Securities code: 002340 Securities abbreviation: GEM Announcement number: 2021-071

# GEM Co., Ltd.

# Announcement on the signing of a strategic cooperation framework agreement with Funeng Technology for the construction of an industrial chain for green disposal of waste power batteries and battery waste

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 fulfil 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 results this year.

## I. Overview

In recent years, with the explosive development of new energy vehicles, the demand for power batteries has increased rapidly, and the green treatment of power batteries and their waste has become a widespread concern of the society. In order to meet the requirements of the global green supply chain, to solve the pollution problem of power batteries, and to promote the new energy industry from "green to green",

GEM Co., Ltd. (hereinafter referred to as the "Company", "GEM" or "Party B") and Funeng Technology (Ganzhou) Co., Ltd. (hereinafter referred to as "Funeng Technology" or "Party A") recently signed the "Strategic Cooperation Framework Agreement on the Construction of the Industrial Chain of Waste Power Batteries and Battery Waste Green Treatment". Combine the advantages of all parties to jointly build a full life cycle value chain system for the recovery, recycling and re-manufacturing of used power batteries and their wastes, and form a complete green recycling of power batteries and their wastes, nickel-cobalt-lithium resource recycling, and ternary materials. The green industrial chain of recycling and cascade utilization of power batteries fundamentally eliminates the pollution of power batteries to society, completely recovers valuable resources such as nickel, cobalt, and lithium, realizes the transition from green scrap to green products, and explores a model model for the green development of the global new energy industry. , to jointly build a globally competitive green supply chain and value chain, and achieve the coordinated development of economic and environmental benefits.

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 strategic cooperation framework agreement signed 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. The company will perform its information disclosure obligations in a timely manner based on subsequent actual progress.

**Ⅱ. Basic information of partners**

Company Name: Funeng Technology (Ganzhou) Co., Ltd.

Legal representative: YU WANG

Registered capital: RMB 1,070,669,685

Date of establishment: December 18, 2009

Registered address: West side of Caidie Road, north of Jinling West Road, Ganzhou Economic and Technological Development Zone, Jiangxi Province

Business scope: R&D, production and sales of electric vehicle energy storage and management systems such as lithium-ion batteries and module systems, battery

module management systems, and charging systems; drive motors and controls for motors, drivers, high-power POWER ICs, and power electronic components Module research and development, production and sales; electric vehicle transmission system, electric air conditioning system,Research and development, production and sales of electric vehicle auxiliary systems such as electric steering systems, electric braking systems, power generation systems, and power conversion systems; and research and development, production and sales of other lithium battery products and related products. R&D, production and sales of positive and negative materials for lithium batteries, electrolytes, separator paper, etc.; R&D, production and sales of recycling and reuse of waste lithium batteries. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments).

Funeng Technology has no associated relationship with the company and its controlling shareholders, actual controllers, directors, supervisors and senior managers.

Funeng Technology has a good operating and financial status, and has a good reputation and contract performance capability. Upon inquiry, Funeng Technology is not a dishonest person subject to execution.

**Ⅲ. Main Contents of the Strategic Cooperation Agreement**

**(1) Cooperation content**

The "waste power batteries and waste" mentioned in the following clauses refers to the unqualified electric vehicle batteries (including nickel-cobalt-manganese/aluminium ternary, lithium cobalt oxide modules, single excluding lead-acid batteries), and battery wastes such as batteries and waste pole pieces that are scrapped due to other reasons.

1. On a global scale, the decommissioned/used power batteries and waste generated by Party A's global supply chain shall be delivered to Party B for disposal by Party A and Party B according to market conditions and prices agreed by both parties. Party B is responsible for recycling, dismantling, disposal and utilization.

In accordance with the requirements of global green supply chain management, and following the principles of traceability management in the whole life cycle, the source can be traced, the destination can be traced, and the nodes are controllable, implement the whole process information management of used power batteries, and realize the safe recovery, storage and green disposal of power batteries. , and provide

disposal reports on a regular basis. Through cooperation between the two parties, we will build a green management system for the full life cycle of power batteries, and form a world-class model for green recycling and utilization of power batteries to jointly meet the requirements of global new energy green management.

2. Through green recycling technology, Party B conducts green extraction of nickel, cobalt, manganese and other metals in waste batteries and wastes delivered by Party A, and produces battery-grade nickel, cobalt, manganese sulfate, ternary precursors or positive electrode materials.

3. Both parties discuss the cooperation model of "waste for raw materials", that is, Party A delivers waste batteries and battery waste to Party B, and Party B conducts green extraction of nickel, cobalt, manganese and other metals through green treatment of waste batteries and wastes delivered by Party A. And produce battery-grade nickel, cobalt, manganese sulfate, ternary precursor or positive electrode material, and deliver it to Party A as the raw material for Party A's battery production.

