2. Project construction site

The parties agree that the construction site of the project shall be located near the factory of Jingmen Xinyangfeng Zhonglin Fertilizer Industry Co., Ltd., a subsidiary of Party A, Huji Town, Zhongxiang City, Jingmen City.

3.3. Project land

The parties agree that the construction site of the project is located in Huji Town, Zhongxiang City, Jingmen City, and the joint venture company shall apply to the government for the land transfer. The two sides agreed to actively coordinate with the government to obtain relevant preferential policies for projects.

3.4. Project investment amount and source of funds

(3.4.1) Project investment amount

According to the calculation, the investment of the 150,000 tons of iron phosphate project planned by both sides is expected to be RMB one billion yuan, subject to the actual investment of the project construction.

(3.4.2) Source of project construction funds

Both parties agree that the source of the project construction funds shall be solved by the registered capital subscribed by both parties, and the deficiency part shall be raised by the joint venture company through capital increase or bank loan. When the joint venture company needs to apply for financing due to the project construction, both parties shall fully cooperate together, and neither party shall refuse to cooperate with the reasonable financing matters of the joint venture company without reason.

If the project financing of the joint venture company is provided by Party A or Party B, both parties promise to calculate the loan provided to the project Company at the commercial bank loan rate for the same period.

3.5. Project construction progress

Both parties agree that after the establishment of the joint venture company, they shall immediately start the planning, design, approval and other procedures of the 150,000 ton / year iron phosphate project, and strive to achieve the goal of the first phase of the project reaching the standard by August 2022, so as to timely meet the requirements of the joint venture company invested and established by both parties.

In order to ensure the project construction progress, Party B promises to assist to provide the project technology package, and send a certain number of technical personnel, to participate in the project feasibility study, equipment selection, project construction and production debugging, until the production of qualified products, during the technical personnel travel, transportation, accommodation expenses shall be borne by the joint venture company.

(4) Business cooperation

4.1. Product sales of the joint venture company

The parties agree that the iron phosphate produced by the joint venture shall be sold to the joint venture under the same conditions, and the joint venture invested by the parties shall purchase the iron phosphate of the joint venture products under the same conditions. The supply and demand parties shall sign a separate product supply and marketing agreement on the purchase / sales of iron phosphate agreed, but the contents of the product supply and marketing agreement shall not violate the provisions of this Agreement.

4.2. Party A undertakes to actively coordinate the industrial grade phosphate or industrial grade monoammonium phosphate owned by Party A's affiliated enterprises to give priority to the joint venture company according to the market principle, give certain preferential prices on the basis of market price, and strive to have the global core cost competitiveness of the bilateral cooperative industrial chain.

4.3. For the wastewater generated in the production process of the joint venture Company, Party A may coordinate with the affiliated company, Jingmen Xinyangfeng Zhonglin Fertilizer Industry Co., Ltd., to treat part of the wastewater according to the actual treatment capacity, and the remaining part will be treated by the wastewater treatment device of the joint venture Company.

(5) Commitment and guarantee

5.1. Party A promises and guarantee

(5.1.1) Party A is a legally existing company established in accordance with the laws

of the People's Republic of China, and has the rights and obligations to sign and perform this Agreement, and has obtained the authorization and approval of Party B to jointly invest and establish the company in accordance with the manner and expected purposes stipulated in this Agreement.

(5.1.2) The signing of this Agreement and the performance of this Agreement will not violate any provision of any applicable laws or regulations of Party A, or any material contract or other documents binding on Party A or any of its property.

(5.1.3) Party A has the financial ability required to make the expected capital contribution under this Agreement, and all the investment funds used hereunder shall be legally obtained.

(5.1.4) Party A promises and warrants that Party A's commitments or obligations hereunder are fully performed, and that the interests of the Joint venture company or Party B will not be damaged by the violation of this Agreement.

(5.1.5) Party A undertakes to actively coordinate and provide corresponding convenient conditions for the office and accommodation of the personnel of the joint venture company before the completion of the project of the Joint venture Company.

5.2. Party B

(5.2.1) Party B is a legally existing company established in accordance with the laws of the People's Republic of China, and has the rights and obligations to sign and perform this Agreement, and has obtained the authorization and approval to jointly invest and establish the company with Party A in accordance with the manner and intended purposes stipulated in this Agreement.

(5.2.2) The signing of this Agreement and the performance of this Agreement will not violate any provision of any applicable laws or regulations imposed by Party B, or any material contract or other documents binding on Party B or any of its property.

(5.2.3) Party B shall have the financial ability required to make the expected capital contribution under this Agreement, and all the investment funds used hereunder shall be legally obtained.

(5.2.4) In order to ensure the implementation of the project, Party B undertakes to

appoint a professional technical team to participate in the process route selection, design, equipment selection, engineering construction, installation, commissioning and production of the project immediately after this Agreement takes effect, provide technical guidance for the project construction and production operation, and ensure that the project is completed on time and reaches the standards and production.

(5.2.5) Party B promises and warrants that Party B's commitments or obligations hereunder are fully performed, and that the interests of the Joint venture company or Party A will not be damaged by the violation of this Agreement.

