

## CNGR Advanced Material Co., Ltd.

### Announcement of Resolution by the 32<sup>nd</sup> Session of the 1<sup>st</sup> Board of Directors

**The Company and the members of the Board of Directors hereby guarantee that the contents of the announcement are authentic, correct and complete, with no false record, misleading presentation or significant omissions.**

#### **I. Convening of the Meeting**

The 32<sup>nd</sup> session of the 1<sup>st</sup> board of directors of CNGR Advanced Material Co., Ltd. (hereinafter referred to as "the Company") was held at 10:00 a.m. on June 10, 2022 in the conference room on 15/F, Block B, Yunda Central Plaza Office Building, Changsha City, Hunan Province by means of site and communication. The notice of the meeting was sent by such means as e-mail on June 5, 2022. Seven directors were expected to attend the meeting, and totally seven directors actually attended the meeting, among whom Director Tao Wu and Director Ge Xinyu attended the meeting remotely. The meeting was presided over by Mr. Deng Weiming, Chairman of the Board of Directors. The meeting was convened in accordance with the provisions of the Company Law and the *Articles of Association* and was legal and valid.

#### **II. Deliberations at the Meeting**

**1. The Proposal on the Company's Eligibility for Issuing Shares to Specific Targets was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Administrative Measures for the Registration of the Issuance of Securities by Listed Companies on GEM (Trial)* and other relevant laws, regulations and normative documents, it is proposed to apply for issuing domestic RMB-denominated ordinary shares (A-shares) to specific targets.

This proposal has yet to be submitted to the General Meeting of Shareholders of the Company for deliberation.

## **2. The Proposal on the Company's Scheme for Issuing Shares to Specific Targets in 2022**

**was reviewed and approved item by item with 7 consents, 0 objection and 0 abstention**

### **(1) Class and par value of issued shares**

The classes of shares issued to specific targets this time are RMB-denominated ordinary shares (A-shares) listed in China, with a par value of RMB 1.00 per share.

### **(2) Issuance method and date**

This issuance adopts the method of issuing shares to specific targets. After the issuance is reviewed and approved by Shenzhen Stock Exchange (hereinafter referred to as "SZSE") and obtains the approval for registration from China Securities Regulatory Commission (hereinafter referred to as "CSRC"), the Company will issue shares within the specified validity period at an appropriate time.

### **(3) Issuance targets and subscription methods**

The issuance targets of this issuance shall not exceed 35, including securities investment fund management companies, securities companies, insurance institutional investors, trust companies, finance companies and qualified foreign institutional investors that meet the requirements of CSRC, as well as other legal persons, natural persons or other qualified investors that meet the requirements of CSRC. Securities investment fund management companies, securities companies, qualified foreign institutional investors and RMB qualified foreign institutional investors who subscribe with more than two products managed by them shall be deemed as one issuance target; trust companies that are the issuance targets can only subscribe with their own funds.

The final issuance targets shall be determined by the Board of Directors authorized by the General Meeting of Shareholders through negotiation with the Sponsor (the Lead Underwriter) of this issuance according to the bidding results and in accordance with the relevant regulations of CSRC and SZSE and the conditions stipulated in the issuance plan after being reviewed by SZSE and approved for registration by CSRC. If national laws and regulations have new provisions on the issuance targets of the shares issued to specific targets, the Company will adjust according to the new provisions.

All issuance targets of the shares issued to specific targets shall subscribe for the shares issued in cash and at the same price.

### **(4) Issuance price and pricing principle**

The pricing base date of this issuance is the first day of the issuance period, and the issuance price shall not be less than 80% of the average transaction price of shares of the Company in 20 transaction

days before the pricing base date (The average share transaction price in 20 transaction days before the pricing base date = total share transaction amount in the 20 transaction days before the pricing base date ÷ total transaction volume in the 20 transaction days before the pricing base date).

