

GEM Co., Ltd.

Announcement on Changing Part of the investment project with raised funds

I. Overview

The Company convened the Fourth Meeting of the Sixth Board of Directors and the Third Meeting of the Sixth Board of Supervisors on April 28, 2022, and the Second Extraordinary General Meeting on May 16, 2022, deliberating and approving the *Proposal on the Plan for GDR Issuance and Listing on SIX Swiss Exchange by the Company* and other proposals related to the issuance of global depositary receipts (hereinafter referred to as "GDR"). In order to expand the Company's international financing channels, meet the development needs of the Company's international business, further strengthen the global brand influence, and unswervingly promote the internationalization strategy, the Company planned to issue GDRs and applied to be listed on the SIX Swiss Exchange, with the new A-shares of the Company as the underlying securities. Approved by the CSRC and relevant Swiss regulators, the Company initially issued 28,184,100 GDRs, with an overallotment option of 2,818,400 GDRs, making the aforementioned GDR total 31,002,500 and corresponding to 310,025,000 new A-shares of underlying securities. They have been listed on the SIX Swiss Exchange on July 28, 2022 (Central European Summer Time, CEST) and August 26, 2022 (CEST), respectively. The final price of the issuance was USD12.28 per GDR, raising a total of USD381 million. After deducting the issuance expenses, approximately 50% of the funds raised from the GDR issuance were intended to be used to support the production and operation of the Company's Indonesian Nickel Resource Base, approximately 20% of the funds were intended to be used for the development of the production base of ternary precursors and the recycling center of power batteries in Europe, and approximately 30% were intended to be used to supplement the liquid capital of the Company and its subsidiaries operating overseas. The actual use of the proceeds from the GDR issuance was in any case subject to the sole discretion of the Sixth Board of Directors.

In order to improve the efficiency of raised funds, optimize resource allocation, meet the Company's operational requirements, contain the growth of liabilities, upon the deliberation and approval at the 27th Meeting of the Sixth Board of Directors and the 22nd Meeting of the Sixth Board of Supervisors convened on April 25, 2024, the Company plans to change the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe" to the supplement of the operating liquid capital of the Company to improve the efficiency of raised funds, contain the growth of liabilities, and optimize resource allocation.

The development of the production base of ternary precursors and the recycling center of power batteries in Europe is proceeding in an orderly manner as scheduled. Funds have been raised through other methods for this project and can meet the capital demands for the project construction. Therefore, this change will not affect the implementation of the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe".

In accordance with the relevant provisions of such laws and regulations as the *Listing Rules of Shenzhen Stock Exchange* and the *Shenzhen Stock Exchange Guideline No. 1*

on *Self-Regulation of Listed Companies - Standard Operation of Listed Companies on the Main Board*, the matter is required to be submitted to the Company's shareholders' general meeting for deliberation. The matter of the Company neither involves related party transactions nor constitutes major assets restructuring as stipulated in the *Management Measures for Major Assets Restructuring of Listed Companies*, therefore, it is not required to be approved by relevant government departments.

II. Basic Information on the Investment Projects of the GDR Raised Funds

i. Basic information on the raised funds

According to the Reply concerning the *Approval to the Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange by GEM Co., Ltd.* (ZH.J.X.K. [2022] No. 1298) issued by the China Securities Regulatory Commission (herein referred to as the "CSRC") and the approval of the SIX Exchange Regulation AG, the Company initially issued 28,184,100 GDRs, with an overallotment option of 2,818,400 GDRs, making the aforementioned GDR total 31,002,500 and corresponding to 310,025,000 new A-shares of underlying securities. They have been listed on the SIX Swiss Exchange on July 28, 2022 (CEST) and August 26, 2022 (CEST), respectively. The funds raised from this issuance were received on July 28, 2022, and August 26, 2022, with an amount of USD340,115,409.32 and USD33,884,124.65, respectively. After deducting underwriting expenses, the actual amount received was USD373,999,533.97, which is equivalent to RMB2,524,810,801.85. After deducting other issuance expenses (excluding taxes) totaling RMB13,710,797.51, the actual net amount raised was RMB2,511,100,004.34, including a share capital of RMB310,025,000.00 and a capital reserve of RMB2,201,075,004.34. Asia Pacific (Group) CPAs (Special General Partnership) verified the aforementioned raised funds and issued the *Capital Verification Report* (Y.K.Y.Z. [2023] No. 01520002).

