

GEM Co., Ltd

Announcement on signing the Agreement with Xia-Tungsten New Energy on "Cooperation development of new generation ternary precursors" and "supply 455,000-540,000 tons of ternary precursors from 2023 to 2027."

The company and all members of the Board of Directors guarantee that the information disclosed is accurate, authentic, and complete without false records, misleading statements, or material omissions.

Special note:

1. There are still uncertainties in the specific implementation of the cooperation agreement signed this time. The Company's Board of Directors will pay active attention to the progress of this matter and timely fulfill the information disclosure obligation. Please broad investor cautious decision, pay attention to investment risk.

2. The signing of this Agreement will not significantly impact the company's financial position and operating performance for the current year.

Chapter One. An overview

To enhance competitiveness and cope with competitive industry landscape, GEM Co., Ltd. (hereinafter referred to as the "Company", "GEM" or "party b") and Xiamen Xia tungsten new energy materials Co., Ltd. (hereinafter referred to as the "xia tungsten new energy" or "party a") signed on July 20, 2022, the new generation of ternary precursor product cooperative development agreement" (hereinafter referred to as the "cooperation agreement" or "this agreement"). According to the cooperation Agreement, Party B shall, following the provisions of the cooperation Agreement and Party A's requirements, carry out the design and development of new generation precursor products (including high-voltage ternary precursor, four-element precursor,

ultra-high nickel, and low cobalt precursor, cobalt-free precursor, and other new precursor products) according to the agreed schedule. From 2023 to 2027, Party B will supply 455-540,000 tons of ternary precursor products to Party A.

According to the Articles of Association and other relevant provisions, the cooperation agreement signed by the company does not need to be submitted to the Board of Directors and the general meeting of shareholders for approval. The signing of the cooperation agreement does not constitute a related party transaction, nor does it constitute a material asset reorganization as stipulated in the Measures for the Administration of Material Asset Reorganization of Listed Companies, and it does not need to be approved by relevant departments. The company will timely fulfill the obligation of information disclosure based on the actual subsequent progress.

Chapter Two. Introduction of the partner

Company name: Xiamen Xia-Tungsten New Energy Materials Co., Ltd

Legal representative: Yang Jinhong

Registered capital: RMB 25,157,2267 Yuan

Date of establishment: December 20, 2016

Registered address: No. 300, Kejing Community, Free Trade Pilot Zone, Xiamen Area, Fujian, China

Business scope: electronic components and components manufacturing (lithium battery materials and accessories R&D, manufacturing, sales); New material technology promotion service; Engineering and technological research and test development; Engaged in the import and export of all kinds of commodities and technologies (the import and export catalog is not attached), except the commodities and technologies that are restricted by the state or prohibited from import and export; Export of its products and import of machinery, equipment, spare parts and raw and auxiliary materials needed by the enterprise (the import and export catalog is not attached), except commodities and technologies that are limited or prohibited from import and export by the state; Other manufacturing industries not listed (excluding projects subject to licensing); Other services for science and technology extension and application are not specified.

Xia-tungsten New Energy has no association with the company and its controlling shareholders, controllers, directors, supervisors, and senior managers.

Xia Tungsten new energy business and financial status are good, with a good

reputation and performance ability. After inquiry, Xia Tungsten new energy does not belong to the trust-breaking subject to execution.

Chapter Three. Core contents of the Cooperation Agreement

Party A: Xiamen Xia-Tungsten New Energy Materials Co., LTD

Party B: GEM Co., LTD

1. Definition

1.1 The new generation of precursor products include high voltage type ternary precursor, quaternary precursor, ultra-high nickel low cobalt precursor, cobalt free precursor, and other new precursor products.

1.2 "Intellectual property" refers to any form of intellectual property, including but not limited to creation, invention, patent, patent application, utility model, design, layout design, copyright, trademark, trade name, etc., as well as the right to apply for, register, register the above rights, also including trade secrets, confidential information, such as technical secrets, And other intellectual property rights, intellectual property rights or industrial property rights that are not specified in the laws of the world.

1.3 "Affiliate" means any company or legal entity that is or will be controlled by, controlled by, or jointly controlled by either party. "Control" means, directly or indirectly, at least thirty percent (30%) of the voting rights in the shares or other securities of a controlled or jointly controlled entity to elect directors (or other management officers); or through voting rights or contractual agreement, etc., have the right to directly or indirectly make decisions on the management policies of the company or legal structure.

1.4 "Development Results" refers to all the Products that Party B is responsible for delivering to Party A in accordance with this contract, including but not limited to technical solutions, technical samples, and related documents, software codes, proposals or reports.