During the period from the pricing base date to the issuance date, if the Company has ex-rights and ex-dividend matters such as dividend distribution, distribution of stock dividends and capital reserve converted into share capital, the issuance price will be adjusted accordingly. The adjustment formula is as follows:

Distribution of cash dividends:  $P1 = P0 - D$

Distribution of bonus shares or converted share capital:  $P1 = P0 / (1 + N)$

Both simultaneously:  $P1 = (P0 - D) / (1 + N)$

Where, P0 is the issuance price before adjustment; D is the cash dividend distributed per share; N is the number of bonus shares or converted share capital per share; and P1 is the issuance price after adjustment.

The final issuance price of this issuance will be determined by the Board of Directors authorized by the General Meeting of Shareholders through negotiation with the Sponsor (the Lead Underwriter) of this issuance according to the bidding results and in accordance with the relevant regulations of CSRC and SZSE after being reviewed by SZSE and approved for registration by CSRC.

#### **(5) Number of issuance**

The number of shares issued to specific targets this time shall be determined by dividing the total raised funds by the issuance price. At the same time, the number of shares issued this time shall not exceed 10% of the Company's total share capital before this issuance, i.e. not more than 60,966,688 shares (inclusive), and shall be subject to the registration approval documents of CSRC on this issuance. Within the aforesaid scope, after this issuance is reviewed by SZSE and approved for registration by CSRC, the Board of Directors of the Company shall negotiate with the Sponsor (the Lead Underwriter) of this issuance according to the authorization of the General Meeting of Shareholders and the actual situation at the time of issuance to determine the final issuance quantity. If the total number of shares issued this time is adjusted due to changes in regulatory policies or according to the requirements of the issuance approval documents, the number of shares issued this time will be adjusted accordingly.

During the period from the announcement date of this resolution of the Board of Directors to the

issuance date, if the Company's total share capital changes and the issuance price is adjusted before this issuance due to ex-rights and ex-dividend matters such as dividend distribution, distribution of stock dividends and capital reserve converted into share capital or other reasons, the number of shares issued to specific targets and the upper limit of the number of shares issued will be adjusted accordingly.

**(6) Lock-up period**

After the completion of this issuance, the shares subscribed by the issuance targets shall not be transferred within six months from the end date of this issuance. Where laws, regulations and normative documents have other provisions on the lock-up period, such provisions shall prevail. After the end of the lock-up period, the issuance targets shall reduce the shares issued to specific targets subscribed for this time in accordance with relevant regulations of CSRC and SZSE. If the aforesaid lock-up period is inconsistent with the latest regulatory opinions or requirements of securities regulators, it will be adjusted accordingly according to the regulatory opinions or requirements of relevant securities regulators.

After the end of this issuance, the Company's shares increased due to events such as distribution of stock dividends and capital reserve converted into share capital shall also comply with the above-mentioned lock-up period.

**(7) Listing location**

The shares issued this time will be listed and traded on the GEM of SZSE after the expiration of the lock-up period.

**(8) Amount and purpose of raised funds**

The total amount of raised funds by the Company in this issuance of shares to specific targets shall not exceed RMB 6,680,000,000. After deducting the issuance expenses, the net amount of raised funds will all be used for the following items:

Unit: RMB 10,000

No.	Project Name	Total Investment	Amount of Raised Funds to Be Used
1	60,000 MMT/a high-nickel matte project for lateritic nickel ore smelting in Indonesia	422,767.53	250,000.00

	Base		
2	80,000 MMT/a nickel sulfate project in Guizhou Western Base	182,995.72	65,000.00
3	80,000 MMT/a high-nickel matte project in Guangxi Southern Base	72,993.39	56,000.00
4	200,000 t/a ferric phosphate project in Guizhou Kaiyang Base	231,115.28	97,500.00
5	Working capital supplement	199,500.00	199,500.00
<b>Total</b>		<b>1,109,371.92</b>	<b>668,000.00</b>

If the net amount of funds raised this time is less than the amount of raised funds to be used for the above projects, the Company will adjust and finally determine the specific investment projects, priorities and specific investment amounts of each project according to the net amount of raised funds and the priority of projects. The insufficient funds shall be solved by the Company with its own funds or through other financing methods.