ii. Investment plans and actual investment of the raised fund investment project

As of March 31, 2024, the investment plans and actual investment of the investment projects of the GDR raised funds are as follows:

Unit: USD

No.	Project name	The amount and proportion of raised funds to be invested	The amount of raised funds that have been used accumulatively	Account balance of raised funds
1	The production and operation of the Indonesian Nickel Resource Base	Approximately 50%	187,491,487.74	0
2	The development of the production base of ternary precursors and the recycling center of power batteries in Europe	Approximately 20%	0	74,460,096.27
3	The supplement of the liquid capital of the Company and its subsidiaries operating overseas	Approximately 30%	111,715,006.50	0
Total		100%	299,206,494.24	74,460,096.27

Note: The actual amount received from this issuance, after deducting underwriting expenses, was USD373,999,533.97 (including other issuance expenses of RMB13,710,797.51). The balance in the account of raised funds of RMB528,294,383.05 amounted to USD74,460,096.27 when converted into USD at the mid-point exchange rate between RMB and USD in the interbank foreign exchange market on March 29, 2024, approximately 20% of funds raised after deducting issuance expenses.

III. Reasons for Changing the Purpose of Some Raised Fund Investment Projects

i. Information on the raised fund investment projects to be changed this time

The Company plans to change the purpose of the raised funds for the development of the production base of ternary precursors and the recycling center of power batteries in Europe. The planned investment amount for this project is approximately 20% of the GDR raised funds, which is a supplement of the operating liquid capital of the Company to improve the efficiency of raised funds, contain the growth of liabilities, and optimize resource allocation.

As of March 31, 2024, the project did not use the raised funds. The surplus raised funds are RMB528,294,383.05 .

ii. Reasons for changing the investment projects of the raised funds

In order to improve the efficiency of raised funds, optimize resource allocation, meet the Company's operational requirements, contain the growth of liabilities, the Company plans to change the unused raised funds of RMB528,294,383.05 for the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe" to the supplement of the operating liquid capital of the Company to improve the efficiency of raised funds, contain the growth of liabilities, and optimize resource allocation, thus creating more value to the Company and shareholders.

The development of the production base of ternary precursors and the recycling center of power batteries in Europe is proceeding in an orderly manner as scheduled. Funds have been raised through other methods for this project and can meet the capital demands for the project construction. Therefore, this change will not affect the implementation of the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe".

iii. The use plans of the raised funds after this adjustment are as follows:

Unit: USD

No.	Project name	The amount and proportion of raised funds to be invested before the adjustment	The amount and proportion of raised funds to be invested after the adjustment	Total raised funds that have been used before the adjustment	Total raised funds to be used after adjustment
1	The production and operation of the Indonesian Nickel Resource Base	Approximately 50%	Approximately 50%	187,491,487.74	187,491,487.74
2	The development of the production base of ternary precursors and the recycling center of power batteries in Europe (to be changed this time)	Approximately 20%	0	0	0
3	The supplement of the liquid capital of the Company and its subsidiaries operating overseas	Approximately 30%	Approximately 30%	111,715,006.50	111,715,006.50

4	Supplement of the operating liquid capital of the Company (to be increased this time)		Approximately 20%	0	74,460,096.27
Total		100%	100%	299,206,494.24	373,666,590.51

Note: The actual amount received from this issuance, after deducting underwriting expenses, was USD373,999,533.97 (including other issuance expenses of RMB13,710,797.51). The balance in the account of raised funds of RMB528,294,383.05 amounted to USD74,460,096.27 when converted into USD at the mid-point exchange rate between RMB and USD in the interbank foreign exchange market on March 29, 2024, approximately 20% of funds raised after deducting issuance expenses.

IV. Basic Information on the Planned New Raised Fund Investment Projects

1. Reasons for the surplus of the raised funds

The development of the production base of ternary precursors and the recycling center of power batteries in Europe is proceeding in an orderly manner as scheduled. Funds have been raised through other methods for this project and can meet the capital demands for the project construction. Therefore, this change will not affect the implementation of the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe".

