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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in West China Cement Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

MAJOR DISPOSALS AND CONNECTED TRANSACTIONS DISPOSAL OF COMPANIES AND ASSETS IN XINJIANG

Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders

民銀資本
CMBC CAPITAL HOLDINGS LIMITED

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A notice convening the EGM to be held at 5/F, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Thursday, 14 August 2025 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for the EGM is also enclosed with this circular. Such form of proxy is also published on the website of the Stock Exchange (www.hkexnews.hk). Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. 10:00 a.m. on Tuesday, 12 August 2025) or any adjourned meeting. The completion of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked. All times and dates in this circular refer to Hong Kong local times and dates.

25 July 2025

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Accounts Date"	31 January 2025
"APA B"	the asset transfer agreement dated 25 June 2025 entered into between Vendor B, the Purchasers and Vendor A (as guarantor) for the disposal of Assets B by Vendor B
"APA C"	the asset transfer agreement dated 25 June 2025 entered into between each of the Vendors C, the Purchasers and Vendor A (as guarantor) for the disposal of Assets C owned by the relevant Vendors C
"APA D"	the asset transfer agreement dated 25 June 2025 entered into between each of the Vendors D, the Purchasers and Vendor A (as guarantor) for the disposal of Assets D owned by the relevant Vendors D
"APAs" and each an "APA"	APA B, APA C and APA D
"Asset Purchaser B"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Parties" in the section headed "Letter from the Board" of this circular
"Asset Purchaser C"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Parties" in the section headed "Letter from the Board" of this circular
"Asset Purchaser D"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Parties" in the section headed "Letter from the Board" of this circular
"Asset Purchasers" and each an "Asset Purchaser"	Asset Purchaser B, Asset Purchaser C and Asset Purchaser D
"Asset Transfer Date"	the date on which the relevant Asset Transfer Vendor delivers the relevant assets and interests pursuant to the terms and conditions of the relevant APA to the appointed personnel as designated by the relevant Asset Purchaser
"Asset Transfer Vendors", and each an "Asset Transfer Vendor"	Vendor B, Vendors C and Vendors D

"Assets B"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Subject Matter" in the section headed "Letter from the Board" of this circular
"Assets C"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Subject Matter" in the section headed "Letter from the Board" of this circular
"Assets D"	has the meaning as defined in the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Subject Matter" in the section headed "Letter from the Board" of this circular
"associate"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Company"	West China Cement Limited, a company incorporated in Jersey under the Companies (Jersey) Law 1991, the shares of which are listed on the main board of the Stock Exchange (stock code: 2233)
"Completion"	(in respect of the Equity Transfer Agreement) the disposal of the entire equity interest in the Target Companies by Vendor A; or (in respect of each of the APAs) the disposal of the relevant Target Asset by the relevant Asset Transfer Vendor
"Conch International"	Conch International Holdings (HK) Limited (海螺國際控股(香港)有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Purchaser A
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the director(s) of the Company
"Disposals"	the disposal of the entire equity interest in the Target Companies by Vendor A, and the disposal of the Target Assets by the Asset Transfer Vendors
"DRC"	the Democratic Republic of Congo

