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CNGR Advanced Material Co., Ltd.

中偉新材料股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2579)

PROPOSED CHANGES IN USE OF RAISED FUNDS FROM THE H SHARE GLOBAL OFFERING

Reference is made to (i) the prospectus (the “**Prospectus**”) of CNGR Advanced Material Co., Ltd. (中偉新材料股份有限公司) (the “**Company**”) dated November 7, 2025 in relation to the listing of the H shares (the “**H Shares**”) of the Company on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Global Offering (the “**Global Offering**”); (ii) the announcement of final Offer Price and allotment results of the Company dated November 16, 2025 (the “**Allotment Results Announcement**”); and (iii) the announcement of the Company dated December 12, 2025 in relation to the stabilizing actions, end of the stabilization period and lapse of the Over-allotment Option. Unless the context otherwise requires, terms used in this announcement shall bear the same meanings as those defined in the Prospectus.

BASIC INFORMATION OF THE USE OF PROCEEDS FROM THE H SHARE GLOBAL OFFERING

The Company issued 104,225,400 H Shares at the final Offer Price of HK\$34.00 per H Share, and the H Shares commenced trading on the Main Board of the Hong Kong Stock Exchange on November 17, 2025. The gross proceeds from the Global Offering amounted to approximately HK\$3,543.7 million; after deducting underwriting commissions and other related expenses, the net proceeds from the Global Offering amounted to approximately HK\$3,432.6 million (the “**proceeds from the H Share Global Offering**”). The Over-allotment Option was not exercised and lapsed on December 12, 2025, and accordingly, the Company did not issue any H Shares pursuant to the Over-allotment Option.

As of June 30, 2026, the Company had cumulatively utilized approximately HK\$1,665.8 million of the proceeds from the H Share Global Offering, and the remaining unutilized proceeds amounted to approximately HK\$1,766.8 million, details of which are set out below:

Use of funds	Percentage of intended use of net proceeds (%)	Breakdown of Uses	Total amount (In HK\$ millions)	Amount utilized as of June 30, 2026 (In HK\$ millions)	Amount unutilized as of June 30, 2026 (In HK\$ millions)
Expand production and supply chain capabilities	35.0%	Establishment of phase I project of our South Korea production base to expand our nickel-based materials production capacity	1,201.4	–	1,201.4
Expand production and supply chain capabilities	15.0%	Construction and exploitation of the phosphate mine in Kaiyang, Guizhou, PRC	514.9	349.0	165.9
Expand production and supply chain capabilities	50.0%	Subtotal	1,716.3	349.0	1,367.3
R&D of new energy battery materials and advancement of digitalization ^{Note}	25.0%	R&D of new energy battery materials	858.2	858.2	–
R&D of new energy battery materials and advancement of digitalization ^{Note}	15.0%	Advancing digitalization across our integrated operations	514.8	115.2	399.6
R&D of new energy battery materials and advancement of digitalization ^{Note}	40.0%	Subtotal	1,373.0	973.4	399.6
Working capital and other general corporate purposes	10.0%	–	343.3	343.3	–
Total	100.0%	Total	3,432.6	1,665.8	1,766.8

Note: The net proceeds have been utilized in advance attributable to adjustments made to the project construction schedule. Any discrepancies in the above table between the total amount and the sum of the individual amounts are due to rounding.

PROPOSED CHANGES IN USE OF PROCEEDS FROM THE H SHARE GLOBAL OFFERING

As disclosed in the Prospectus, based on the Offer Price of HK\$35.90 per H Share (being the mid-point of the Offer Price range stated in the Prospectus), the Company originally expected to apply approximately 35.0% of the net proceeds from the H Share Global Offering, or HK\$1,269.8 million, to the establishment of the phase I project of the South Korea production base for expanding nickel-based material production capacity (the “**South Korea Phase I Project**”). Based on the final net proceeds from the H Share Global Offering calculated on the same pro rata basis, the South Korea Phase I Project was actually allocated approximately HK\$1,201.4 million.

The Board proposes to adjust the intended use of proceeds from the H Share Global Offering, and to reallocate HK\$438.3 million from the original HK\$1,201.4 million allocated to the South Korea Phase I Project to the construction and exploitation of the phosphate mine project in Kaiyang, Guizhou, PRC (“**the Kaiyang Phosphate Mine Project**”), HK\$143.1 million to the newly raised investment project, stage 1 of phase-III of Phosphorus-based Integrated Industrial Project, HK\$238.5 million to the stage 2 of phase-III of Phosphorus-based Integrated Industrial Project, and HK\$381.5 million to the stage 3 of phase-III of Phosphorus-based Integrated Industrial Project (stages 1 to 3 of phase-III of Phosphorus-based Integrated Industrial Project are collectively referred to as the “**Phase-III of Phosphorus-Based Integrated Industrial Project**”) (“**Proposed Changes in Use of Proceeds from the H Share Global Offering**”).