1.5 "Technical Solution" refers to the technical design developed by Party B in accordance with the provisions of this Contract.

1.6 "Technical Sample" means the sample developed by Party B to realize the technical solution developed by Party B.

1.7 "Background Intellectual Property Rights" means intellectual property rights owned or controlled by a party to this contract and its affiliates prior to the entry into

force of this contract or intellectual property rights owned or controlled independently of this contract.

2. Project Content

2.1 Party B shall, in accordance with the provisions of this Agreement and the requirements of Party A, carry out the design and development of this product according to the agreed time schedule, and its scope, project, specifications, functions, working schedule and content, etc., as detailed as the work task letter provided by Party A. If the scope of this project needs to be changed, Party A has the right to notify Party B in writing according to the actual needs, and Party B shall cooperate, if it is therefore necessary to update the time schedule or adjust the fee, it shall be determined in writing after the prior agreement between the two parties, and Party B shall not request Party A to increase the fee without the written explicit consent of Party A.

2.2 During the validity period of this Agreement, Party A will communicate with Party B on the specific requirements of this product, physical indicators, etc., Party B shall formulate a sample (or prototype) production plan according to the results of communication between the two parties, and after the two parties have discussed and reached an agreement, Party B will carry out the customized design of this product according to the actual needs of Party A and produce this product that meets Party A's requirements.

2.3 During the validity period of this Agreement, Party A has the right to test the samples (or prototypes) and/or products provided by Party B. According to the test results of Party A, Party A has the right to require Party B to implement other development plans or improvement plans, and develop this product that meets Party A's requirements.

2.4 In the certification stage of this product, the two parties should communicate in a timely manner about the various situations that occur in the evaluation and testing process of the sample (or prototype), the relevant test results, or regularly communicate and communicate on the progress of the sample (or prototype) trial.

3. Project Specifications and Working Schedule

3.1 Party B shall form a plan task statement and sign it as part of this Agreement in the form of an annex after the confirmation of the products and work products that Party A should complete and deliver to Party A for this project.

3.2 Both parties shall complete the work set in accordance with the agreed work

schedule. If the foregoing schedule is to be adjusted, it shall be determined by mutual agreement and in writing.

3.3 In the process of this project, Party A has the right to inquire about the latest work progress from Party B by mail, telephone or other reasonable means at any time, and Party B shall reply immediately and shall provide Party A with reports and explanations of work progress on time and on time.

4. Project Testing and Acceptance

4.1 Party B shall first carry out the test items specified by Party A according to the work schedule, and after Party A confirms that it has passed the test, it can send the work results to Party A for acceptance in accordance with the provisions of Article 4.5 of this Article according to Party A's instructions. Party A shall issue the test results within the time agreed by both parties.

4.2 Party B shall deliver the contents and work products of this project to Party A with its relevant technical data, specification data and other relevant documents.

4.3 Except with the written consent of Party A, Party B shall not request partial acceptance. If the acceptance is unqualified, Party A will notify Party B to improve. Party B shall make improvements within five days after Party A's notification or within the period specified by Party A (whichever is longer), and submit it to Party A for acceptance.

4.4 The risks of the project content and work results before Party A pass the acceptance shall be borne by Party B.

4.5 If any errors or defects are found in the content and work products of the project delivered by Party B in accordance with this Agreement after the completion of Party A's acceptance, Party B shall complete the improvement without compensation within five days from the day after receiving Party A's notice or within the period specified by Party A (the longer of whichever is preferred) or within a reasonable period agreed by both parties in advance, and submit it to Party A for acceptance.

5. Project Support and Service

5.1 Party B guarantees that the implementation of the project content and the quality, function and specifications of the work products comply with Party A's requirements and test standards for this product.

5.2 Party B agrees that within 6 months after the work results of this project are accepted by Party A (the acceptance criteria refer to the technical specifications),

Party A shall provide Party A's support, consultation, training and technical services on the content of the project and its work results free of charge, including errors or defects or minor functional modifications or additions. If the modification of any error or defect is not involved and it takes more manpower or man-hours to complete it, Party B has the right to request Party A to pay such reasonable expenses before starting, provided that such expenses and working hours are subject to the prior written consent of both parties, otherwise Party A shall not bear any fees, responsibilities and obligations to Party B.

6. Project Fees

6.1 The costs and liabilities incurred by both parties in the performance of this Agreement shall be borne by each party.

6.2 Except as otherwise agreed in the written agreement signed and officially sealed by the authorized representatives of the parties, Party B shall not request or solicit any development fees from Party A in connection with the Project, and Party B shall not require Party A to pay any fees, compensation or claims in any way, including licensing fees or any other royalties, in connection with the work products of the Project.