2. Plan for the supplement of the operating liquid capital of the Company

In order to improve the efficiency of raised funds, optimize resource allocation, meet the Company's operational requirements, contain the growth of liabilities, the Company plans to change the unused raised funds of RMB528,294,383.05 for the project of "the development of the production base of ternary precursors and the recycling center of power batteries in Europe" to the supplement of the operating liquid capital of the Company to improve the efficiency of raised funds, contain the growth of liabilities, and optimize resource allocation, thus creating more value to the Company and shareholders.

3. The impact of the supplement of the operating liquid capital of the Company

The raised funds for the supplement of the operating liquid capital of the Company have been received for more than one year, and it does not affect the implementation of the project "the development of the production base of ternary precursors and the recycling center of power batteries in Europe", complying with the relevant provisions on the change of purpose of raised funds stipulated in such regulations as the *Listing Rules of Shenzhen Stock Exchange*、the *Shenzhen Stock Exchange Guideline No. 1 on Self-Regulation of Listed Companies - Standard Operation of Listed Companies on the Main Board* and the prospectus of GDR. The change of purpose of some raised funds to supplement the Company's operating liquid capital is conducive to improving the efficiency of raised funds, containing the growth of liabilities, and further optimizing the Company's liquid capital, and will not impose a significant adverse impact on the Company, which has no circumstance of compromising the interests of the Company and minority shareholders.

V. Impact of the Change of Purpose of Raised Funds on the Company

The change of purpose of some raised funds to supplement the Company's operating liquid capital is a reasonable adjustment made by the Company based on the actual situation of the project and the future business development plans of the Company, which is conducive to improving the efficiency of raised funds, containing the growth of liabilities, optimizing resource allocation, better meeting the fund needs for the

Company's strategic development, and promoting the long-term business development of the Company, thus creating more values to the Company and shareholders. The change of purpose of the raised funds will not impose an adverse impact on the Company's normal production and operation, which has no circumstances of changing the investment direction of the raised funds in a disguised way and harming the interests of shareholders.

VI. Opinion Agreed by a Majority of Independent Directors

In accordance with the provisions of administrative regulations and normative documents including the *Listing Rules of Shenzhen Stock Exchange* and the *Shenzhen Stock Exchange Guideline No. 1 on Self-Regulation of Listed Companies - Standard Operation of Listed Companies on the Main Board*, and relevant provisions of the Company's *Special Meeting System for Independent Directors*, the independent directors of the Company convened the third special meeting of the independent directors of the Sixth Board of Directors and released their review opinion on the matter of the change of some raised fund investment projects as follows:

According to the review, all independent directors held that the change of purpose of raised funds of some raised fund investment projects can improve the efficiency of the Company's raised funds, optimize the Company's liquid capital, and comply with the requirements of the Company's development strategies and the common interests of the Company and all shareholders. The decision-making procedures are in conformity with the provisions of relevant laws and regulations and normative documents including the *Shenzhen Stock Exchange Guideline No. 1 on Self-Regulation of Listed Companies - Standard Operation of Listed Companies on the Main Board* and have no circumstance of compromising the interests of the Company and all shareholders of the Company, in particular minority shareholders. We are in favor of the matter of the Company's change of raised funds for some raised fund investment projects and submitting the matter to the shareholders' general meeting of the Company for deliberation.

VII. Opinions of the Board of Supervisors

According to the examination, the Board of Supervisors held that the change of purpose of raised funds of some raised fund investment projects is conducive to improving the efficiency of raised funds, which complies with the actual status of the Company's business development and strategies. Such change will not impose an adverse impact on the Company's production and operation. The decision-making procedures for the matter of the change of purpose of raised funds of some raised fund investment projects comply with relevant laws, regulations, and the provisions of the *Articles of Association* and the interest of the Company and all shareholders, which does not have circumstances compromising the Company and shareholders. We are in favor of submitting the matter to the shareholders' general meeting of the Company for deliberation.

It is hereby announced!

Board of Directors of GEM Co., Ltd.

April 25, 2024