

## GEM Co., Ltd.

# Announcement on the signing of a strategic supply cooperation framework agreement for ternary precursors and cobalt tetroxide between the subsidiary company and Xiamen Tungsten New Energy

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 results this year.

### **I. Overview**

With the aggravation of global environmental pollution, oil crisis and other problems, all countries in the world attach great importance to the development of new energy vehicles with low pollution and low dependence on oil. The new energy vehicle industry is becoming the main industry leading the world's green development. As one of the power battery materials, the material has broad market prospects. At the same time, under the background of 5G commercialization, the global and my

country's 3C electronics and new energy vehicle production and sales have increased, driving the demand for lithium-ion batteries to rise, which in turn has led to the continuous expansion of the cobalt tetroxide market. In order to carry out the combination and cooperation of technology, production capacity and market resources of ternary cathode material precursors and cobalt tetroxide, and construct a common value chain, recently, GEM Co., Ltd. (hereinafter referred to as "the company" or "GEM") wholly-owned subsidiary Jingmen City GEM New Materials Co., Ltd. (hereinafter referred to as "Jingmen GEM" or "Party B") and Xiamen Xia Tungsten New Energy Materials Co., Ltd. (hereinafter referred to as "Xia Tungsten New Energy" or "Party A") signed the "About Energy Materials Co., Ltd. and Jingmen GEM New Materials Co., Ltd. Strategic Supply Cooperation Framework Agreement for Ternary Precursors and Cobalt Tetroxide(hereinafter referred to as the "Strategic Supply Cooperation Framework Agreement"), both parties agreed that the signing of the Strategic Supply Cooperation Framework Agreement to construct a common value chain is in line with the strategic interests of the development of both parties and in line with the strategic needs of the Chinese market and the international market. From the date of signing the agreement to December 31, 2023, Party B expects to supply Party A with ternary precursor products of about 15,000-35,000 tons per year, and cobalt tetroxide products of about 5,000-15,000 tons per year. Form a long-term and stable cooperative relationship.

According to the "Articles of Association" and other relevant regulations, the strategic supply cooperation framework agreement signed this time does not need to be submitted to the board of directors and the general meeting of shareholders for deliberation and approval. The strategic supply 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: Xiamen Xia Tungsten New Energy Materials Co., Ltd.

Legal representative: Yang Jinhong

Registered capital: RMB 251,572,267

Date of establishment: December 20, 2016

Registered address: One of No. 300 Kejingshe, Xiamen Area, China (Fujian)  
Pilot Free Trade Zone

Business scope: manufacturing of electronic components and components (research and development, manufacturing and sales of lithium battery materials and their accessories); new material technology promotion services; engineering and technology research and experimental development; import and export of various commodities and technologies (not attached). Catalogue of Import and Export Commodities), except for the commodities and technologies that are restricted or prohibited from import and export by the state; the export business of the company's self-produced products and the import business of the machinery and equipment, spare parts, and raw and auxiliary materials required by the company (not A catalogue of import and export commodities is attached), However, except for commodities and technologies that the state restricts companies to operate or prohibits import and export; other unlisted manufacturing industries (excluding items subject to license approval); other unlisted technology promotion and application service industries.

Xiamen Tungsten New Energy has no associated relationship with the company and its controlling shareholders, actual controllers, directors, supervisors and senior managers.

Xiamen Tungsten New Energy has a sound operating and financial status, and has a good reputation and performance capability. Upon inquiry, Xiamen Tungsten New Energy is not a dishonest person subject to enforcement.

### **III. The main content of the agreement**

#### **(1) Fields of cooperation between the two parties**

1. Mineral resource development: The two parties agree to cooperate in upstream mineral resources, jointly seek high-quality mineral resources such as nickel, cobalt, manganese and other high-quality mineral resources for cooperative development, obtain advantageous resources, drive in-depth cooperation in upstream and downstream business and technology of the industrial chain, and ensure stable supply performance and cost advantages.

2. Product supply and marketing: Party A and Party B will establish a long-term supply and marketing relationship for products such as cobalt tetroxide and ternary precursors. Party A shall give priority to Party B as its supplier, and Party B shall

guarantee Party A's product demand and supply in quantity.

3. Product processing: Party A and Party B will cooperate on the processing of cobalt tetroxide, ternary precursors and other products.

4. New product development: Both parties A and B shall establish a product development communication mechanism, A communicates the new product development needs to Party B, and Party B develops according to the needs of Party A, and the specific requirements shall be implemented in accordance with the confidentiality agreement signed by both parties.

5. Information cooperation: establish an effective communication mechanism to transmit relevant information of domestic and foreign industries to each other, and exchange information.

## **(2) Cooperation methods**

1. In the spirit of strategic cooperation, both parties will carry out long-term and stable cooperation in product supply, sales and processing, and strive to balance monthly purchases and sales. From the date of signing the agreement to December 31, 2023, both parties expect the supply and demand of ternary precursor products to be about 15,000-35,000 tons per year, and the supply and demand of cobalt tetroxide products to be about 5,000-15,000 tons per year.

2. In the follow-up cooperation, both parties will sign the purchase and sale contract, processing contract, purchase and sale order, etc., to further clarify the rights and responsibilities of all parties. Both Party A and Party B shall strictly abide by the relevant contractual stipulations and safeguard each other's legitimate rights and interests.

3. Both parties shall jointly establish a market risk early warning, prevention and disposal mechanism to protect the interests of both parties to the greatest extent.