Details of the Proposed Changes in Use of Proceeds from the H Share Global Offering are set out below:

Use of funds	Breakdown of Uses	Original intended use of the net proceeds as set out in the Prospectus		Amount unutilized as of June 30, 2026		Proposed adjustment amount	Proposed adjustment details	Allocation of the net proceeds following the change in the use of proceeds from the H Share Global Offering		Amount unutilized after the change	Expected timeline for the utilization of the remaining unutilized amount
		Amount (In HK\$ millions)	Percentage (%)	(In HK\$ millions)	(In HK\$ millions)			Amount (In HK\$ millions)	Percentage (%)		
Expand production and supply chain capabilities	Establishment of phase I project of the South Korea production base to expand the nickel-based materials production capacity	1,201.4	35%	1,201.4	(1,201.4)		Proposed adjustment to construction and exploitation of the phosphate mine in Kaiyang, Guizhou, PRC and Phase-III of Phosphorus-based Integrated Industrial Project	0	0%	0	–
Expand production and supply chain capabilities	Construction and exploitation of the phosphate mine in Kaiyang, Guizhou, PRC	514.9	15%	165.9	438.3		Adjusted from the establishment of South Korea Phase I Project to this Project	953.2	27.8%	604.2	By the end of 2029
Expand production and supply chain capabilities	Stage 1 of Phase-III of Phosphorus-based Integrated Industrial Project	0	0%	0	143.1		Adjusted from the establishment of South Korea Phase I Project to this Project	143.1	4.2%	143.1	By the end of 2027
Expand production and supply chain capabilities	Stage 2 of Phase-III of Phosphorus-based Integrated Industrial Project	0	0%	0	238.5		Adjusted from the establishment of South Korea Phase I Project to this Project	238.5	6.9%	238.5	By the end of 2028

Use of funds	Breakdown of Uses	Original intended use of the net proceeds as set out in the Prospectus		Allocation of the net proceeds following the change in the use of proceeds from the H Share Global Offering					Amount unutilized after the change (In HK\$ millions)	Expected timeline for the utilization of the remaining unutilized amount
		Amount (In HK\$ millions)	Percentage (%)	Amount as of June 30, 2026 (In HK\$ millions)	Proposed adjustment amount (In HK\$ millions)	Proposed adjustment details	Amount (In HK\$ millions)	Percentage (%)		
Expand production and supply chain capabilities	Stage 3 of Phase-III of Phosphorus-based Integrated Industrial Project	0	0%	0	381.5	Adjusted from the establishment of South Korea Phase I Project to this Project	381.5	11.1%	381.5	By the end of 2027
Expand production and supply chain capabilities	Subtotal	1,716.3	50%	1,367.3	-	-	1,716.3	50%	1,367.3	-
R&D of new energy battery materials and advancing digitalization	R&D of new energy battery materials	858.2	25%	0	-	-	858.2	25%	0	utilized in advance
R&D of new energy battery materials and advancing digitalization	Advancing digitalization across our integrated operations	514.8	15%	399.6	-	-	514.8	15%	399.6	By the end of 2027
R&D of new energy battery materials and advancing digitalization	Subtotal	1,373.0	40%	399.6	-	-	1,373.0	40%	399.6	-
Working capital and other general corporate purposes	-	343.3	10%	0	-	-	343.3	10%	0	utilized in advance
Total		<u>3,432.6</u>	<u>100%</u>	<u>1,766.8</u>	<u>-</u>	<u>-</u>	<u>3,432.6</u>	<u>100%</u>	<u>1,766.8</u>	<u>-</u>

Note: Any discrepancies in the above table between the total amount and the sum of the individual amounts are due to rounding.

Other surplus income arising from the proceeds from the H Share Global Offering, including interest income and exchange gains, will be applied to the Group's ordinary course.

Save as the above changes, there are no other changes in the intended use of the proceeds from the H Share Global Offering.

REASONS FOR AND BENEFITS OF THE PROPOSED CHANGES IN USE OF PROCEEDS FROM THE H SHARE GLOBAL OFFERING

Affected by structural changes in the global power battery industry, the power battery market has presented a growth landscape featuring coexistence of multiple technologies. Among them, ternary materials, leveraging their superior energy density advantages, have firmly occupied the core market of power batteries for mid-to-high-end passenger vehicles, maintaining stable market demand and development space; meanwhile, phosphorus-based materials, leveraging their comprehensive competitive advantages in cost, safety and cycle life, have not only continued to penetrate the power battery field, but also benefited from the rapid development of the global energy storage industry, significantly increasing market growth potential and room for imagination. The changes in industry structure have significantly heightened the necessity and urgency of the Company's construction of its phosphorus-based integrated projects.

