

Announcement of GEM Co., Ltd. on Signing a Strategic Cooperation Agreement with SUNWARD on the Electrification of Construction Machinery and Battery Recycling

The Company and all members of the Board of Directors ensure that the information disclosed is true, accurate and complete, and that there are no false records, misleading statements or major omissions.

Special notes:

1. The strategic cooperation 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 strategic cooperation agreement will not have a significant impact on the Company's financial position and operating results this year.

I. Overview

At present, carbon peaking and carbon neutrality have become national strategies. Green and low-carbon development is not only a social responsibility to be fulfilled by enterprises, but also a major event related to the sustainable development and survival of enterprises. In recent years, with the application of electrification and energy storage developing explosively, the demand for lithium-ion batteries has also grown rapidly. With the release of the production capacity of large-scale enterprises that entered into power and energy storage lithium-ion batteries business in the early stage, the competition of lithium-ion batteries has evolved from pure product

competition to the competition of the whole industry chain of power batteries. Therefore, it is necessary to establish and build a closed-loop industry chain of enterprises. It has become an urgent strategic problem for enterprises in the lithium-ion battery industry chain for power and energy storage lithium-ion batteries. To this end, GEM Co., Ltd. (hereinafter referred to as "GEM", "Company" or "Party B") and Sunward Intelligent Equipment Group (hereinafter referred to as "SUNWARD" or "Party A") decided to combine the advantages of all parties and to jointly sign the "Strategic Cooperation Agreement on Electrification of Construction Machinery and Battery Recycling" (hereinafter referred to as the "Strategic Cooperation Agreement") on July 24, 2022. They will build a closed-loop industrial chain of lithium-ion batteries for power and energy storage, and promote the commercialization of cascade utilization of power battery, seize the market opportunity of the electrification of construction machinery, and explore a model for the green development of the global new energy industry.

According to the "Articles of Association" and other relevant regulations, the Strategic Cooperation Agreement signed by the Company 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 Agreement 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. The Company will perform its information disclosure obligations in time based on subsequent actual progress.

II. Introduction of the partner

Company Name: Sunward Intelligent Equipment Group

Legal representative: Jing Guangjun

Registered capital: 1,087,212,465 RMB

Date of establishment: July 29, 1999

Registered address: No. 1335 Liangtang East Road, Economic and Technological Development Zone, Changsha

Scope of business: Licensed items: special equipment design, special equipment manufacturing, general aviation services, design and production of civil aircraft parts and components, road motor vehicle production, road cargo transportation (excluding dangerous goods); General items (Business activities can only be carried out with the

approval of relevant departments. The specific items are subject to the approval documents or licenses of relevant departments.): research and development of mechanical equipment, mechanical equipment sales, mechanical equipment leasing, special equipment sales, special equipment manufacturing (excluding licensed equipment manufacturing), research and development of intelligent robots, intelligent robot sales, manufacturing of intelligent unmanned aerial vehicle, intelligent unmanned aerial vehicle sales, construction machinery manufacturing, construction machinery sales, manufacturing of agricultural machinery, agricultural machinery sales, forestry machinery services, manufacturing of mining machinery, mining machinery sales, manufacturing of material handling equipment, sales of material handling equipment, manufacturing of hydraulic power machinery and components, sales of hydraulic power machinery and components, processing of mechanical parts and components, development of artificial intelligence software, retail of computer hardware and software and ancillary equipment, technical services, technology development, technical consultation, technical exchange, technology transfer, technology promotion, sales of metal products, manufacturing of pneumatic and electric tools, manufacturing of metal structures, manufacturing of industrial automatic control systems, manufacturing of gas compression machinery, 5G communication technology services, auto parts retail, manufacturing of oil drilling special equipment, sales of oil drilling special equipment, optical instrument manufacturing, optical instrument sales, optoelectronic device manufacturing, optoelectronic device sales, manufacturing of instruments and apparatus, sales of instruments and apparatus, manufacturing of metal cutting and welding equipment, sales of metal cutting and welding equipment, manufacturing of metallurgical special equipment, mineral washing and processing, special equipment repair, motor vehicle repair and maintenance, import and export of technology; import and export of goods (except for items subject to approval according to law, business activities are independently carried out in accordance with law by business license).

SUNWARD has no associated relationship with the Company and its controlling shareholders, actual controllers, directors, supervisors, and senior managers.

SUNWARD has good operating and financial status, and has a good reputation and contract performance capabilities. After inquiries, SUNWARD is not a defaulter subject to enforcement.

III. Core content of the cooperation agreement

(1) Cooperation principle

1. Both parties recognize each other as their strategic partner on a global scale and actively promote each other to jointly build a good brand and reputation around the world.

2. The cooperation between the two parties should be based on the principle of mutual benefit and win-win results, and the two parties should maintain a high degree of mutual trust and communication.

3. When carrying out relevant specific business, the two parties will give priority to the other party as a partner under the same conditions and without affecting their respective business interests and existing cooperative relations with third parties.

4. Both parties should discuss and actively promote the implementation of each specific cooperation project under this strategic cooperation agreement, and sign the corresponding specific project agreement in due course and implement it.