7. Product Acceptance

7.1 Party B warrants that the manufacturing and testing process of this product is perfect and reasonable, and that it is completed according to the standard manufacturing testing and inspection process, which is sufficient to make this product fully meet the quality required by Party A; In addition, relevant data shall be provided for Party A's reference at the request of Party A. Party A reserves the right to inspect and test this product before shipment.

7.2 Both parties agree that the product shall be subject to the acceptance procedures of Party A's acceptance standards. If the acceptance is qualified, a qualified notice will be given. If there is any unqualified, including but not limited to product name, model, quantity, wrong product number, product shortage, in case of defects or non-compliance with specifications, Party B shall be responsible for replacement or correction within the period notified by Party A.

7.3 The risks of this product before party A's acceptance shall be borne by party B.

8. Exclusivity

Party B agrees that without the written consent of Party A, Party B shall not use

the products provided to other customers, nor shall Party B disclose the results to any third party, and for a period of three years, without the prior consent of Party A, Party B will no longer directly or indirectly cooperate with any third party in the same or similar cooperation of this Agreement. Party A undertakes that the products developed jointly by the two parties have the right of priority procurement. Unless otherwise agreed by the parties, the provisions of this article shall remain valid after the termination of this Agreement.

9. Ownership of Intellectual Property Rights

9.1 The background intellectual property rights of the parties shall belong to each party.

9.2 All intellectual property rights generated under this contract, including but not limited to the right to apply for patents, patent application rights, patent rights, copyrights, and trade secrets, belong to both parties; Proceeds from the licensing of jointly owned intellectual property rights belong to the implementer. One party cannot transfer or license to any third party without the consent of the other party. Party B agrees that under the same conditions, Party A has the right of first refusal to purchase the intellectual property rights owned by Party B. Party B further agrees that Party A and its affiliates have the right to implement or entrust a third party to implement the background intellectual property rights of Party B for the purpose of using part or all the development results for free.

9.3 If Party B publishes an article on the development results, Party B shall obtain party A's written consent in advance before disclosing the content of the article to any third party, for this purpose, Party B shall provide the article to Party A, and Party A shall give feedback to Party B within 30 days from the date of receipt, including but not limited to: whether the content of the article is confidential information, whether it belongs to the technical solution to be patented, the revision of the paper and whether it agrees to publish. If there is a content within the scope of confidentiality, Party B shall handle the relevant content accordingly to avoid violating the confidentiality obligation; If the published article involves a patented technology, the article should be published after the patent application has been accepted. Party B may publish an article only with the written consent of Party A. If Party A does not provide Party B with a written reply after 30 days of receipt of the paper, it shall be deemed to be consent and Party B may publish the paper.

10. Capacity Guarantee

Based on the development progress of the above-mentioned next-generation product project, the supply and demand quantity for the next five years are expected to be:

year	2023	2024	2025	2026	2027
Quantity/10,000 tons	3.5-4.0	6.0-8.0	10-12	12-14	14-16

11. Confidentiality

11.1 Both parties shall earnestly comply with the confidentiality obligations stipulated in the confidentiality agreement.

11.2 Unless otherwise agreed in writing by the parties, neither Party shall disclose or publicly declare to a third party the following matters: (1) the parties are engaged in or are about to enter into some kind of negotiation, or the possibility of a partnership between the parties; or (2) a partnership that the parties are about to conclude, have concluded, or have terminated.

11.3 All technical and commercial information, the contents of this Contract, the existence of this Contract, and the development results provided by each party to the other party in the course of discussing, entering into and performing this Contract shall be deemed to be confidential information as described in the Confidentiality Agreement ("Confidential Information").

11.4 The Recipient is under an obligation to keep confidential information provided by one Party (the "Disclosing Party") to the other Party (the "Receiving Party") and the Receiving Party shall not disclose it to any third party in any form without the prior written consent of the Disclosing Party. Party B, as the trustee, shall have the obligation of confidentiality of the development results in this contract project, and shall not disclose the development results of this contract project to any third party in any form without the prior written consent of Party A. The recipient shall use the Confidential Information only for the purposes of performing this Contract. The Recipient shall take such reasonable steps as may be necessary to protect the Disclosing Party's Confidential Information. The Receiving Party shall not reverse engineer the Disclosed Party Confidential Information of any nature.

12. Warranties

12.1 Party A undertakes to keep the technical support and development plans provided under this contract strictly confidential and not to disclose them to third

parties.

12.2 Party B warrants that all development results resulting from the work of the agreement under this contract will not infringe any third party intellectual property rights, including but not limited to patent rights, trademark rights, copyrights and trade secrets.