"EGM"	the extraordinary general meeting of the Company to be convened at 5/F, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Thursday, 14 August 2025 at 10:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, approving, *inter alia*, the Equity Transfer Agreement and the APAs, and the respective transactions contemplated thereunder
"Equity Transfer Agreement"	the equity transfer agreement dated 25 June 2025 entered into between Vendor A and the Purchasers for the disposal of the entire equity interest in each of the Target Companies by Vendor A
"FY2024"	the financial year ended 31 December 2024
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors (namely, Mr. Lee Kong Wai Conway, Mr. Tam King Ching Kenny, Mr. Zhu Dong, Mr. Feng Tao and Mr. Lau Ka Keung) established to advise the Independent Shareholders on the Equity Transfer Agreement and the APAs and the respective transactions contemplated thereunder
"Independent Financial Adviser"	CMBC International Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the APAs and the respective transactions contemplated thereunder, which is a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"Independent Shareholder(s)"	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
"Latest Practicable Date"	21 July 2025, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Management Transfer Date"	the date on which Vendor A delivers the management rights of the production and operation of, and the assets, relevant certificates and approvals and company seal of, the Target Companies to the appointed personnel as designated by the Purchasers
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser A"	Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司), a joint stock company incorporated in the PRC with limited liability, its H shares (foreign listed shares) of which are listed on the main board of the Stock Exchange (stock code: 914) and A shares (domestic listed shares) are listed on the Shanghai Stock Exchange (stock code: 600585)
"Purchaser B"	Conch (Shaanxi) Holding, Ltd. (海螺(陝西)控股有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Purchaser A
"Purchasers"	Purchaser A and Purchaser B
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the issued shares of the Company
"Shenzhen Yitong" or "Valuer"	Shenzhen Yitong Asset Assessment and Property Valuation Company Limited* (深圳億通資產評估房地產土地估價有限公司), a qualified independent valuer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Assets", and each a "Target Asset"	Assets B, Assets C and Assets D

"Target Companies", and each a "Target Company"	collectively, (1) 伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Vendor A; (2) 霍城縣南崗西鑫礦業有限責任公司 (Huocheng County Nangang Xixin Mining Industry Co. Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Vendor A; and (3) 新疆柏航環保科技有限公司 (Xinjiang Berhang Environmental Protection Technology Co. Ltd.*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Vendor A
"Transitional Period"	the period between the Accounts Date and (in respect of the Equity Transfer Agreement) the Management Transfer Date; and (in respect of each of the APAs) the Asset Transfer Date
"US$"	United States dollars, the lawful currency of the United States of America
"Vendor A"	堯柏特種水泥集團有限公司 (Yaobai Special Cement Group Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendor B"	和田堯柏水泥有限公司 (Hetian Yaobai Cement Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendors C"	collectively, (1) 墨玉堯柏水泥有限公司 (Moyu Yaobai Cement Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; (2) 墨玉堯柏建材有限公司 (Moyu Yaobai Building Materials Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Vendors D"	collectively, (1) 和田魯新建材有限公司 (Luxin Building Materials Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; (2) 和田堯柏建材有限公司 (Hetian Yaobai Building Materials Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Xinjiang"	the Xinjiang Uygur Autonomous Region of the PRC

"%"	per cent

* *For identification purpose only*

西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

Executive Directors:
Mr. Zhang Jimin *(Chairman)*
Mr. Cao Jianshun *(Chief Executive Officer)*
Mr. Chu Yufeng *(Chief Financial Officer)*
Ms. Wang Rui

Non-executive Directors:
Mr. Ma Zhaoyang
Mr. Wang Zhixin
Mr. Wang Manbo

Independent non-executive Directors:
Mr. Lee Kong Wai Conway
(Lead independent non-executive Director)
Mr. Tam King Ching Kenny
Mr. Zhu Dong
Mr. Feng Tao
Mr. Lau Ka Keung

Registered office:
13 Castle Street
St Helier
Jersey JE1 1ES
Channel Islands

Principal place of business in Hong Kong:
Unit 3705, 37/F
Tower 6
The Gateway
Harbour City, 9 Canton Road
Tsim Sha Tsui
Hong Kong

25 July 2025

To the Shareholders

Dear Sir or Madam,

MAJOR DISPOSALS AND CONNECTED TRANSACTIONS
DISPOSAL OF COMPANIES AND ASSETS IN XINJIANG

I. INTRODUCTION

Reference is made to the announcement of the Company dated 25 June 2025.

The purpose of this circular is to provide the Shareholders with, among other matters, further information on (i) the Equity Transfer Agreement, each of the APAs and the respective transactions contemplated thereunder; (ii) recommendation of the Independent Board

Committee to the Independent Shareholders in relation to the Equity Transfer Agreement, each of the APAs and the respective transactions contemplated thereunder; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the above; (iv) extracts of and explanatory notes to the valuation reports of the Target Companies and the Target Assets; and (v) notice of the EGM.

