

Titanium Energy Chemical Co., Ltd.

Announcement Regarding Capital Increase in a Controlling Subsidiary and Investment in the Construction of an Annual Production Capacity of 400,000 metric tons of Titanium Dioxide and a 1.4-million-metric-ton ferrous sulfate heptahydrate project

The Company and all members of the Board of Directors warrant that the information disclosed herein is true, accurate, and complete, and contains no false statements, misleading statements, or material omissions.

I. Overview of the External Investment

(I) Overview of the Investment

To further strengthen the development capabilities of Titanium Energy Chemical Co., Ltd. (hereinafter referred to as “Titanium Energy Chemical” or the “Company”) in the new energy materials business and accelerate the deployment of fifth-generation high-performance lithium iron phosphate products, pursuant to the “Cooperation Framework Agreement” signed between the Company and Guizhou Phosphate (Group) Co., Ltd. (hereinafter referred to as “Phosphate Group”), the two parties, as leading enterprises in their respective fields, have decided to fully leverage their respective industrial strengths and resource endowments to invest in and construct a “phosphorus-sulfur-titanium-iron-lithium-fluorine” circular and coupled integrated project in the Modern Chemical Industry Park of Kaiyang County, Guiyang City. Pursuant to the relevant provisions of the agreement, the project—comprising an annual production capacity of 400,000 metric tons of titanium dioxide and 1.4 million metric tons of ferrous sulfate heptahydrate (hereinafter referred to as “this project”)—will be managed by Guizhou Zhonghe Phosphate Co., Ltd. (hereinafter referred to as “Zhonghe Phosphate,” “the Project Company”) is responsible for feasibility studies, investment, construction, and operations (for details, please refer to the Company’s “Announcement on the Establishment of a Controlling Subsidiary through Overseas Investment and the Completion of Business Registration” disclosed on April 26, 2025 (Announcement No.: 2025-037)).

In February 2026, the Phosphate Group signed an “Investment Agreement” with Hubei Wanrun New Energy Technology Co., Ltd. (hereinafter referred to as “Wanrun New Energy”), bringing Wanrun New Energy on board to fully participate in the Kaiyang “Phosphate-Titanium-Iron-Lithium” Coupled Cycle Integrated Project. Currently, the Phosphate Group and Wanrun New Energy have completed the establishment and registration of the joint venture, Guizhou Phosphate Wanrun New Energy Co., Ltd. (hereinafter referred to as “Phosphate Wanrun,” in which the Phosphate Group holds a 51% equity stake and Wanrun New Energy holds a 49% equity stake). In accordance with the terms of the “Investment Agreement,” the Phosphate Group has transferred its equity interest in Zhonghe Phosphate to Phosphate Wanrun. Following the completion of the equity transfer, the shareholders of Zhonghe Phosphate have changed to Titanium Energy Chemical (holding a 65% stake in Zhonghe Phosphate) and Phosphate Wanrun (holding a 35% stake in Zhonghe Phosphate).

Currently, Zhonghe Phosphate has essentially completed the preliminary feasibility study and the relevant procedures required for project implementation.

formalities required for project implementation; the project is now essentially ready for investment and construction. To effectively ensure the funding needs for project construction, Titanium Energy Chemical and Phosphate Wanrun will make capital contributions to the project company in proportion to their equity stakes, with Titanium Energy Chemical contributing 260 million yuan and Phosphate Wanrun contributing 140 million yuan.

(2) Board of Directors Deliberations

On August 11, 2026, the Company convened the 14th (Extraordinary) Meeting of the 8th Board of Directors, which reviewed and approved the “Proposal on Capital Increase for a Controlling Subsidiary and Investment in the Construction of an Annual Production Capacity of 400,000 metric tons of Titanium Dioxide and 1.4 million metric tons of Heptahydrate Sulfuric Acid project,” agreeing that the Company would increase capital in its controlling subsidiary, Zhonghe Phosphate, by 260 million yuan and construct A project with an annual production capacity of 400,000 metric tons of titanium dioxide and 1.4 million metric tons of ferrous sulfate heptahydrate. This investment falls within the Board of Directors’ approval authority and does not require submission to the Company’s shareholders’ meeting for deliberation.