## **IV.The impact on the company**

Xiamen Tungsten New Energy is a leading enterprise in the domestic new energy material industry and an important manufacturer of cathode materials for lithium-ion batteries in the world. Xiamen Tungsten New Energy now has 4 wholly-owned and holding subsidiaries and 1 new energy materials research institute. Its products cover a full range of new energy materials such as lithium cobalt oxide, ternary materials, precursors, etc., and actively develop new energy materials for the next generation, and widely serve well-known domestic and foreign battery customers

such as Panasonic, Samsung, ATL, BYD, and market share. The rate ranks among the best in the same industry, and has created 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, the company has implemented the goal of promoting carbon peaking and carbon neutrality by mining urban mines and developing new energy materials, establishing a resource recycling model and a clean energy material model, and has become the world's leading supplier of nickel, cobalt, lithium and other resource recovery, 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 high-quality products and are the world's advanced green and low-carbon enterprises.

In the context of the rapid development of the new energy industry, Jingmen GEM, a subsidiary of the company, and Xiamen Tungsten New Energy signed a strategic supply cooperation framework agreement, which is conducive to building a common value chain with the help of the resource advantages of both parties in technology, production capacity and market, which is in line with the company's strategic layout in the field of ternary cathode material precursors and cobalt tetroxide. It is conducive to accelerating the formation of a "Jingmen + Fuan + Taixing" ternary precursor manufacturing base with one main and two pairs, and the realization of ternary precursors by the end of 2021. More than 200,000 tons / The goal of total annual production capacity is to effectively implement the company's strategic goal of producing and selling 400,000 tons/year of ternary precursor materials and 35,000 tons/year of cobalt tetroxide proposed in the 14th Five-Year Plan, and consolidate the company's core enterprise status and core in the world's new energy materials industry. Competitiveness, enhance the company's global industry influence, and further enhance the company's core competitiveness and sustainable profitability, in the interests of the majority of investors. It will help the company to build a world-class low-carbon industry, take the lead in implementing carbon neutrality in 2030, and promote the smooth realization of the national dual-carbon strategy.

The signing of this strategic supply cooperation framework 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. Development will have a positive impact.

## **V. Risk Warning**

The strategic supply cooperation framework agreement signed this time is a framework and intentional agreement on cooperation will and basic principles. The specific cooperation under the framework agreement will be further clarified in the relevant formal cooperation agreements, purchase orders and other documents signed by both parties. Uncertainty, 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"; the "Memorandum of Understanding (MOU) for the Supply of High Nickel Precursor Materials for Power Batteries NCM8 Series and 9 Series" signed by the company and South Korea's ECOPRO BM; The Memorandum of Understanding (MOU) related to the Investment Agreement on High Nickel Precursor Materials for Batteries; the Memorandum of Understanding (MOU) for the 2021-2023 Supply of High Nickel Precursors for ECOPRO&GEM Power Batteries (NCA&NCM) signed by the company and South Korea's ECOPRO BM; 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"; "Framework Agreement on Cooperation in the 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.; Its wholly-owned subsidiary, Jingmen GEM New Materials Co., Ltd., signed the "Strategic Cooperation Framework Agreement on Ternary Precursors" with Hunan Bangpu Recycling Technology Co., Ltd., Guangdong Bangpu Recycling Technology Co., Ltd., and Foshan Sanshui Bangpu Resource Recycling Co., Ltd. ; "Memorandum of cooperation on the directional recycling of 10,000 tons of recycled nickel products" signed by the company and Huizhou Yiwei Lithium Energy Co., Ltd.; "About the

Construction of Waste Power Batteries and Battery Waste Green Processing Industry" signed by the company and Funeng Technology (Ganzhou) Co., Ltd. Chain of Strategic Cooperation Framework Agreement"; "ECOPRO BM & GEM Power Battery High Nickel Precursor (NCA&NCM) 2024-2026 Supply Memorandum of Understanding (MOU)" signed by the company and South Korea's ECOPRO BM company, the above agreements are all being implemented.

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](http://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., and the actual controllers Mr. Xu Kaihua and Ms. Wang Min plan to conduct centralized bidding or block transactions. The way of reducing its holdings 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, Mr. Mu Meng Gang 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](http://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. On September 17, 2021, the company disclosed the "Announcement on the Progress of the Controlling Shareholders, Persons Acting in Concert, and Actual Controllers on the Plan to Reduce More Than Half of the Shares" ([www.cninfo.com.cn](http://www.cninfo.com.cn)). Announcement No.: 2021-087), the company's controlling

shareholder Shenzhen Huifengyuan Investment Co., Ltd. and the concerted action person Fengcheng Xinyuanxing New Materials Co., Ltd., the actual controller Mr. Xu Kaihua and Ms. Wang Min pre-disclosed shareholding reduction plan The number is over half.

5. In the next three months, if the company's controlling shareholder, shareholders holding more than 5% of the shares, directors, supervisors and senior managers have any changes in their shares, the company will strictly perform the obligation of information disclosure in accordance with regulations.

#### **VII. Documents available for inspection**

The "Framework Agreement on Strategic Supply Cooperation of Ternary Precursors and Cobalt Tetroxide between Xiamen Xia Tungsten New Energy Materials Co., Ltd. and Jingmen GEM New Materials Co., Ltd." signed by both parties.

Special announcement

Board of Directors of GEM Co., Ltd

October 17, 2021