4. Both parties actively promote the technical cooperation of raw materials and the strategic cooperation of supply chain to meet the technical and cost challenges of global new energy materials.

5. The two sides agree to rely on each other's innovation platforms to carry out research on innovative projects such as waste batteries, battery waste recycling, ternary precursors and ternary materials, use each other's advantages to build innovation platforms, and jointly strive for and carry out national, provincial and municipal innovations Entrepreneurship and other projects, jointly explore the recycling mode of retired power batteries on a global scale, and jointly promote the technological progress of ternary precursors and ternary materials.

6. The two sides agree to establish a high-level strategic cooperation promotion consultation mechanism, designate a special person to connect, regular high-level consultations, smooth communication and circulation, and build a strategic cooperation system for joint construction, sharing and win-win results.

7. The two sides agree to further deepen cooperation, actively explore various strategic cooperation in recycling system, technology system, capital system, material supply and resource combination, so as to jointly cope with the challenges of global new energy on cost, resources and capital, and jointly create a competitive global market. power supply chain and value chain.

8. Both parties A and B recognize each other as strategic partners on a global scale, and actively promote each other to jointly build a good global brand and reputation for both parties.

9. This agreement is a framework agreement. For specific cooperation under the framework agreement, the two parties shall sign the corresponding cooperation agreement and other relevant agreements after negotiating separately according to the actual situation of the specific project and relevant laws and regulations.

**(2) Relevant agreements on cooperation period and agreement renewal**

1. This agreement will come into effect after it is signed by the legal representatives of both parties or their authorized representatives and stamped with the official seal or special contract seal, and is valid for five years. During the validity period, if both parties have not reached an agreement on specific cooperation, this 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, they can sign a renewal agreement with mutual consent. The termination of this agreement does not affect the validity and performance of the agreement on the specific projects that have been carried out by both parties prior to the termination.

2. Based on the strategic cooperative relationship, under the same conditions, both parties will give priority to the other party as the partner when carrying out relevant specific business.

**Ⅳ.The impact on the company**

Funeng Technology is a provider of overall technical solutions for new energy vehicle power battery systems and a manufacturer of high-performance power battery systems. It provides overall power battery solutions for new energy vehicle companies, and has become one of the world's leading companies in ternary soft pack power batteries. GEM is the world's core enterprise for the recovery of nickel, cobalt, lithium and other resources, the recycling of power batteries and the manufacture of ternary precursor materials. The company's core products, nickel chemical raw materials and high-nickel ternary precursors, represent the world's high-quality products and are world-leading green low carbon enterprise.

Under the general trend that the global new energy power ternary battery is rapidly developing in the direction of high nickel and low cost, the two parties have launched the directional recycling of retired power batteries, battery waste and scrap

nickel and cobalt resources, which will become a strategy to ensure the raw materials such as nickel and cobalt of both parties. Safe and effective way.

GEM is an advanced enterprise with three elements of "recycling system, cascade utilization and resource utilization" in the global power battery recycling industry chain. It can implement nationwide effective recycling, cascade utilization and complete resource utilization for power batteries, and has built a The world's advanced new energy full life cycle value chain model of "power battery recycling - cascade utilization - raw material re-manufacturing - material re-manufacturing - power battery pack re-manufacturing" has built the world's most advanced waste battery comprehensive utilization factory, which can recycle waste power batteries " Eat dry and squeeze clean” to realize the recycling of nickel and cobalt resources. Among the 27 companies issued by the Ministry of Industry and Information Technology that meet the "Industry Standard Conditions for Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles", GEM occupies three companies, ranking first in the country.

This time, the company and Funeng Technology signed a strategic cooperation framework agreement on the green treatment industry chain of waste power batteries and battery waste. Through the cooperation between the two parties in resources, recycling, technology and market chain, the directional recycling and reuse of resources such as nickel and cobalt are realized, and the in-depth cooperation relationship between power battery recycling and directional recycling of resources such as nickel and cobalt is established to promote The low-carbon emission of power batteries reaches the standard, which promotes the national carbon peaking and carbon neutral strategy, which is conducive to the company's construction of a global power battery full life of "power battery recycling - nickel-cobalt lithium battery raw material recycling - battery material recycling - power battery recycling". Periodic value chain and global green supply chain of nickel and cobalt products, explore a model model for the green development of the global new energy industry, build a strategic cooperation system for co-construction, sharing and win-win, jointly create a globally competitive supply chain and value chain, and realize economic benefits The coordinated development with social benefits will continuously consolidate the company's core position in the global new energy industry chain, enhance the company's global industry influence, and further enhance the company's core

competitiveness and sustainable profitability.In the future, GEM will focus on the directional circulation mode of new energy key nickel-cobalt and other raw materials to promote the company's direct cooperation with new energy battery factories and new energy vehicle factories, and continuously improve GEM's market for power battery recycling and nickel-cobalt-lithium resource recycling. Share, comprehensively consolidate the company's core position in the global new energy materials industry, and promote the low-carbon development of power batteries in the world.