(3) Related-Party Transactions and Major Asset Restructuring Matters

This investment does not constitute a related-party transaction, nor does it constitute a major asset reorganization as defined in the *Measures for the Administration of Major Asset Reorganizations of Listed Companies*.

(IV) Risk Warning

This investment project is based on the Company’s strategic development and operational needs. However, due to various factors such as industry trends and policy changes, there is a certain degree of uncertainty regarding the construction timeline, scale, and outcomes. We urge all investors to invest rationally and be mindful of investment risks.

II. Basic Information on the Investment Target

(I) Overview of the Project Company

Company Name: Guizhou Zhonghe Phosphorization Co., Ltd. Date of Establishment: April 25, 2025
Registered Capital: 100 million yuan
Legal Representative: Xie Xinyu

Business Type: Other Limited Liability Company

Registered Address: Office Building 1, Economic Development Smart Service Center, Xicheng Subdistrict Office, Kaiyang County, Guiyang City, Guizhou Province

Floor

Scope of Business: Business activities prohibited by laws, regulations, or decisions of the State Council shall not be conducted; for business activities that laws, regulations, or , operations may be conducted upon approval by the competent authority and based on the relevant license or approval documents; where laws, regulations, or State Council decisions do not require a license or approval, market entities may choose to conduct business at their discretion. (General Business Activities: Manufacture of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals) manufacture of bio-based materials; mineral processing; manufacture of pigments; manufacture of synthetic materials (excluding hazardous chemicals) production of chemical products (excluding

license-required chemical products) ink manufacturing (excluding hazardous chemicals) research and development of key technologies

for waste heat power generation;

; processing and treatment of non-metallic waste and scrap; technical services, technical development, technical consulting, technical exchange, technology transfer, and technology promotion; sales of chemical products (excluding chemical products subject to licensing) manufacturing of specialty chemical products (excluding hazardous chemicals) Except for projects requiring approval in accordance with the law, the company may independently conduct business activities in accordance with the law based on its business license.) Licensed Projects: Hazardous waste management; road transportation of dangerous goods. (For projects requiring approval in accordance with the law, business operations may only be conducted after approval by the relevant authorities; specific business items are subject to the approval documents or licenses issued by the relevant authorities.)

Ownership and Control Structure: The company holds a 65% equity stake, and Phosphating Wanrun holds a 35% equity stake. Credit Status: Not listed as a discredited entity subject to enforcement.

Key Financial Data for the Most Recent Year and Period:

Unit: Yuan

Item	June 30, 2026 (Unaudited)	December 31, 2025
Total Assets	218,267,854.08	188,861,211.77
Total Liabilities	118,719,634.65	88,768,403.06
Net Assets	99,548,219.43	100,092,808.71
Item	January–June 2026 (unaudited)	January–December 2025
Revenue	-	-
Net Income	-544,589.28	92,808.71

(II) Basic Project Information

1. Project Name: Project for the Annual Production of 400,000 metric tons of Titanium Dioxide and 1,400,000 metric tons of Ferrous Sulfate Heptahydrate.
2. Construction Scale: Construction of production lines with an annual capacity of 400,000 metric tons of titanium dioxide and 1.4 million metric tons of ferrous sulfate heptahydrate, along with supporting ancillary facilities.
3. Implementing Entity: Guizhou Zhonghe Phosphate Co., Ltd.
4. Project Investment Amount: Estimated at 5,538,325,700 yuan (the project investment amount is a preliminary estimate and is subject to a certain degree of uncertainty; the actual investment amount will ultimately be determined by the actual construction progress)
5. Funding Sources: Various forms of funding, including proprietary and self-raised funds. Specific sources include, but are not limited to, the company and Phosphate Wanrun making proportional capital increases to Zhonghe Phosphate in accordance with their equity ratios, or Zhonghe Phosphate securing project financing from financial institutions.
6. Project Location: Kaiyang Economic Development Zone (Shuangliu Town)
7. Project Schedule: The project will be implemented in phases with phased construction. From the start of construction, the project is expected to take no more than

