

GEM Co., Ltd.

Announcement on the Subsidiary Signing the Formal Agreement to Increase the Equity Interest in the Indonesian Nickel Resources Project to 72%

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 response to the challenge of shortage of nickel resources brought 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, GEM Co., Ltd. (the following Referred to as "GEM", "Company"), its subsidiaries Jingmen GEM New Materials Co., Ltd. (hereinafter referred to as "Jingmen GEM"), Ningbo Bangpu Times New Energy Co., Ltd., Hong Kong Bangpu Recycling Technology Co., Ltd. (hereinafter referred to as "Hong Kong Bangpu"), Yongqing Technology Co., Ltd., Xinzhan International Holdings Co., Ltd. (a subsidiary of Qingshan Industrial, hereinafter referred to as "Xinzhan International"), Indonesia PT. Indonesia Morowali Industrial Park (Chinese name: "Indonesia Economic and Trade Cooperation Zone Qingshan Park" Development Co., Ltd.", hereinafter referred to as "IMIP")Signed a memorandum on PT. QMB NEW ENERGY MATERIALS, agreeing that the company's subsidiaries directly and indirectly hold PT. QMB NEW ENERGY MATERIALS (Chinese name: "Qingmeibang New Energy Materials Co., Ltd.",

hereinafter referred to as "Qingmeibang", "Qingmeibang New Energy Materials Co., Ltd." Target Company") 72% of the shares. For details, please refer to the company's announcement on the designated information disclosure media "China Securities Journal", "Securities Times", "Shanghai Securities News", "Securities Daily" and <http://www.cninfo.com.cn>) disclosed the "Announcement on the Subsidiary Jingmen GEM Signing the Memorandum of Understanding to Increase Equity Interest in the Indonesian Nickel Resources Project".

On March 23, 2021, the twenty-fourth meeting of the fifth board of directors of the company reviewed and approved the "Proposal on the Subsidiary Signing the Formal Agreement to Increase the Shareholding of the Nickel Resources Project in Indonesia to 72%". On the same day, GEM Hong Kong International Logistics Co., Ltd. (hereinafter referred to as "GEM Hong Kong"), a wholly-owned subsidiary of the company, signed an agreement with Hong Kong Bangpu, Guangdong Bangpu Recycling Technology Co., Ltd. (CATL Holding Company, hereinafter referred to as "Guangdong Bangpu") and the target company. The "Equity Transfer Agreement of Qingmeibang New Energy Materials Co., Ltd." (hereinafter referred to as "Equity Transfer Agreement 1"), Hongkong Bangpu will transfer its 15% equity in the target company and the corresponding rights and obligations to GEM Hong Kong, GEM Hong Kong Agree to transfer 15% equity of Qingmeibang. Other shareholders of the target company have no objection.

At the same time, the company and its subsidiary Jingmen GEM and GEM Hong Kong signed the "Equity Transfer Agreement" (hereinafter referred to as "Equity Transfer Agreement 2") with Newstride Limited and Xinzhan International. Newstride Limited transferred 100% of the shares of Xinzhan International to GEM Hong Kong to indirectly GEM Hong Kong agreed to transfer 21% of Qingmeibang's shares by selling 21% of Qingmeibang's shares.

By signing the Equity Transfer Agreement 1 and Equity Transfer Agreement 2,

the company's subsidiaries increased the total direct and indirect equity of Qingmeibang Company to 72% and became the controlling shareholder of Qingmeibang.

According to the "Stock Listing Rules", "Administrative Measures for Major Asset Restructuring of Listed Companies", "Articles of Association" and other relevant laws and regulations, the signing of the agreement does not need to be submitted to the general meeting of shareholders for deliberation and approval. The signing of the agreement does not constitute a related party transaction, nor does it constitute a major asset reorganization, and does not require approval from relevant departments.

2. Basic information of partners

1. 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.

2. Guangdong Bangpu Circulation Technology Co., Ltd.

Nationality: Chinese

Address: No. 6, Zhixin Avenue, Leping Town, Sanshui District, Foshan City (report declaration)

Legal representative: Li Changdong

Guangdong Bangpu Cycle Technology Co., Ltd. is mainly engaged in the production, processing and sales of battery materials.