The signing of this strategic cooperation agreement will not have any 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. Business development will have a positive impact.

## Ⅴ. Risk Warning

The strategic cooperation framework and agreement signed this time belong to the framework and intentional agreement of cooperation willingness and basic principles. It is affected by factors such as the specific implementation progress and project situation, and there are uncertainties. If a formal cooperation agreement is signed between the two parties in the future, the company will Perform review procedures in strict accordance with the requirements of laws and regulations, and perform information disclosure obligations 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 NCA Precursor, Sulfate and Metal Powder Project Cooperation" signed by the company and South Korea's ECOPRO; Memorandum of Understanding"; "Memorandum of Understanding (MOU) for the Supply of NCM8 Series and 9 Series Power Battery High Nickel Precursor Materials" signed by the company and South Korea's ECOPRO BM;Fuan Qingmei Energy Materials Co., Ltd., a subsidiary of the company, signed the Memorandum of Understanding (MOU) related to the investment agreement on high-nickel precursor materials for power batteries with South Korea's ECOPRO; (NCA&NCM) 2021-2023 Memorandum of Supply (MOU)"; the company's subsidiaries Jingmen GEM New

Materials Co., Ltd. and Ningbo Bangpu Times New Energy Co., Ltd., Hong Kong Bangpu Recycling Technology Co., Ltd., Yongqing Technology Co., Ltd., "The Memorandum of PT. QMB NEW ENERGY MATERIALS" signed by Xinzhan International Holdings Co., Ltd. and PT. Indonesia Morowali Industrial Park; Investment Framework Agreement for Circular Economy Industrial Park and other projects; the "Framework Agreement on Cooperative Construction of Ternary Power Battery Materials Project" signed by Jingmen GEM New Materials Co., Ltd., a wholly-owned subsidiary of the company, and Yongqing Technology Co., Ltd.;The company and its wholly-owned subsidiary Jingmen GEM New Materials Co., Ltd. and Hunan Bangpu Recycling Technology Co., Ltd., Guangdong Bangpu Recycling Technology Co., Ltd., and Foshan Sanshui Bangpu Resource Recycling Co., Ltd. signed the "Ternary Precursor Strategic Cooperation Framework" Agreement”; the “Strategic Cooperation Framework Agreement” signed by the company and Hubei Changjiang Industrial Investment Group Co., Ltd.; fulfill.

2. On June 7, 2021, the company disclosed the "Pre-Disclosure on the Controlling Shareholders, Persons Acting in Concert, Actual Controllers and Some Directors, Supervisors and Senior Management" on the website of cninfo.com.cn Announcement (Announcement No.: 2021-057), the controlling shareholder Shenzhen Huifengyuan Investment Co., Ltd. and the concerted action person Fengcheng Xinyuanxing New Materials Co., Ltd., the actual controllers Xu Kaihua, and Wang Min plan to conduct centralized bidding or block transactions. The reduction does not exceed 1.4763% of the company's total shares held by the company. Supervisors of the company Mr. Zhou Bo, Ms. Wang Jian, senior executives Mr. Song Wanxiang, Mr. Ouyang Mingzhi, Mr. Lu Xijin, Mr. Zhang Aiqing, Mu Menggang Mr. intends to reduce his holdings of no more than 25% of the company's total shares through centralized bidding. The reduction plan of the above-mentioned personnel shall be carried out within 6 months after 15 trading days from the disclosure date of the pre-disclosure announcement. As of the date of this announcement, the company has not received any notice from other directors, supervisors and senior executives who plan to reduce their shareholdings in the company within the next three months.

3. On July 14, 2021, the company disclosed the "Announcement on the Completion of the Implementation of the Share Reduction Plan for Some Supervisors

and Senior Executives" (Announcement No.: 2021-064) on the website of www.cninfo.com.cn ), as of July 13, 2021, the company's supervisors, Mr. Zhou Bo, Ms. Wang Jian, and senior management personnel, Mr. Song Wanxiang, Mr. Ouyang Mingzhi, Mr. Lu Xijin, Mr. Zhang Aiqing, and Mr. Mu Menggang's shareholding reduction plans have been disclosed in advance. Implementation is complete.

4. In the next three months, the company will not have any controlling shareholders, shareholders holding more than 5% of the shares, and the restricted shares held by directors, supervisors, and senior executives will be released from restricted sales.

**Ⅶ. Documents available for inspection**

The "Strategic Cooperation Framework Agreement on the Construction of an Industrial Chain for Green Treatment of Waste Power Batteries and Battery Waste" signed by both parties.

Special announcement

Board of Directors of GEM Co., Ltd.

August 18, 2021