36 months (subject to actual construction progress; the site preparation period is not included)

(III) Overview of the Investment Plan

In April 2025, Titanium Energy Chemical and the Phosphate Group jointly established Zhonghe Phosphate with a registered capital of 10,000

10,000 yuan, of which Titanium Energy Chemical subscribed for 65 million yuan and Phosphate Group subscribed for 35 million yuan. In

June 2026

, the Phosphorization Group transferred its equity interest in Zhonghe Phosphorization to Phosphorization Wanrun. Following the completion of the equity transfer, the shareholders of Zhonghe Phosphorization became Titanium Energy Chemical (holding a 65% stake in Zhonghe Phosphorization) and Phosphorization Wanrun

(holding a 35% stake in Zhonghe Phosphate)

To ensure the smooth and orderly progress of Zhonghe Phosphate’s overall operations and preliminary project preparations, Zhonghe Phosphate plans to increase its registered capital by 400 million yuan, to be subscribed in full by Zhonghe Phosphate’s shareholders, Titanium Energy Chemical and Phosphate Wanrun, in proportion to their respective shareholdings

. The subscription price for this capital increase is 1 yuan per unit of registered capital, with the total subscription amount amounting to

400 million yuan. Of this

, of which Titanium Energy Chemical will contribute 260 million yuan and Phosphate Wanrun will contribute 140 million yuan; both Titanium Energy Chemical and Phosphate Wanrun will make their contributions in cash.

Upon completion of the capital increase, Zhonghe Phosphating’s registered capital will increase from 100 million yuan to 500 million yuan, with the equity ratios of each shareholder remaining unchanged. The equity structure of Zhonghe Phosphating before and after the capital increase is as follows:

Shareholder Name	Before Capital Increase		After Capital Increase	
	Contribution Amount (10,000 yuan)	Ownership Percentage	Contribution Amount (10,000 yuan)	Ownership Percentage
Titanium Energy Chemical Co., Ltd. Co., Ltd.	6,500	65%	32,500	65%
Guizhou Phosphate Wanrun New Energy Co., Ltd.	3,500	35%	17,500	35%

(IV) Basic Information on Other Investors

Company Name: Guizhou Phosphate Wanrun New Energy Co., Ltd. Date of Establishment: February 14, 2026
Registered Capital: 100 million yuan
Legal Representative: Wen Hui

Business Type: Limited Liability Company (State-Controlled)

Registered Address: Office 1, Economic Development Smart Service Center Office Building, Xicheng Subdistrict Office, Kaiyang County, Guiyang City, Guizhou Province

Scope of Business: Activities prohibited by laws, regulations, or decisions of the State Council may not be conducted; for activities that laws, regulations, or decisions of the State Council

require a license (approval), business operations may be conducted upon approval by the competent authority and based on the relevant license (approval) documents; where

where laws, regulations, or decisions of the State Council do not require a license (approval), the business entity may independently choose to engage in such operations. (General Business Activities: R&D of specialized electronic materials; manufacturing of specialized electronic materials; sales of specialized electronic materials; smelting of common non-ferrous metals; manufacturing of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals) import and export of goods; sales of fertilizers; heat production and supply; R&D of new materials technology; technical services, technical development, technical consulting, technical exchange, technology transfer, and technology promotion.(Except for projects that must be approved in accordance with the law, business operations may be conducted independently in accordance with the law upon presentation of a business license.) Licensed Projects: Fertilizer production; power generation, power transmission, and power supply (distribution) services; extraction of mineral resources from non-coal mines. (For projects that must be approved in accordance with the law, business operations may only be conducted after approval by the relevant authorities; specific business items are subject to the approval documents or licenses issued by the relevant authorities.)