II. THE DISPOSALS

On 25 June 2025 (after trading hours), the Group entered into the following transactions:

(1) **Transaction A:** Vendor A and the Purchasers entered into the Equity Transfer Agreement, pursuant to which, Vendor A has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire equity interest in each of the Target Companies at a consideration of RMB398 million, subject to adjustment;

(2) **Transaction B:** Vendor B, the Purchasers and Vendor A (as guarantor) entered into the APA B, pursuant to which, Vendor B has conditionally agreed to sell and the Asset Purchaser B has conditionally agreed to purchase Assets B at a consideration of RMB161.5 million, subject to adjustment;

(3) **Transaction C:** Vendors C, the Purchasers and Vendor A (as guarantor) entered into the APA C, pursuant to which, Vendors C has conditionally agreed to sell and the Asset Purchaser C has conditionally agreed to purchase Assets C at a consideration of RMB920.5 million, subject to adjustment; and

(4) **Transaction D:** Vendors D, the Purchasers and Vendor A (as guarantor) entered into the APA D, pursuant to which, Vendors D has conditionally agreed to sell and the Asset Purchaser D has conditionally agreed to purchase Assets D at a consideration of RMB170 million, subject to adjustment.

TRANSACTION A

Principal terms of the Equity Transfer Agreement are set out as below:

Date	:	25 June 2025 (after trading hours)
Parties	:	(a) Vendor A (an indirect wholly-owned subsidiary of the Company)
		(b) Purchaser A
		(c) Purchaser B

Subject Matter

Vendor A has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire equity interest in each of the Target Companies. Among the Purchasers, Purchaser A and Purchaser B have agreed to acquire 90% and 10% of the entire equity interest in each of the Target Companies, respectively.

Consideration and Payment Terms

The consideration for the transfer of the entire equity interest in the Target Companies is RMB398 million, subject to the adjustment.

The consideration shall be paid by the Purchasers to Vendor A by instalment in the following manner:

(i) ***First instalment:*** within 10 working days from the date on which Vendor A completes all of the following conditions, 40% of the consideration shall be settled by the Purchasers:

(a) the shareholders' approval of each of the Target Companies, and the board's approval of Vendor A, approving the transfer of the entire equity interest of the relevant Target Company having been provided by Vendor A to the Purchasers, and the Shareholders' approval approving the transfer of the entire equity interest of the relevant Target Company having been obtained;

(b) a letter of guarantee having been issued by Vendor A guaranteeing its obligations and liabilities under the Equity Transfer Agreement and the APAs, on a joint and several liability basis;

(c) an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs having been issued and obtained;

(d) within seven days after the Equity Transfer Agreement become effective, the Target Companies having obtained and delivered to the Purchasers the written consents of its respective top 10 creditors;

(e) the handover of the management rights of the Target Companies, the issuance of the audited report of the Target Companies for the Transitional Period, the determination of the adjustment and the signing of any handover memorandum and/or supplementary agreement in accordance with the terms and conditions of the Equity Transfer Agreement having been completed;

(f) within 10 working days after the Equity Transfer Agreement become effective, an announcement in relation to the transactions contemplated under the Equity Transfer Agreement having been published by Vendor A on nationally circulated newspaper at the provincial level or above, as well as on the National Enterprise Credit Information Publicity System (國家企業信息公示系統); and

(g) the Equity Transfer Agreement having been signed and become effective, and the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained, and industrial and commercial registration procedures for the necessary changes in relation to the transfer of the entire equity interest in the Target Companies having been completed.