(2) Cooperation content

1. By uniting industry forces, integrating upstream and downstream channels, and injecting green concepts into the development of construction machinery, both parties will jointly develop lithium battery systems for construction machinery. Party A will give priority to purchasing and promoting party B's lithium battery systems, especially promoting the cascade utilization of the power battery system. Party B identifies Party A as the most important strategic customer, gives Party A a preferential price, and guarantees timely and high-quality supply, and Party A has the priority to pick up the goods.

2. Party B shall give priority to adopting and purchasing construction machinery and electrified products produced by Party A in the subsidiaries of GEM Group, mainly including but not limited to: aerial work platforms, boom trucks, forklifts and deep processing of battery materials and intelligent equipment for recycling of urban mine resources.

3. Based on the advantages of Party B in the field of waste recycling and the recycling and processing of retired power batteries, through the integration of empowerment and resource sharing, the two parties will jointly build a shared recycling service network and a recycling service system for construction machinery and lithium batteries for construction machinery. The two parties will jointly develop the recycling and utilization of lithium battery metal materials and further promote the resource sharing and win-win benefits of lithium batteries in the application of

construction machinery.

4. The two sides will jointly promote the relevant science and technology, product equipment, application and service supporting content of the green and low-carbon development of construction machinery based on their advantages in their respective fields, and promote exchanges, exhibitions, trade and cooperation between upstream and downstream enterprises in the industry.

5. Based on the new products that both parties are currently supplying, developing and will develop, the expected supply and demand quantities of both parties in 3 years are:

Year	2023	2024	2025	Total
Quantity (units)	58,600	103,100	328,200	489,900
GWh	1.02	1.867	5.5	8.387

(3) Confidentiality

Both parties guarantee the documents and materials that the other party has not released (including but not limited to trade secrets, company plans, operating activities, financial information, business information, technology information, process equipment parameters, quantity, price, drawings and other trade secrets) known in the course of discussing, signing and executing this Strategic Cooperation Agreement, as well as the opinions, suggestions, propositions and other information in the negotiation process of the two parties on cooperation matters shall be kept confidential, and shall not be all or partly disclosed to any third party without the permission of the other party. Otherwise, the breaching party shall pay a liquidated damages of RMB 1 million to the other party. If the liquidated damages are not sufficient to cover the losses of the other party, additional compensation shall be made. This clause is valid until three years from the date of termination of this Strategic Cooperation Agreement.

(4) Term of cooperation and renewal of agreement

This Strategic Cooperation Agreement will take effect after being signed by the legal representatives of both parties or their authorized representatives and affixed with the official seal or special contract seal and will be valid for three years. During the validity period, if both parties have not reached an agreement on any specific cooperation project, the Strategic Cooperation Agreement will be terminated after the expiration of the validity period. If Party A and Party B are satisfied with the

cooperation between them, after the agreement expires, a renewal agreement may be signed by mutual consent. The termination of this Strategic Cooperation Agreement does not affect the validity and performance of the agreement on the specific projects carried out by both parties before the termination.

III. Impact on the Company

SUNWARD was founded in 1999 by Professor He Qinghua of Central South University. It has now developed into an international Group and has a certain influence at home and abroad with Sunward Intelligent Equipment Group, a listed company as its core, Changsha as its headquarter, and equipment manufacturing as its main business. With the strategy of "one point, three lines" and "one body and two wings", SUNWARD focuses on equipment manufacturing, and develops in an all-round way in the three major fields of engineering equipment, special equipment and aviation equipment. SUNWARD takes Hunan and Guangdong as two strategic locations and continuously launches products having worldwide influence. GEM was established based on the ideal of green and ecological manufacturing, and took the lead in proposing the green and low-carbon industry concept of "limited resources and unlimited circulation" in China. GEM actively advocates "eliminating pollution and regenerating resources" through the business model of resource recycling and promoting recycling social development. GEM has built 16 waste recycling parks in 11 provinces and cities in China to draw a global green industry map by recycling and processing waste power batteries, E-waste, scrapped cars and strategic resources of nickel, cobalt, lithium and tungsten, and manufacturing high-tech green products of new energy materials. GEM has built 5 power battery recycling and disposal bases in Wuhan, Jingmen, Wuxi, Tianjin and Shenshan, forming a power battery recycling system that covers China's core areas like Yangtze River Delta, Pearl River Delta, Central China and Beijing-Tianjin-Hebei region. Three companies of GEM Group have been included in the announcement of the Ministry of Industry and Information Technology: Industry Specifications for Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles, and GEM plans to start business of waste power battery recycling and processing bases in Europe, North America, and Southeast Asia.

The Company signing a strategic cooperation agreement with SUNWARD is beneficial for both parties to take advantage of their own, seize the opportunity of electrification of construction machinery, and open up the market. The two parties will jointly build a recycling service system for construction machinery and lithium

batteries for construction machinery, jointly develop the recycling of metal materials from lithium batteries, further promote resource sharing and win-win benefits in the application of lithium batteries in construction machinery, and realize the full life cycle value chain of the new energy automobile industry by switching from "green manufacturing to manufacturing green products". It is helpful to promote the commercialization of cascade utilization of power battery, continuously increase GEM's market share in power battery recycling, comprehensively consolidate the Company's core position in the global power battery recycling and new energy materials industry, and realize the coordinated development of economic and environmental benefits. The signing is in line with the Company's strategic development and the interests of the majority of investors.