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

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

3、Newstride Limited

Nationality: Cayman Islands

Address: P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1 - 1205 Cayman IslandsKY1 - 1205 Cayman Islands

Director: Sun Jianfen

Newstride Limited is principally engaged in investment business.

Newstride Limited is not affiliated with the company.

Upon inquiry, Newstride Limited is not a dishonest person subject to enforcement.

3. Basic information of the transaction target

1. Basic information of Qingmeibang

(1) Basic situation

Qingmeibang was legally incorporated in Indonesia on January 9, 2019 with the registration number 912301100993 and the address is GEDUNG WISMA LANTAI 41, Jalan Jenderal Gatot Subroto No. 42, Kel Kuningan Barat, Kec.Mampang Prapatan, Kota Jakarta Selatan, DKI Jakarta , Indonesia.

After investigation, Qingmeibang is not a dishonest person subject to execution.

(2) Shareholding structure

Before this equity transfer, the shareholding structure of Qingmeibang is as follows:

| 股东方 Shareholders | 股比 share ratio | 认购股份数 Number of shares subscribed | 认缴金额 (万美元) Subscription amount (Ten thousand U.S. dollars) | 实缴金额 (万美元) Paid amount (Ten thousand U.S. dollars) |
|------------------|----------------------|--|--|--|
|------------------|----------------------|--|--|--|

| | | | | |
|--|-------------|------------------|------------------|-----------------|
| 荆门市格林美新材料有限公司 Jingmen GEM New Materials Co., Ltd. | 36% | 1,077,840 | 10,778.40 | 1,144.00 |
| 香港邦普循环科技有限公司 Hong Kong Bangpu Recycling Technology Co., Ltd. | 25% | 748,500 | 7,485.00 | 809.00 |
| 新展国际控股有限公司 New Exhibition International Holdings Limited | 21% | 628,740 | 6,287.40 | 173.00 |
| 印尼经贸合作区青山园区开发有限公司 Indonesia Economic and Trade Cooperation Zone Qingshan Park Development Co., Ltd. | 10% | 299,400 | 2,994.00 | 494.00 |
| 日本阪和兴业株式会社 Japan Hanwa Industrial Co., Ltd. | 8% | 239,520 | 2,395.20 | 700.00 |
| 合 计 Total | 100% | 2,994,000 | 29,940.00 | 3,320.00 |

After the completion of this equity transfer, the equity structure of Qingmeibang Company is as follows:

| 股东方 Shareholders | 股比 share ratio | 认购股份数 Number of shares subscribed | 认缴金额 (万美元) Subscription amount (Ten thousand U.S. dollars) | 实缴金额 (万美元) Paid amount (Ten thousand U.S. dollars) |
|---|----------------------|--|--|---|
| 荆门市格林美新材料有限公司 Jingmen GEM New Materials Co., Ltd. | 36% | 1,077,840 | 10,778.40 | 1,144.00 |
| 新展国际控股有限公司 New Exhibition International Holdings Limited | 21% | 628,740 | 6,287.40 | 173.00 |
| 格林美香港国际物流有限公司 GEM Hong Kong International Logistics Co., Ltd. | 15% | 449,100 | 4,491.00 | 485.40 |
| 香港邦普循环科技有限公司 Hong Kong Bangpu Recycling Technology Co., Ltd | 10% | 299,400 | 2,994.00 | 323.60 |
| 印尼经贸合作区青山园区开发有限公司 Indonesia Economic and Trade Cooperation Zone Qingshan Park Development Co., Ltd | 10% | 299,400 | 2,994.00 | 494.00 |
| 日本阪和兴业株式会社 Japan Hanwa Industrial Co., Ltd. | 8% | 239,520 | 2,395.20 | 700.00 |
| 合 计 Total | 100% | 2,994,000 | 29,940.00 | 3,320.00 |

(3) Main financial information

The main financial data of Qingmeibang Company in the latest year and period are as follows:

Unit: Yuan (RMB)

| 项目 | 2019 年 2019 Year | 2020 年 1-9 月 Jan-Sept 2020 |
|-----------------------------|---------------------|-------------------------------|
| 总资产 Project | 112,000,443.86 | 268,107,666.24 |
| 负债总额 Total Assets | 60,739,228.49 | 58,369,590.74 |
| 净资产 Total Liabilities | 51,261,215.37 | 209,738,075.50 |
| 营业收入 Net Assets | 0 | 0 |
| 利润总额 Operating income | -2,672,613.52 | 532,175.39 |
| 净利润 Total/net Profit | -2,672,613.52 | 532,175.39 |

2. Basic information of Xinzhan International

(1) Basic situation

Name: 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: Sun Jianfen

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. It 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.