12.3 Party B represents and warrants that all development results of this contract do not involve any military unit (including but not limited to the military, national defense research institutes, defense laboratories, etc.) and military projects, and are not subject to export/transfer (laws, regulations or contracts, etc.) by the government or other units.

13. Intellectual Property Infringement

13.1 If any third party claims that the development results produced in the work agreed under this contract infringe its intellectual property rights, the infringing party shall be responsible for handling the claims of the aforementioned third party and bear all the expenses incurred thereby, including but not limited to attorney fees and infringement compensation. , and guarantee that the non-compliant party and its affiliated companies will not suffer any losses as a result.

13.2 Party B agrees that if the development results produced in the work agreed under this contract infringe the intellectual property rights of a third party, Party B shall decide to take one of the following remedial measures so that Party A and its affiliates can legally continue to use the aforementioned development results: (1.) to obtain permission from a third party; or (2) to modify or replace the aforementioned development results to make them non-infringing. The expenses for Party B to take the aforesaid remedial measures shall be borne by Party B on its own. If Party B is unable to take any of the above remedial measures, Party B agrees to return the total contract amount to Party A and compensate Party A for all losses.

14. Liability for breach of contract

If a party violates this contract, it shall take reasonable measures to correct its breach of contract in a timely manner. If one party violates this contract and thus causes losses to the other party, it shall compensate the non-compliant party and its affiliates for all losses.

15. Term and Termination

15.1 This contract will take effect on the later date when the authorized representatives of all parties sign and seal, and will terminate on the date when both

parties have fulfilled their obligations under this contract (including related work assignments in the annex).

15.2 In the event of any of the following circumstances, each party has the right to issue a written notice to the other party to terminate this contract in advance: (1) The other party has materially violated the terms of this contract, and the party has issued a written notice indicating its breach of contract for 30 years. or (2) the other party is bankrupt, or has entered bankruptcy or other similar procedures; or (3) the other party decides to dissolve or liquidate; or (4) the other party's substantial equity or asset ownership changes, Including being taken over or merging with other units.

15.3 Both parties understand and agree that Party A, as the entrusting party, has the right to terminate this contract by written notice. In this case, for the development results that have passed the acceptance, Party A shall perform the payment obligations in accordance with the payment terms stipulated in this contract; for the part that has not passed the acceptance, Party A will no longer pay the relevant fees.

Chapter Four. The impact on the company

XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD. is a leading enterprise in the domestic new energy material industry and an essential manufacturer of cathode materials for lithium-ion batteries worldwide. Its products cover a full range of new energy materials such as lithium cobalt oxide, ternary materials, and precursors. The development of next-generation new energy materials is also engaged. And the company served the well-known domestic and foreign battery customers such as Panasonic, Samsung, ATL, BYD, etc., and its market share ranks among the best in the industry, creating an excellent brand of Xiamen Tungsten new energy materials. GEM is the proponent of the industrial concept of "limited resources, unlimited circulation" and the pioneer of urban mining in China. In the past 20 years, GEM has promoted the "carbon peaking and carbon neutrality" by mining urban mines and developing new energy materials, established a resource recycling model and a clean energy material model. It has become the world's leading supplier of nickel, cobalt, lithium, and other recovered resource, power battery recycling, and utilization. The core enterprise for the manufacture of ternary precursors and cobalt tetroxide materials. The company's core products, high-nickel ternary precursors and cobalt tetroxide represent the world's highest-quality products. GEM is the world's advanced

green and low-carbon enterprises.

This time, the company signed a cooperation agreement with XTC NEW ENERGY MATERIALS (XIAMEN) CO., LTD. to explore a typical model for the green development of the global new energy industry and to build a strategic cooperation system for joint construction, sharing, and win-win results. Further enhancing the core competitiveness and sustainable profitability of the parties to the cooperation is in line with the strategic development interests of both parties and the interests of the majority of investors; it will help the company achieve the long-term goal of selling 500,000 tons of precursors in 2026, and enhance the company's impact on the global new energy industry. It is beneficial for all parties to work together to build a world-class low-carbon industry and jointly to contribute to the world's green development and new energy commercialization as Chinese enterprises.

The signing of this agreement will not have an impact on the independence of the company's business and operations, nor will it have a significant impact on the company's financial status and operating results this year. The smooth implementation of this agreement is expected to have a positive impact on the company's future business development.

Chapter five. Risk Warning

There are still uncertainties in the specific implementation process of the cooperation agreement signed this time. The company's board of directors will actively pay attention to the progress of the matter and fulfill the obligation of information disclosure in a timely manner. Investors are advised to make cautious decisions, and pay attention to investment risks.