Ownership and Control Structure: Phosphate Group holds a 51% equity stake, and Wanrun New Energy holds a 49% equity stake. Credit Status: Not listed as a discredited entity subject to enforcement.

Key Financial Data for the Most Recent Year and Period:

Unit: 10,000 yuan

Item	June 30, 2026 (Unaudited)	December 31, 2025
Total Assets	27,943.41	-
Total Liabilities	15.06	-
Net Assets	27,928.35	-
Item	January–June 2026 (unaudited)	January–December 2025
Revenue	-	-
Net Income	-71.65	-

(5) Pricing Policy and Basis

This capital increase involves the project company’s shareholders making cash contributions in proportion to their equity stakes. The contribution deadlines and terms are consistent across all parties. All partners adhere to the principles of voluntariness, equality, fairness, and equity, in compliance with relevant laws and regulations. There are no circumstances that would harm the interests of the Company or its minority shareholders.

IV. Purpose of the Outbound Investment, Associated Risks, and Impact on the Company

(I) Purpose of the Foreign Investment and Its Impact on the Company

1. Purpose of the Foreign Investment

During the “14th Five-Year Plan” period, the Company formulated and implemented a core strategy to transition from a traditional titanium dioxide producer to a new energy pioneer, pioneering the industry’s first “sulfur-phosphorus-iron-titanium-lithium” green coupled circular industrial system. By the end of 2025, the circular titanium dioxide deep-processing project and the first phase of the iron phosphate project will both be substantially completed. Among these,

titanium-doped iron phosphate had become one of the company's key signature products. This overseas investment represents a crucial step for the company to capitalize on , deepening its strategic layout, and advancing its business transformation. Looking ahead to the "15th Five-Year Plan," ~~to~~ center on the concept of green, coupled, and circular development, continuously exploring the high-end development of **"titanium-based"** and **"phosphorus-based"** materials, and building a multidimensional industrial system characterized by "strong resource security, multi-industry synergy, and high-value conversion . "

2. Impact on the Company

This project is a key component of the Company's collaboration with the Phosphate Group and Phosphate Wanrun to build an integrated "phosphorus-sulfur-titanium-iron-lithium-fluorine" circular and coupled project. This foreign investment will enable the Company to remain committed to its strategic plan for the green, coupled, and circular development of its three core businesses—"titanium chemicals," ~~"ph~~hemicals," and "new energy materials"—and to establish an integrated, high-end industrial chain layout spanning "resources—precursors—cathode materials." It will also create industry-leading synergies across the industrial chain, injecting strong momentum into the sustained and stable development of the Company's new energy materials business.

(II) Potential Risks

1. The investment and construction of this project are based on the Company's strategic development and operational needs. However, as they are subject to various factors such as industry trends and policy changes, the project's implementation may face adverse factors—including market conditions falling short of expectations, adjustments to national or local policies, and changes in implementation conditions related to project filing, environmental impact assessments, and other approval procedures. Consequently, there is a risk that the project may be modified, delayed, suspended, or terminated, and there is a degree of uncertainty regarding the construction timeline, scale, and outcomes.

2. Sources of project investment funds include, but are not limited to, the Company's own funds and self-raised capital. The Company will make reasonable planning adjustments based on actual funding availability and implementation progress; therefore, the final actual investment amount is subject to uncertainty. There is uncertainty regarding whether funds can be secured on schedule, and certain financing risks exist.

3. All data related to this project are preliminary planning figures. The project's economic benefits and profits will be influenced by multiple factors, including industry development and market conditions, and are subject to a certain degree of uncertainty; they do not represent any forecast or commitment by the Company regarding future profitability.

We urge all investors to invest rationally and be mindful of investment

risks. VI. Supporting Documents

Resolution of the 14th (Extraordinary) Meeting of the 8th Board of Directors. **This announcement is hereby made.**

Titanium Energy Chemical Co., Ltd.

Board of Directors

August 12, 2026