(2) Shareholding structure

Before this equity transfer, Newstride Limited held 100% of the equity of Xinzhan International. After this equity transfer, GEM Hong Kong holds 100% of Xinzhan International, and Newstride Limited no longer holds any shares in Xinzhan International.

(3) Main financial situation

The main financial data of Xinzhan International in the latest year and period are as follows:

Unit: USD

| 项目 | 2019 年 | 2020 年 1-9 月 |
|-----------------------------|---------------|---------------|
| 总资产 Project | 55,960,190.01 | 52,857,844.50 |
| 负债总额 Total Assets | 58,938,000.00 | 55,888,000.00 |
| 净资产 Total Liabilities | -2,977,809.99 | -3,030,155.50 |
| 营业收入 Net Assets | 0 | 0 |
| 利润总额 Operating income | 0 | 0 |
| 净利润 Total/net Profit | 0 | 0 |

4. Main Contents of the Transaction Agreement

(1) Equity Transfer Agreement 1

1. GEM Hong Kong paid 4.854 million US dollars to Hong Kong Bangpu, and acquired 15% equity of the target company held by Hong Kong Bangpu (including 48,540 shares of the target company that had been paid-in, and the paid-in amount was 4.854 million US dollars; Contributed 400,560 shares (\$100 per share), and the amount to be contributed is \$40.056 million);

2. GEM Hong Kong pays 50% of the equity transfer fee to Hong Kong Bangpu within 10 working days after the signing of the agreement, that is, US\$2.427 million; the remaining 50% of the payment, which is US\$2.427 million, will be used by the target company to complete the equity transfer in accordance with the laws of the country where it is located. Payment in US dollars within 10 working days of change registration;

3. The taxes and fees incurred in this equity transfer shall be borne by both Hong Kong Bangpu and GEM Hong Kong in accordance with the applicable laws of their respective jurisdictions. Both parties shall cooperate with each other to sign the necessary documents in accordance with the applicable laws for the target company to handle the equity change registration of this equity transfer;

4. After all parties agree to this share transfer, Hong Kong Bangpu holds 10% of the shares of the target company, and will undertake the obligations of registered capital contribution and shareholder loan in proportion to the shares held (according to the cooperation agreement between the shareholders of the target company, All capital contributions need to comply with local laws, the laws of the countries where each shareholder' s nationality belongs, and the relevant regulations of the securities regulatory authorities for listed companies).

(2) Equity Transfer Agreement 2

1. Equity transfer

(1) Newstride Limited and GEM Hong Kong unanimously agreed that Newstride Limited will transfer the equity of Xinzhan International to GEM Hong Kong at a price of 1 USD (hereinafter referred to as the "equity transfer payment");

(2) GEM Hong Kong shall pay Newstride Limited to Newstride Limited within 2 days from the date that Newstride Limited has completed the repayment of Article 2 (1) of this Agreement and the date that New Exhibition International has injected capital into Qingmeibang Company (whichever comes later). Pay the entire equity transfer payment;

(3) All taxes and fees involved in this equity transfer shall be borne by GEM Hong Kong.