(ii) ***Second instalment:*** within 10 working days from the date on which Vendor A completes all of the following conditions, 40% of the consideration shall be settled by the Purchasers:

(a) with the assistance of Vendor A, the evaluation of the employees by the Target Companies having been completed within 1 month after the Management Transfer Date, and entering into new labour contract by the Target Companies with those employees who have passed such evaluation; Vendor A having procured the termination of the labour contract with its employees, settled the related social security, overtime wages, and compensation for work-related injuries and deaths with such employees, and Vendor A having provided to the Purchasers the relevant supporting evidence for such termination and settlement (such as letter of termination, proof of payment of compensation and/or employees undertaking etc.), all of which shall be conducted in accordance with the terms and conditions of the Equity Transfer Agreement;

(b) all encumbrances on those assets which is within the scope of the Equity Transfer Agreement having been fully discharged (if any), and evidence of the relevant discharge having been provided by Vendor A to the Purchasers;

(c) termination of existing contract(s) and/or the entering into supplemental agreement(s) for contracts of the Target Companies in relation to mining, logistics, security and sale and purchase orders having been completed; and

(d) the conditions as specified in sub-paragraph (i) above having been completed.

(iii) ***Third instalment:*** within 10 working days from the date on which Vendor A completes all of the following conditions, 14% of the consideration shall be settled by the Purchasers:

(a) within 10 working days after the Equity Transfer Agreement become effective, the joint appointment of an intermediary organisation with professional testing qualifications to conduct sampling tests on steel reinforcement spacing, concrete strength and structural safety of the existing silos and sheds of clinker storage, cement storage, raw material storage etc., of the Target Companies, by Vendor A and the Purchasers having been completed. Based on the conclusion of such testing results, an reinforcement plan for silos and sheds in need of reinforcement jointly formulated by Vendor A and the Purchasers having been completed, and engagement of contractor to complete the silos reinforcement works within six months after the Management Transfer Date having been completed;

(b) mining licence for the Target Companies for the expanded area of the Cangyinggou limestone mine in Huocheng County (霍城縣蒼英溝石灰岩礦) having been obtained;

(c) within the period of 10 months from the Management Transfer Date, no situation that causes or may cause economic losses or attracts legal liabilities to the Purchasers as a result of (1) any matters prior to the Management Transfer Date (including, but not limited to, liabilities, business, labour relations, taxation, environmental protection, project construction, construction, etc.); or (2) the acquisition of the entire equity interest in the Target Companies, having occurred, save and except for those situation that have been resolved at the expense of Vendor A. If the settlement is actually resolved by the Purchasers, the Purchasers shall deduct such settlement amount from the consideration for the transfer of the entire equity interest in the Target Companies, and any shortfall shall be made up by Vendor A in cash;

(d) within the period of 10 months from the Management Transfer Date, no former or current employee has applied for labour arbitration or filed a lawsuit or petition due to (1) the transfer of the entire equity interest in the Target Companies; or (2) matters prior to the Management Transfer Date; or (3) matters occurring prior to the Management Transfer Date but continuing after such date, having occurred, save and except for those labour arbitration or disputes that have been resolved at the expense of Vendor A. If the settlement is actually resolved by the Purchasers, the Purchasers shall deduct such settlement amount from the consideration for the transfer of the entire equity interest in the Target Companies, and any shortfall shall be made up by Vendor A in cash;

(e) all receivables which is within the scope of the list to the Equity Transfer Agreement having been recovered or disposed of in a manner as agreed by the Purchasers;

(f) the real estate rights certificate for the land, with floor area of approximately 84 mu, occupied by 伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*), a Target Company, having been obtained by such Target Company; and

(g) the conditions as specified in sub-paragraph (ii) above having been completed.

(iv) ***Final instalment:*** within 10 working days from the date on which all of the following conditions having been completed, all of the remaining consideration shall be settled by the Purchasers:

(a) the Management Transfer Date having been elapsed for 18 months;

(b) approval for the mine safety facility design plan for the Target Companies for the expanded area of the Cangyinggou limestone mine in Huocheng County (霍城縣蒼英溝石灰岩礦) having been obtained;

(c) the specified obligations and responsibilities of Vendor A as stipulated in the Equity Transfer Agreement having been completed in accordance with the terms and conditions thereof; and

(d) the conditions as specified in sub-paragraph (iii) above having been completed.