Chapter Six. Other relevant statement

1. The framework agreements disclosed by the company in the last three years are as follows:

The company signed the “*Memorandum of Understanding on the Promotion of New Energy Vehicle Battery Echelon Utilization and Recycling Projects*” with the Pohang Municipal Government and ECOPRO; “*Supply Memorandum (MOU) for NCM 8 Series and 9 Series High Nickel Precursor Materials for Power Batteries*” with Ecopro BM; the “*Memorandum of Understanding (MOU) Related to the*

Investment Agreement on Power Battery High Nickel Precursor Materials ” signed by Fuan Qingmei Energy Materials Co., Ltd. a subsidiary of GEM Co., Ltd, and ECOPRO; “*ECOPRO&GEM Power Battery High Nickel Precursor (NCA&NCM) 2021-2023 Memorandum of Supply (MOU)*” signed with Ecopro BM; the company and its wholly-owned subsidiary Jingmen GEM Co., Ltd. and Hunan Brunp Recycling Technology Co., Ltd., Guangdong Brunp Recycling Technology Co., Ltd., Foshan Sanshui Brunp Resource Recycling Co., Ltd. signed the "*Strategic Cooperation Framework Agreement on Ternary Precursors*"; “*10,000-ton Recycled Nickel Product Directional Recycling Cooperation Memorandum*” signed by GEM Co., Ltd. and EVE Energy Co., Ltd.; "*Strategic Cooperation Framework Agreement on Building a Green Processing Industry Chain of Waste Power Batteries and Battery Waste*" signed by GEM Co., Ltd. and Farasis Energy (Gan Zhou) Co., Ltd.; "*Framework Agreement on Strategic Supply Cooperation of Ternary Precursors and Cobalt Tetroxide between Xtc New Energy Materials(Xiamen) Co., Ltd. and Jingmen GEM Co., Ltd.*" signed by Jingmen GEM Co., Ltd., a subsidiary of GEM Co., Ltd, and Xtc New Energy Materials(Xiamen) Co., Ltd.; “*Phosphorus Resources Chemical New Energy Materials Industry Chain Integration Strategic Cooperation Framework Agreement*” signed with Xinyangfeng Agricultural Technology Co., Ltd.; “*Ronbay Technology-GEM Strategic Cooperation Agreement*” signed with Ningbo Ronbay New Energy Technology Co., Ltd.; " *The MOU on the Production of High Nickel Precursors for Energy Vehicles and Recycling Projects of End-of-Life Power Batteries*” signed with Consulate General of Hungary in Shanghai. All agreements above are being implemented.

"MOU of PT. QMB NEW ENERGY MATERIALS" signed by The company's subsidiary Jingmen GEM Co., Ltd. and Ningbo Brunp Contemporary Amperex Co., Ltd., Hong Kong Brunp Recycling Technology Co., Ltd., Yongqing Technology Co., Ltd., NEW HORIZON INTERNATIONAL HOLDING LIMITED, PT. Indonesia Morowali Industrial Park has been completed.

The "*ECOPRO BM&GEM Power Battery High Nickel Precursor (NCA&NCM) 2024-2026 Memorandum of Supply (MOU)*" signed by GEM Co., Ltd. and ECOPRO BM had been terminated, and "*the MOU on Medium and Long-Term Supply Agreement for High Nickel Precursors for Power Batteries*" will be implemented in the future.

2. On March 25, 2022, the company disclosed the "*Announcement on the Completion of the Implementation of the Plan to Increase the Shareholding of the Company by Some Senior Management of the Company*" (Announcement No.: 2022-030), as of March 25, 2022, Mr. Mu Menggang, Deputy General Manager, Chief Financial Officer and Acting Secretary of the Board of Directors, and Mr. Jiang Miao, Mr. Lou Huiyou, and Mr. Jiao Hua, Deputy General Managers of the Company, have passed the Shenzhen Stock Exchange trading system to centralize A total of 580,500 shares of the company were held by bidding, with a cumulative amount of RMB 5,093,141. As of the date of this announcement, the company has not received any notice from the controlling shareholder, shareholders holding more than 5% of the shares, directors, supervisors and senior executives planning to reduce their shareholdings in the next three months. In the next three months, there is no such a situation that the restricted shares held by controlling shareholders, shareholders holding more than 5% of the shares, and directors, supervisors and senior executives in the company will be lifted.

Chapter Seven. Documents for inspection

The "New-Generation Ternary Precursor Product Cooperative Development Agreement" signed by both parties.

The announcement is hereby given.

Board of directors of GEM Co., Ltd

July 20, 2002