2. Prerequisites and delivery of equity transfer

(1) Newstride Limited repays the principal of the loan to Xinzhan International: as the premise of the transfer and delivery of the target equity, the equity transfer agreement 2 is signed, PT.QMB has fulfilled the land payment obligation to IMIP and paid Shanghai Dingxin Investment (Group) Within three working days after the Company has fulfilled its obligation to pay for the purchase of equipment, Newstride Limited will return the balance of the loan principal to Xinzhan International, namely the loan principal of US\$48,330,001, and Xinzhan International will inject US\$29.77 million into Qingmeibang; A sum of US\$18.56 million was injected into Qingmeibang in the name of prepaid capital increase;

(2) Hanwa Industrial Co., Ltd. (HANWA CO., LTD, hereinafter referred to as "Hanwa") provided Xinzhan International with a total of USD 55.888 million in loan and bond principal, GOLDEN HARBOUR INTERNATIONAL PTE. LTD (hereinafter referred to as "Golden Harbor International")) to provide a joint repayment liability guarantee for Xinzhan International for the loan and the principal of the bond issue. After the transfer of Singh Zhan International's equity, the repayment obligations of Singh-ex International's loan principal, interest and bond principal and interest that have not been repaid to Banwa shall be undertaken by GEM Hong Kong. GEM Hong Kong shall ensure that after the closing of Singh's International's equity, Singh-ex International will continue to The original agreement stipulated that Hanhe should perform the repayment and interest payment obligations. At the same time, GEM further promises that it will provide counter-guarantee to Golden Port International for the guarantee provided by Golden Port International to

Xinzhan International, and sign relevant counter-guarantee agreements with Golden Port International and handle relevant foreign exchange management registration, the signing of such counter-guarantee agreements and foreign exchange management. Registration shall be a prerequisite for the delivery of the Xinzhan International equity involved in the Equity Transfer Agreement 2.

(3) After GEM Hong Kong has fulfilled the payment obligation of all the equity transfer funds, and has provided the corresponding counter-guarantee to Golden Port International and has gone through the registration process, Newstride Limited shall provide all the required information for the share conversion in GEM Hong Kong and 3 after the completion of the signing of the share conversion information. Within 2 working days, submit all the transfer information to the secretary company and urge the secretary company to submit the information to the Hong Kong Companies Registry immediately after receiving the information to complete the change of the shareholding of Xinzhan International. Once the equity change of Xinzhan International is completed, it is deemed that the equity transfer has been completed.

V. Purpose of the acquisition and its impact on the company

With the rapid development of new energy ternary power batteries to high nickel and low cobalt, mastering nickel resources is crucial to the strategic competition of new energy ternary materials in the future. Under the situation that the supply and demand relationship of nickel resources tends to be tense in the future, the company will seize the opportunity of nickel resources and enter the nickel resource base in Indonesia to enjoy the first batch of nickel dividends. By signing the equity transfer agreement, the company will help the company fully seize the initiative of the Indonesian nickel resource project, and seize the nickel resource opportunity under the general trend of the global new energy power ternary battery rapidly developing towards high nickel and low cost. It is beneficial for the company to fully focus on the development of new energy business with ternary precursors, cobalt tetroxide and power battery recycling as the main body on the basis of the successful implementation of business value consolidation in 2020, and to build a high-nickel precursor with outstanding global competitiveness for the company. The provision of

strategic nickel resources by material manufacturing enterprises will promote the company's future competitive position in the global new energy materials market, and will play a positive role in stabilizing and enhancing the profitability of the company's core business of battery materials.

After the completion of this equity transfer, the company's subsidiaries will directly and indirectly hold 72% of the equity of Qingmeibang, and become the controlling shareholder of Qingmeibang. Qingmeibang will be included in the company's consolidated financial statements, and its accounting will be converted from the equity method to the cost method. . This equity transfer will not have an adverse impact on the company's production, operation and financial status, and there is no situation that damages the interests of the company and all shareholders.

6. Risk Warning

After the signing of the equity transfer agreement, the operation risks caused by uncertain factors such as policies, business environment, market and operation management cannot be ruled out in the later operation process. Investors are requested to pay attention to investment risks, and the company's board of directors will actively pay attention to them. relevant progress, and fulfill the obligation of information disclosure in a timely manner.

7. Documents available for inspection

1. The resolution of the twenty-fourth 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 Equity Transfer Agreement of Qingmeibang New Energy Materials Co., Ltd. signed by GEM Hong Kong, Hong Kong Bangpu, Guangdong Bangpu and Qingmeibang;
3. The Equity Transfer Agreement signed by the company and its subsidiaries Jingmen GEM, GEM Hong Kong, Newstride Limited and Xinzhan International.

Special announcement.

Board of Directors of GEM Co., Ltd.

March 23, 2021