According to industry data for the first half of 2026 released by SNE Research, the global total installed capacity of power batteries maintained steady growth overall, and the market increment showed a complementary growth trend between lithium iron phosphate batteries and ternary batteries, with lithium iron phosphate batteries becoming the core contributor to the market increment, reflecting an evident trend of diversified technology development in the industry. The Company's previously planned new ternary precursor project in South Korea mainly served Korean battery manufacturer customers, with the end market focusing on the mid-to-high-end automotive sector in Europe and the United States. In recent years, the global power battery industry landscape has been reshaped at an accelerated pace, competition among global battery enterprises has become white-hot, the global vehicle installation market share of Korean battery manufacturers has declined, the growth elasticity of end customers has narrowed, and uncertainties in the project's subsequent order intake, market expansion and large-scale profitability have increased. Meanwhile, continuous changes in policies, trade and industrial competition environment in overseas regional markets have resulted in relatively constrained investment return efficiency and implementation flexibility of the South Korea Phase I Project. Based on the principles of prudent operation and value maximization, in order to optimize the Company's overall investment layout and focus on tracks with high certainty and high growth, the Company decided not to proceed with this new ternary precursor project in South Korea for the time being. It should be noted that this project adjustment is only an optimization of regional production capacity layout and does not affect the overall development of the Company's ternary material business. Leveraging its mature technology accumulation and stable global customer resources, the Company will continue to solidify its market share in mid-to-high-end ternary materials and achieve steady business growth.

At present, the application scenarios of lithium iron phosphate materials in both domestic and overseas markets have continued to expand. In addition to the mass-market power battery scenarios, the global energy storage industry has continued to rise in prosperity, driving rapid growth in demand for overseas phosphorus-based materials. According to data from the China Automotive Power Battery Industry Innovation Alliance, the export growth rate of lithium iron phosphate power batteries in the first half of 2026 significantly increased, with a rapid penetration momentum in overseas markets. The industry generally expects that by 2030, the global demand for lithium iron phosphate materials in the power and energy storage fields will continue to expand. The Company adheres to a diversified technology and product layout

route. On the basis of consolidating its advantages in the mid-to-high-end ternary materials market and ensuring the steady growth of the ternary business, the Company plans to newly deploy lithium iron phosphate production capacity, which can deeply bind major global battery enterprises in China, South Korea and other regions, rapidly enter the fast-growing global energy storage market, improve the Company's industrial layout, and enhance overall comprehensive competitiveness and profit potential.

Based on the above latest market changes, the Company considers that the market environment corresponding to the South Korea Phase I Project has changed compared with that at the time when the original use of proceeds plan for the Global Offering was formulated, and therefore decided not to advance the South Korea Phase I Project at the current stage.

The Company has always adhered to the strategic layout of coordinated development of four series of new energy materials, namely nickel, cobalt, phosphorus and sodium, and has continuously promoted the coordinated development of different material systems. On the basis of maintaining a globally leading market position in nickel-series and cobalt-series precursors, the Company is actively expanding its phosphorus-series and sodium-series new energy materials businesses. This change in the use of proceeds from the H Share Global Offering does not alter the Group's long-term development strategy and the development direction of its nickel-series materials business. Rather, it is an adjustment made by the Company to the current allocation of proceeds and the priority of capital investment after comprehensively considering the current market environment, industry development trends and the actual construction progress of different projects.

The Guizhou region is rich in phosphate rock resources. Deploying the funds to the Kaiyang phosphate rock development and downstream iron phosphate and lithium iron phosphate projects will help the Company further improve its integrated industrial chain from upstream phosphate rock resource development and phosphorus chemical industry to the production of phosphorus-based new energy materials, enhance the capability to secure phosphorus resources and the synergies across the industrial chain, and further strengthen the cost competitiveness of phosphorus-based materials. Therefore, this change in the use of proceeds from the H share Global Offering is in line with the Company's industrial ecosystem strategy of "resource development — intelligent material manufacturing — global recycling".

