

## GEM Co., Ltd.

# About the signing of the 2021-2023 supply of high-nickel precursors (NCA and NCM) for power batteries with South Korea's ECOPRO BM Announcement of the memorandum

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:

The memorandum signed this time belongs to the framework, intention and preliminary agreement of the willingness and basic principles of further cooperation between the two parties. It is affected by factors such as the specific implementation progress, and there are still uncertainties. Investors are advised to make decisions with caution and pay attention to investment risks.

### I. Overview

In order to ensure the implementation of the production and sales targets of GEM Co., Ltd. (hereinafter referred to as the "Company", "GEM") high-nickel precursors in 2021-2023 and the expectation of locking in orders, the company and South Korea's ECOPRO Co., Ltd. subsidiary ECOPRO BM CO., LTD. (hereinafter "ECOPRO BM" for short) recently signed a memorandum of understanding (MOU) on the supply of NCA&NCM high nickel precursor materials for new energy power batteries from

2021 to 2023. According to the memorandum, the company will supply a total of no less than 176,000 tons of NCA&NCM high nickel ternary precursor materials to ECOPRO BM from 2021 to 2023.

According to the "Articles of Association" and other relevant regulations, the memorandum 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 memorandum does not constitute a related party transaction, nor does it constitute a major asset reorganization as stipulated in the "Administrative Measures for Major Asset Restructuring of Listed Companies", which does not require approval from relevant departments.

## **2. Introduction of partners**

ECOPRO BM is a subsidiary of Korea ECOPRO Co., Ltd. (hereinafter referred to as "ECOPRO"). ECOPRO is a company established and existing under the laws of the Republic of Korea. Its main products are power battery cathode materials such as NCA and NCM. At present, it is a global core high-nickel cathode material manufacturer, and an external core supplier of high-nickel cathode materials for global core battery factories such as Samsung SDI.

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

ECOPRO BM is in good operating and financial condition, with good reputation and performance.

### **3. The core content of the memorandum**

1. Target: high nickel precursor (NCA & NCM).
2. Supply quantity: From 2021 to 2023, the total amount shall not be less than 176,000 tons. Among them, it will not be less than 30,000 tons in 2021, 73,000 tons in 2022, and maintain growth on the basis of ensuring 73,000 tons in 2023, subject to subsequent purchase contracts.
3. Pricing method: Based on LME and MB prices, the pricing model for the second half of the year is determined in June and December each year, and the final contract shall prevail.

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

ECOPRO is a global core high-nickel cathode material manufacturer and an external core supplier of high-nickel cathode materials for global core battery

factories such as Samsung SDI. GEM is the world's leading enterprise in the research and manufacture of ternary precursor materials. The company's core product, high-nickel ternary precursor, has become the world's representative of high-quality products, and high-nickel and single crystal ternary precursor materials have become the world's new energy power battery ternary materials. of high-quality key raw materials, established the recycling of power batteries,The complete core system of "chemical raw material system + precursor manufacturing system" from the manufacture of cobalt and nickel raw materials to the manufacture of NCA&NCM ternary precursor materials, the mainstream supply of SAMSUNG SDI, ECOPRO, CATL, LGC, Rongbai Technology, Xiamen Tungsten Industry and other global industry mainstream enterprise. GEM's world-class high-quality customer base, technology and world-class product quality demonstrate GEM's global core competitiveness.

NCM and NCA high-nickel ternary precursor materials are the latest generation of high-nickel precursor materials for ternary power batteries. The signing of this memorandum will effectively promote the large-scale expansion of the company's NCM and NCA high-nickel ternary precursor materials manufacturing capacity. The implementation of the company's ternary precursor production and sales of 100,000 tons in 2021 and 400,000 tons of production and sales in 2025 provides a strong international market guarantee, further establishing the company's core position in the global market for high-nickel ternary precursor materials, and greatly enhancing the company's As well as the global market share of NCM high nickel and NCA ternary materials of both parties, it will help the company to build the world's core manufacturing base for power battery raw materials and high nickel ternary precursor materials, and to open a new situation and achieve in 2021 and the "14th Five-Year Plan". High performance growth has laid a solid foundation. At the same time, the memorandum of cooperation signed with ECOPRO BM this time demonstrates the company's technical status and quality brand status in high-nickel NCM and NCA precursor materials. The high-end power battery market plays a positive role in promoting the company's power battery material business profitability and global core competitiveness.

## **V. Risk Warning**

This memorandum is a framework and intentional agreement on cooperation willingness and basic principles. It is affected by factors such as the specific

implementation progress and project situation, and there are uncertainties. If the two parties have signed a formal cooperation agreement, the company will strictly follow the laws and regulations. Perform review procedures , 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 Memorandum of Supply (MOU) for 2021-2023 of High Nickel Precursors for ECOPRO&GEM Power Batteries (NCA&NCM) signed by both parties.

Special announcement

Board of Directors of GEM Co., Ltd.

April 15, 2021