Before the raised funds are in place, the Company may invest projects with self-raised funds according to the actual needs of the project progress, and replace funds according to the procedures stipulated by relevant laws and regulations after the raised funds are in place.

**(9) Arrangement for accumulated undistributed profits**

The accumulated undistributed profits of the Company before the completion of this issuance to specific targets shall be shared by new and old shareholders according to the shareholding proportion after the completion of this issuance.

**(10) Validity period of this issuance resolution**

The validity period of the resolution on this issuance of shares is twelve months from the date when the General Meeting of Shareholders of the Company approves the relevant proposals on this issuance. If national laws and regulations have new provisions on the shares issued to specific targets, the Company will adjust this issuance according to the new provisions.

This proposal still needs to be reviewed and approved item by item by the General Meeting of Shareholders of the Company.

**3. The Proposal on the Company's Plan for Issuing Shares to Specific Targets in 2022 was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Administrative Measures for the Registration of the Issuance of Securities by Listed Companies on GEM (Trial)* and other relevant laws, regulations and normative documents, the Company has made a detailed analysis and demonstration on major aspects such as the scheme for issuing shares to specific targets, the issuance targets, the feasibility of using the funds raised this time and the impact of this issuance on the Company. For more information, please refer to the *Plan for Issuing Shares to Specific Targets in 2022* and the *Indicative Announcement on Disclosure of Plan for Issuing Shares to Specific Targets* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn).

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**4. The Proposal on the Demonstration and Analysis Report of the Company's Scheme for Issuing Shares to Specific Targets in 2022 was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Administrative Measures for the Registration of the Issuance of Securities by Listed Companies on GEM (Trial)* and other relevant laws, regulations and normative documents, the Board of Directors of the Company has conducted a demonstration and analysis in combination with the industry and development stage, financing planning, financial status and capital demand of the Company. For more information, please refer to the *Demonstration and Analysis Report on Issuing Shares to Specific Targets in 2022* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn).

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**5. The Proposal on the Feasibility Analysis Report on the Use of Funds Raised by the Company for Issuing Shares to Specific Targets in 2022 was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Administrative Measures for the Registration of the Issuance of Securities by Listed Companies on GEM (Trial)* and other relevant laws, regulations and normative documents, the Board

of Directors of the Company has conducted a feasibility analysis on the use of raised funds. For more information, please refer to the *Feasibility Analysis Report on the Use of Funds Raised for Issuing Shares to Specific Targets in 2022* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn).

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**6. The Proposal on the Report on the Use of Company's Previous Raised Funds was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the requirements of the *Administrative Measures for the Registration of the Issuance of Securities by Listed Companies on GEM (Trial)* and *Provisions on Report on the Use of Previous Raised Fund*, the Company has formulated the *Report on the Use of Previous Raised Funds*. For more information, please refer to the *Report on the Use of Previous Raised Funds* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn). Baker Tilly China Certified Public Accountants (Special General Partnership) issued the *Assurance Report on the Use of Previous Raised Funds*.

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**7. The Proposal on the Establishment of a Special Account for Raised Funds was reviewed and approved with 7 consents, 0 objection and 0 abstention**

In order to standardize the management of raised funds and effectively protect investors' rights and interests, according to the relevant provisions of the *No.2 Guidelines for Supervision of Listed Companies - Regulatory Requirements for Management and Use of Funds Raised by Listed Companies* (Rev. 2022), the funds raised by the Company for issuing shares to specific targets this time will be deposited in a designated deposit account decided by the Board of Directors of the Company and managed in a designated account. The management will be authorized to specifically implement and sign relevant agreements.

**8. The Proposal on Diluted Spot Return of Shares Issued by the Company to Specific Targets and Remedial Measures to be Taken by the Company and Commitments of Relevant Entities was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the requirements for safeguarding the rights to be informed and the interests of small and medium investors in the *Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Small and Medium-sized Investors in*

*the Capital Market* (GBF [2013] No. 110), the Company agrees to analyze the potential impact on common stock shareholders' equity and spot returns resulting from the issuance of shares to specific targets, as well as propose remedial measures according to the relevant requirements of the *Guiding Opinions on Matters Related to Diluted Spot Returns of Initial Issuance, Refinancing and Major Asset Restructuring* (ZJHGG [2015] No. 31). Relevant entities have made commitments to the effective implementation of the Company's remedial measures. For more information, please refer to the *Announcement on Risk Warning and Remedial Measures for Diluted Spot Return of Shares Issued by the Company to Specific Targets and Commitments of Relevant Entities* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn).

