

## GEM Co., Ltd.

# About the strategic cooperation between the company and Hubei Changjiang Industrial Investment Group Co., Ltd. on the mixed reform of subsidiary companies and related green industry projects Announcement of the Framework Agreement

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.

### **Special Note:**

1. The strategic cooperation framework agreement signed this time is a framework agreement on the willingness and basic principles of cooperation between the two parties. There are still uncertainties in the specific implementation process. 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.

2. The signing of this agreement will not have a significant impact on the company's financial status and operating performance this year. In the future, with the gradual implementation and in-depth development of business cooperation between the two parties, it is expected to have a positive impact on the company's business development.

### **I. Overview**

In order to further promote the ecological protection and green development of

the Hubei Yangtze River Economic Belt, and at the same time enhance the strategic value of the circular economy industry of GEM Co., Ltd. (hereinafter referred to as "GEM", "Company" or "Party B"), the company recently invested Group Co., Ltd. (hereinafter referred to as "Hubei Changtong Group" or "Party A") adheres to the principle of "voluntary equality, friendly cooperation, resource sharing, mutual benefit, win-win cooperation, and common development". Give full play to their respective advantages in resources, capital, brand and technology to carry out strategic cooperation in the fields of "urban mineral" solid waste, hazardous waste disposal and new energy material manufacturing such as circular economy industrial parks, used batteries, and scrapped cars, and through capital increase and share expansion, The company carried out mixed ownership reform on the company's environmental business/green industry projects by means of equity acquisition, and signed the "Strategic Cooperation Framework Agreement" under the premise of complying with national laws, regulations and policies.

According to the "Articles of Association" and other relevant regulations, the strategic cooperation framework agreement signed by the company this time does not need to be submitted to the board of directors and the general meeting of shareholders for consideration and approval. The signing of the strategic cooperation framework agreement this time does not constitute a connected 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. Basic information of partners**

### **1. Basic information**

Company Name: Hubei Changjiang Industrial Investment Group Co., Ltd.

Date of establishment: November 3, 2010

Legal representative: He Dachun

Registered capital: RMB 3,250,500,000

Registered address: Floor 11-12, Hongguang Tower, No. 782 Minzhu Road, Wuchang District, Wuhan City

Main business: investment in emerging industries and infrastructure, automobile, petrochemical, electronic information industry in Hubei Yangtze River Economic Belt;

venture capital, industrial investment and asset management; construction of science and technology industrial parks; land development and consolidation; real estate development; industrial equipment and house leasing (except those required by the laws and regulations of the above projects to be licensed).

Hubei Changtou Group is a comprehensive investment and financing platform for the Hubei Provincial Party Committee and the Provincial Government to serve the construction of the Yangtze River Economic Belt. Major strategic tasks such as comprehensive urban construction services, comprehensive territorial improvement, government guidance fund management, and biopharmaceutical manufacturing, fulfilling Hubei Province Yangtze River Economic Belt Industrial Fund (40 billion yuan), Hubei Province National Manufacturing Transformation and Upgrading Fund (10 billion yuan) Responsibilities of the investor, the asset scale is more than 180 billion yuan, and the main credit rating is AAA.

2. Hubei Changtou Group has a good reputation and performance capability, and has no associated relationship with the company and its controlling shareholder, actual controller, directors, supervisors and senior managers.

### **3. Main content of the agreement**

#### **(1) Cooperation content**

1. Party A intends to participate in the mixed ownership reform of Party B's subordinate businesses/projects by means of capital increase and share acquisition, equity acquisition, etc., with a focus on participating in the mixed ownership reform of high-quality assets of Party B's environmental service industry.

2. The two parties will carry out project cooperation nationwide in the fields of circular economy industrial parks, used batteries, scrapped automobiles and other "urban mineral" solid waste, hazardous waste disposal and new energy material manufacturing. In the project expansion, the two parties will give full play to their respective channel advantages, government resources, and brand resources, share project information resources, and promote the implementation of the project.

3. Party B can share the construction and operation management platform, training base, etc. according to the actual needs of Party A, and strengthen Party A's technical personnel training and exchanges.

#### **(2) Cooperation mechanism**

1. Establish a mutual visit and liaison system. Senior leaders of both sides and relevant departments maintain irregular mutual visits and meetings, plan project

cooperation between the two sides, and negotiate and solve problems existing in cooperation.

2. Establish a system of one case, one discussion. According to the stipulations in this framework agreement, the specific cooperation projects shall be negotiated on a case-by-case basis, and the method of “mature one, promote one, and implement one” is adopted to promote the specific cooperation between the two parties.

3. Establish an information exchange platform. The two sides exchanged and communicated in a timely manner on the progress of cooperation projects, potential project information, and industry trends to improve cooperation efficiency.

4. Establish a personnel exchange mechanism. According to the characteristics of the cooperation project and the needs of the work, the two parties can implement the method of dispatching personnel to the other party's institution to guide the on-site operation and specific operations of the project.

5. According to the characteristics of the cooperation project and the needs of the work, the two parties can jointly set up a project site operation agency to be responsible for the specific operation of the project affairs.

#### **4. Impact on the company**

Hubei Changtou Group is a comprehensive investment and financing platform for the Hubei Provincial Party Committee and the Provincial Government to serve the construction of the Yangtze River Economic Belt. It has good capital and resource advantages. The company has good technology, industry and brand advantages in the field of resource recycling and waste treatment. Signing a strategic cooperation framework agreement for the second time, GEM and Hubei Changtou Group will give full play to their respective advantages in resources, capital, brand and technology, establish a strategic partnership, gather capital, and open up the capital between the company and the government's superior investment and financing platform Cooperation channels and exploring the road of mixed-ownership reform will provide effective guarantee for the development of the company's core development strategy of "urban mines + new energy materials" Improve the company's resource gathering power and core competitiveness in the field of resource recycling and waste treatment, promote the company's resource recycling, solid waste disposal and new energy materials business to become better and stronger in Hubei and the country, and further consolidate GEM's recycling in China and the world. The core position in the

economic field can effectively enhance the company's core competitiveness and sustainable profitability, which is conducive to promoting the implementation of the development strategy of the Yangtze River Economic Belt, and promoting the ecological protection and green development of the Hubei Yangtze River Economic Belt.

The signing of this agreement has no impact on the independence of the company's business and operation, and will not have a significant impact on the company's financial status and operating results for the year. positive influence.

#### **V. Risk Warning**

The strategic cooperation framework agreement signed this time is a framework agreement on the willingness and basic principles of cooperation between the two parties. There are still uncertainties in the specific implementation process. 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**

The "Strategic Cooperation Framework Agreement" signed by the company and Hubei Changtou Group.

Special announcement

Board of Directors of GEM Co., Ltd.

October 11, 2020