(6) Liability for breach of contract

6.1. If either party breaches this Agreement, unless otherwise agreed in this Agreement, the defaulting party shall compensate the non-breaching party for all damage and losses (including but not limitation, legal costs, attorney fees, investigation costs and all other costs incurred to reduce losses and hold the breaching party liable) arising from the breach of any provision of this Agreement. Such compensation shall not affect any other rights and remedies arising from any other provision or any other agreement granted by the non-breaching party under law or between the parties. The rights and remedies of the non-breaching Party because of such breach shall remain valid after the repeal, termination or performance of this Agreement.

6.2. Any party that fails to pay or pay its capital contribution as scheduled in accordance with the provisions of this Agreement shall constitute a breach of contract. The non-breaching party shall demand that the breaching party pay or pay the capital contribution within one month. If the party fails to pay or pay over, the breaching party shall be deemed to have waived all rights in this Agreement and automatically withdrawn from the joint venture. The breaching party shall, within one month after the delay, assign its rights and obligations to the third party, and at the same time, the non-breaching party may require the breaching party to compensate for the economic losses caused by the unpaid or unpaid capital contribution according to law.

6.3. Subject to the other provisions of this Agreement, one party to this Agreement (the "Indemnitor") shall indemnify the other party (the "Indemnitee") against the indemnify

Party from damage and pay the relevant amount for:

(6.3.1) The Indemnity Party violates any representations and guarantees made or made in this Agreement;

(6.3.2) The indemnity party violates or fails to fully perform its commitments, agreements, guarantee or obligations under this Agreement, except where it has been exempted by the other party in writing;

(6.3.3) The indemnifying party shall indemnify or compensate for any and all losses directly suffered by the Indemnitee Party because of the above circumstances.

6.4. If either party fails to perform the compensation or compensation obligations arising from its breach of the contract, it shall pay the non-breaching party at interest of 5/10000 within the overdue period.

6.5. Whatever this Agreement provides to the contrary, the provisions of this Article shall remain in force after the termination of their rights and obligations of the parties, or after the termination of this Agreement.

6.6. Failure to exercise or delay in the exercise of a right provided for under this Agreement or by law does not constitute a waiver of that right or any other right. The separate or partial exercise of a right under this Agreement or law does not prevent him from further continued exercise of such or other rights.

V. Purpose of foreign investment and its impact on the company

Yangfeng Chuyuan is a wholly-owned subsidiary of Yonfer. The main business of Yonfer is the research and development, production and sales of new energy materials such as phosphate chemical industry, phosphate compound fertilizer, new fertilizer and iron phosphate, and master rich phosphorus resources and mature phosphorus chemical product technology. As an investment platform of Yonfer in the field of new energy materials, relying on the advantages of its phosphate resources, It is mainly committed to the investment of iron phosphate, lithium iron phosphate and other new energy material projects.

GEM is the author of the industrial concept of "limited resources and infinite circulation" and the pioneer of urban mining in China. For 20 years, the company by mining

urban mines and development of new energy materials, establish resource cycle mode and clean energy material mode to promote carbon peak, carbon neutral target, become the world nickel cobalt lithium recycling, power battery recycling and ternary precursor, cobalt oxide material manufacturing core enterprise, the core products high nickel ternary precursor and cobalt oxide is the world's high quality products, is the world's advanced green low carbon enterprises.

The subordinate company signed the investment cooperation agreement with the wholly-owned subsidiary of Yonfer, Jointly invest in the construction of 150,000 tons / year iron phosphate project, will combine the advantages of both sides in the phosphorus chemical resources, material manufacturing and power battery market, It is conducive to building a globally competitive new phosphorus chemical new energy materials whole industry chain of "lithium phosphate chemical resources- -lithium iron phosphate material manufacturing- -power battery recycling and reuse", To achieve the company's tentative expansion from ternary precursor material to iron phosphate precursor material and lithium iron phosphate material, comprehensively promote the stability of the company's new energy power battery raw materials and precursor material manufacturing in the downstream market, promote the stability of the company's power battery recycling in the ternary power battery and lithium iron phosphate battery market field, form a world-competitive urban mine recycling and new energy materials industry chain, consolidate the company in the world's new energy material industry of the core head enterprises and core competitiveness. It is conducive to accelerating the implementation of the low-carbon cycle industry project with a new output value of ten billion yuan, promote the company to build a world-class low-carbon industrial demonstration park in the Yangtze River Economic Belt, take the lead in implementing carbon neutrality in 2030, and boost the smooth realization of the national dual-carbon strategy.

The investment funds come from the company's own funds or self-raised funds, and there is no damage to the interests of the company and all shareholders, and it is expected to have a positive impact on the company's future operation and development of the company.

VI. Risk tips

This investment cooperation Agreement is affected by macroeconomic changes, industrial policy adjustment and changes in the market environment, and there are still uncertainties in the specific implementation progress of the project. The board of Directors of the Company will actively pay close attention to the progress of the investment cooperation matters and timely fulfill the obligation of information disclosure. Please make careful decisions and pay attention to investment risks.

VII. Documents for future reference

The Investment and Cooperation Agreement between Yanfeng Chuyuan New Energy Technology Co., Ltd and GEM (Hubei) New Energy Materials Co., Ltd. on 150,000 tons / year Iron phosphate Project is jointly signed by both parties.

Hereby announcement

Board of Directors of GEM CO., LTD.

January 10, 2022