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**9. The Proposal on the Company's Shareholder Return Planning for the Next Three Years (2022-2024) was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law of the People's Republic of China, Notice on Further Implementing Cash Dividends of Listed Companies, Guide for Supervision of Listed Companies No. 3—Cash Dividend Distribution of Listed Companies (Rev. 2022)* and other relevant laws, the Company has formulated the *Company's Shareholder Return Planning for the Next Three Years (2022-2024)* by taking into account the actual situation of the company and the provisions of the *Articles of Association*. For more information, please refer to the *Company's Shareholder Return Planning for the Next Three Years (2022-2024)* disclosed at [www.cninfo.com.cn](http://www.cninfo.com.cn).

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**10. The Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Fully Handle Matters Related to this Issuance of Shares to Specific Targets was reviewed and approved with 7 consents, 0 objection and 0 abstention**

In order to complete the issuance efficiently and orderly, according to the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China* and other relevant laws, regulations and normative documents as well as relevant provisions of the *Articles of Association*, the Board of Directors of the Company requests the General Meeting of Shareholders to authorize the Board of Directors (or a person authorized by the Board of Directors) to handle matters related to this



issuance in accordance with relevant laws and regulations and opinions and suggestions of regulatory authorities, including but not limited to:

(1) In the process of issuing shares to specific targets in 2022, if the number of issued shares determined after bookkeeping and filing according to the bidding procedure does not reach 70% of the number of shares to be issued in the subscription invitation documents, the Chairman is authorized to adjust the issuance price formed by bookkeeping and filing on the premise that it is not lower than the base issuance price through negotiation with the lead underwriter until the final number of issued shares reaches 70% of the number of shares to be issued in the subscription invitation documents.

(2) The Board of Directors and its authorized persons are authorized to formulate, adjust and implement the specific scheme for this issuance to specific targets within the scope permitted by laws, regulations, normative documents and the *Articles of Association* according to changes in market conditions, policy adjustments or opinions of regulatory authorities and exchanges, and in combination with the actual situation of the Company, including but not limited to all matters related to this issuance to specific targets such as issuance time, issuance quantity, issuance price, issuance targets, use of raised funds, and specific subscription methods.

(3) The Board of Directors and its authorized persons are authorized to modify the scheme in order to comply with the provisions of relevant laws, regulations and normative documents or the requirements of relevant regulatory authorities; according to the specific requirements of regulatory authorities, the scheme for issuing shares to specific targets this time and the plan for issuing shares to specific targets this time (except for matters that must be re-voted by the General Meeting of Shareholders in accordance with relevant laws and regulations and the *Articles of Association*) should be adjusted and improved.

(4) The Board of Directors and its authorized persons are authorized to determine and employ intermediaries participating in this issuance to specific targets, sign all agreements and documents related to this issuance, including but not limited to underwriting agreements, sponsorship agreements and employment agreements for intermediaries, and decide to pay remuneration to each intermediary.

(5) The Board of Directors and its authorized persons are authorized to adjust the investment projects with raised funds and their specific arrangements within the scope authorized by the General Meeting of Shareholders according to the requirements of relevant departments and the actual situation of the securities market, including but not limited to: Handle matters related to the use of funds raised

for issuing shares to specific targets according to the approval, verification, filing, implementation, actual progress and actual amount of raised funds of the investment projects; designate or establish a designated deposit account for the funds raised for issuing shares to specific targets this time; sign, modify and implement major contracts, agreements and documents during the operation of the investment project with funds raised for issuing shares to specific targets. On the premise of complying with relevant laws and regulations, if the state has new provisions on issuing shares to specific targets, the regulatory authorities have new requirements or market conditions change, in addition to matters that must be re-voted by the General Meeting of Shareholders according to relevant laws and regulations and the *Articles of Association*, the investment direction of raised funds shall be adjusted according to national regulations, the requirements of regulatory authorities (including review feedback on this application for issuance to specific targets) and market conditions.