The "Phase-III of Phosphorus-based Integrated Industrial Project" is a further construction project of the Group's existing phosphorus-based new energy materials industrial chain. According to the current plan, the project comprises three concurrently advancing projects located in Guizhou that are under construction, among which: (i) the first phase mainly involves the construction of lithium iron phosphate production facilities using the "iron red process" production process, which are expected to be completed and commence production in 2027, with new annual production capacity of approximately 50,000 tonnes upon completion; (ii) the second phase mainly involves the construction of lithium iron phosphate production facilities using the "iron phosphate process" production process, which are expected to be completed and commence production in 2028, with new annual production capacity of approximately 150,000 tonnes upon completion; and (iii) the third phase mainly involves the construction of iron phosphate production facilities, which are expected to be completed and commence production in 2027, with new annual production capacity of approximately 200,000 tonnes upon completion. The above three phases complement each other and advance in a

coordinated manner, which can not only achieve internal synergetic supply between upstream raw materials (iron phosphate) and downstream cathode materials (lithium iron phosphate) to reduce production costs, but also enrich the product matrix and enhance overall risk resistance capability through the combination of different process routes.

In the first half of 2026, the Company's iron phosphate products achieved full production and full sales, with total output of 96,000 tonnes. According to statistics from ICC Xinluo Information (ICC 鑫羅資訊), in the first half of 2026, the Company's shipment volume ranked first in the external sales market after excluding the industry's captive usage, and net profit turned from loss to profit. Compared with the relatively long construction and ramp-up cycles of overseas ternary projects, the domestic phosphorus-based integrated projects already possess a certain industrial foundation, and the relevant market demand and project implementation path are relatively clear. Taking into comprehensive consideration the current market environment, market demand, project construction progress and expected returns, the Company believes that giving priority to investing in construction and exploitation of the phosphate mine in Kaiyang, Guizhou, PRC and phosphorus-based integrated industry projects at the current stage has high certainty of project implementation, which is conducive to accelerating project construction and enhancing the efficiency of the use of proceeds.

Based on the above factors, the Company plans to prioritize the allocation of the proceeds from the H share Global Offering to projects with higher certainty at the current stage, stronger industrial synergy effects and more significant capital efficiency. The Company believes that the change in the use of proceeds from the H Share Global Offering is conducive to the Company's timely optimization of capital allocation in response to changes in the external environment, while maintaining the long-term strategic layout of nickel, cobalt, phosphorus and sodium four-series materials, further enhancing the overall efficiency and effectiveness of the use of proceeds raised, and maximizing the value of the proceeds raised.

IMPACT OF THE PROPOSED CHANGES IN USE OF PROCEEDS FROM THE H SHARE GLOBAL OFFERING ON THE COMPANY

The intended use of the proceeds from the H Share Offering as disclosed in the Prospectus was formulated based on the Group's best estimate of the prevailing and future market conditions as at the last practicable date of the Prospectus. Therefore, the Board assesses from time to time the development trends of global and local economic conditions to determine the most effective use of the net proceeds. The change in the use of proceeds from the H Share Global Offering is a prudent decision made based on the actual circumstances of the Company's project investments, which can effectively optimize the Company's operating and profit structure, enable efficient and prudent use of the proceeds, and effectively safeguard the long-term interests of the Company and all shareholders.

The Board considers that there has been no material change to the substance of the Company's business as set out in the Company's H Share prospectus. The proposed change in the use of proceeds from the H Share Global Offering is fair and reasonable, beneficial to the Company's more effective use of its financial resources so as to enhance the Company's overall profitability, and in the interests of the Company and the Shareholders as a whole, and will not have any material adverse effect on the Company's existing business and operations. The Board will continue to evaluate the use plan for the unutilized proceeds from the H Share Global Offering and will revise or modify the plan when necessary to respond to the changing market environment and strive to improve the business performance of the Group.

GENERAL

Pursuant to the provisions of the Company's Articles of Association and applicable laws and regulations, the Proposed Changes in Use of Proceeds from the H Share Global Offering shall take effect only upon approval by the Shareholders by way of an ordinary resolution at a Shareholders' meeting. The above resolution of the Proposed Changes in Use of Proceeds was resolved at the Board meeting held on August 24, 2026. A circular containing, among other things, details of the Proposed Changes in Use of Proceeds from the H Share Global Offering, together with the notice of the shareholders' meeting of the Company, will be dispatched to the Shareholders in due course.

By order of the Board
CNGR Advanced Material Co., Ltd.
Mr. Deng Weiming
Chairman, Executive Director and President

Tongren, Guizhou, August 24, 2026

As at the date of this announcement, directors of the Company include: (i) Mr. Deng Weiming, Mr. Tao Wu, Mr. Liao Hengxing, Mr. Li Weihua, Mr. Liu Xingguo and Mr. Deng Jing as executive directors; and (ii) Mr. Cao Feng, Mr. Hong Yuan, Mr. Jiang Liangxing and Ms. Wong Sze Wing as independent non-executive directors.