The signing of this Strategic Cooperation Agreement has no impact on the independence of the Company's business and operations, and will not have a significant influence on the Company's financial status and operating results of this year. The successful implementation of this Strategic Cooperation Agreement is expected to have a positive effects on the Company's future business development.

V. Risk Warning

This Strategic Cooperation Agreement is a framework and intentional agreement on cooperation willingness and basic principles. It is affected by relevant policy adjustments, macro economy, market environment change and other factors, so there are still uncertainties. If a formal cooperation agreement is signed between the two parties in the future, the Company will conduct review procedures in strict accordance with the requirements of laws and regulations 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.

VI. Other relevant instructions

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

The "Memorandum of Understanding on Promoting the Cascade Utilization of New Energy Vehicle Battery and Recycling Projects" signed by the Company with Pohang Municipal Government and ECOPRO, the "Memorandum of Understanding (MOU) for the Supply of High-nickel Precursor Materials such as 8 series and 9 series NCM for Power Batteries" signed by the Company with South Korean ECOPRO BM, the "Memorandum of Understanding (MOU) Related to the Investment Agreement on

High Nickel Precursor Materials for Power Battery" signed by Fuan Qingmei Energy Materials Co., Ltd., a subsidiary of the Company, with South Korean ECOPRO, "MOU for the supply of Power Battery High Nickel Precursor (NCA&NCM) from 2021-2023 between ECOPRO&GEM" signed by the Company with South Korean ECOPRO BM, the "Strategic Cooperation Framework Agreement on Ternary Precursor" signed by the Company and its wholly-owned subsidiary Jingmen GEM Co., Ltd. with Hunan Brunp Recycling Science and Technology Co., Ltd., Guangdong Brunp Recycling Science and Technology Co., Ltd. and Foshan Brunp Recycling Science and Technology Co., Ltd., the "Memorandum of Directional Recycling of 10,000-ton Recycled Nickel Product" signed by the company with EVE Energy Co., Ltd., the "Strategic Cooperation Framework Agreement on the Construction of Waste Power Batteries and Battery Waste Green Treatment Industry Chain" signed by the Company with Farasis Energy (Ganzhou) Co., Ltd., the "Framework Agreement on Strategic Supply Cooperation of Ternary Precursors and Cobalt Tetroxide between XTC New Energy Materials (Xiamen) Ltd. and Jingmen GEM Co., Ltd." signed by the Company's subsidiary Jingmen GEM Co., Ltd. with XTC New Energy Materials (Xiamen) Ltd., The "Strategic Cooperation Framework Agreement on Integration of Phosphorus Resource Chemical Industry and New Energy Materials Industry Chain" signed by the Company with Xinyangfeng Agricultural Technology Co. Ltd., the "Rongbay-GEM Strategic Cooperation Agreement" signed by the Company with Ningbo Ronbay Lithium Battery Material Co., Ltd., the "Memorandum of Understanding on the Production of High-nickel Precursor for New Energy Vehicles and the Recycling Project of End-of-Life Power Batteries" signed by the Company with the Hungarian Consulate General in Shanghai, The "New Generation Ternary Precursor Product Cooperative Development Agreement" signed by the Company and XTC New Energy Materials (Xiamen) Ltd. The above agreements are all is being fulfilled.

The "Memorandum of PT. QMB NEW ENERGY MATERIALS", signed by the Company's subsidiary Jingmen GEM Co., Ltd. signed with Ningbo Brunp and CATL Co., Ltd., Hong Kong Brunp Recycling Science and Technology Co., Ltd., Yongqing Technology Co., Ltd., New Express International Ltd., PT. Indonesia Morowali Industrial Park, has been fulfilled.

The "ECOPRO BM & GEM MOU of Supplying High-nickel Precursor for Power Batteries (NCA&NCM) from 2024-2026)" signed by the Company and South

Korean ECOPRO BM has been terminated. The “MOU of Medium and Long-Term Supply for High-nickel Precursor 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 for Some Senior Management of the Company to Increase Shareholding in 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, increased their holdings of 580,500 shares of the company through the trading system of Shenzhen Stock Exchange through centralized bidding, with a cumulative amount of 5,093,141 RMB. By the date of this announcement, the Company has not received any notice from controlling shareholder, shareholder holding more than 5%, and director and supervisor and senior manager that they intend to reduce their holdings of the Company’s shares in the next three months. In the next three months, there is no situation that the restricted shares held by the controlling shareholder, shareholders holding more than 5% shares and director and supervisor and senior manager will be lifted.

VII. Documents available for inspection

The “Strategic Cooperation Agreement on Electrification of Construction Machinery and Battery Recycling” signed by SUNWARD and GEM

This announcement is hereby made.

The Board of Directors of GEM Co., Ltd.

July 24, 2022