(6) The Board of Directors and its authorized persons are authorized to handle the declaration and implementation of this issuance to specific targets, including but not limited to: Go through the formalities of approval, registration, filing, verification and consent with relevant government agencies, regulatory authorities, stock exchanges and securities registration and clearing institutions for this issuance to specific targets; approve, sign, execute, modify and complete all necessary documents related to this issuance to specific targets.

(7) The Board of Directors and its authorized persons are authorized to handle relevant matters such as share subscription, share registration, share lock-up and listing after the completion of this issuance to specific targets.

(8) The Board of Directors and its authorized persons are authorized to handle specific matters such as amendment of the *Articles of Association* and registration for the industrial and commercial changes, and other follow-up matters related to this issuance to specific targets after the completion of this issuance.

(9) The Board of Directors and its authorized persons are authorized to handle all other matters related, necessary, appropriate or suitable to this issuance to specific targets as permitted by relevant laws and regulations and securities regulatory authorities.

(10) After obtaining the above authorizations from the General Meeting of Shareholders, the Board of Directors or delegated Chairman, President, Secretary of the Board of Directors of the Company and its authorized persons are authorized to handle the above matters as appropriate.

The above authorizations (7) and (8) shall be valid from the date of approval by the General Meeting of Shareholders to the duration of relevant matters, and other authorizations shall be valid within twelve months after being reviewed and approved by the General Meeting of Shareholders.

This proposal still needs to be reviewed and approved by the General Meeting of Shareholders of the Company.

**11. The *Proposal on Requesting the Company to Convene the Second Extraordinary General Meeting of Shareholders in 2022* was reviewed and approved with 7 consents, 0 objection and 0 abstention**

According to the *Company Law, Articles of Association and Rules of Procedure of the General Meeting of Shareholders*, the Board of Directors has agreed to propose to convene the second extraordinary general meeting of shareholders in 2022 on June 27, 2022 in the conference room located at 15/F, Block B, Yunda Central Plaza, Yuhua District, Changsha City, Hunan Province through a combination of on-site and remote communication methods to deliberate the following matters:

(1) *Proposal on the Company's Eligibility for Issuing Shares to Specific Targets*

(2) *Proposal on the Company's Scheme for Issuing Shares to Specific Targets in 2022*

2.01 Class and par value of issued shares

2.02 Issuance method and date

2.03 Issuance targets and subscription methods

2.04 Issuance price and pricing principle

2.05 Number of issuance

2.06 Lock-up period

2.07 Listing location

2.08 Amount and purpose of raised funds

2.09 Arrangement for accumulated undistributed profits

2.10 Validity period of this issuance resolution

(3) *Proposal on the Company's Plan for Issuing Shares to Specific Targets in 2022*

(4) *Proposal on the Demonstration and Analysis Report of the Company's Scheme for Issuing Shares to Specific Targets in 2022*

(5) *Proposal on the Feasibility Analysis Report on the Use of Funds Raised by the Company for Issuing Shares to Specific Targets in 2022*

- (6) *Proposal on the Report on the Use of Company's Previous Raised Funds*
- (7) *Proposal on Diluted Spot Return of Shares Issued by the Company to Specific Targets and Remedial Measures to be Taken by the Company and Commitments of Relevant Entities*
- (8) *Proposal on the Company's Shareholder Return Planning for the Next Three Years (2022-2024)*
- (9) *Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Fully Handle Matters Related to this Issuance of Shares to Specific Targets.*

**III. Documents for Reference**

Resolution by the 32<sup>nd</sup> Session of the 1<sup>st</sup> Board of Directors of the Company.

It is hereby announced.

CNGR Advanced Material Co., Ltd.

Board of Directors

June 11, 2022