Adjustment of the consideration

The consideration for the transfer of the entire equity interest in the Target Companies shall be adjusted by (i) adding the amount equal to the difference between the amount of current assets of the Target Companies as at the Management Transfer Date and the Accounts Date; and (ii) deducting the amount equal to the difference between the amount of total liabilities of the Target Companies as at the Management Transfer Date and the Accounts Date to be taken up, as audited and confirmed by the parties.

Basis of the Consideration

The consideration was determined after arm's length negotiations between Vendor A and the Purchasers, on normal commercial terms after considering various factors, including (i) the investment costs of similar companies, resources, location and market of the Target Companies; (ii) the valuation of the entire equity interest in the Target Companies as assessed by an independent valuer of approximately RMB261.6 million as at 31 January 2025 using the asset based approach; and (iii) the factors set out in the section headed "II. Disposals — Reasons for and benefits of the Disposals" in this letter from the Board, in particular, (a) the net proceeds from the Disposals will be better utilised going towards partly repaying the 4.95% senior notes issued by the Company and freeing up operating cash flow for the Group's expansion projects, particularly in Africa; and (b) the fact that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, as such, when determining the consideration for the Disposals, the Directors consider the consideration of Transaction A, Transaction B, Transaction C and Transaction D as a whole.

For details of the valuation of the entire equity interest in the Target Companies, please refer to the extracts of the valuation reports contained in Appendix II and the explanatory notes set out in Appendix VI to this circular.

Condition precedent

The Equity Transfer Agreement shall only become effective upon satisfaction of the following conditions:

(i) the Equity Transfer Agreement having been signed and sealed by Vendor A and the Purchasers;

(ii) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the Equity Transfer Agreement and the transactions contemplated thereunder;

(iii) the shareholders' approval of each of the Target Companies, and the board's approval of Vendor A, approving the transfer of the entire equity interest of the relevant Target Company having been provided by Vendor A to the Purchasers;

(iv) the Purchasers having completed its internal decision-making and approval procedures in accordance with the terms of the Equity Transfer Agreement;

(v) the board and shareholders' approval of Vendor A approving the transfer of the entire equity interest of the Target Companies, and the letter of guarantee as set out under the paragraph headed "II. The Disposals — Transaction A — Consideration and Payment Terms — (i)(b)" in this letter from the Board, having been provided by Vendor A to the Purchasers; and

(vi) the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

Completion

Within seven working days after the Equity Transfer Agreement become effective, Vendor A and the Purchasers shall determine the Management Transfer Date. Completion shall take place on a date within 10 days after the Management Transfer Date.

Under the Equity Transfer Agreement and the APAs, it was agreed between the parties that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective. Hence, if any of the Equity Transfer Agreement and the APAs is canceled or terminated within one year from their respective effective date (other than due to reason of force majeure or State Anti-monopoly Committee or its subordinate bodies), parties to the Equity Transfer Agreement and the APAs (where applicable) shall have the right to request for the cancellation or termination of all the Equity Transfer Agreement and the APAs.

Upon Completion, the Company will no longer have any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company.

Bank guarantee and others

To secure the obligation of Vendor A under the Equity Transfer Agreement, Vendor A shall provide an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to the Purchasers to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs for a term of 42 months from the Management Transfer Date.

Vendor A agrees that, within 42 months from the Management Transfer Date, if the aggregate amount under the utilised bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs is less than RMB20 million, Vendor A shall obtain additional unconditional and irrevocable bank guarantee, so that the aggregate amount of bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs shall not be less than RMB80 million.

In the event of change in shareholding, assets or other material change of Vendor A, Vendor A shall procure the Company to guarantee, all obligations and liabilities of Vendor A under the Equity Transfer Agreement and the APAs.

Use of brand and trademarks

In order to maintain the stability of the sales market and customer channels after Completion, Purchaser A may use the brand and trademark of Vendor A at nil consideration for a period of 12 months after the Management Transfer Date. During the period in which the Purchasers uses the trademark of Vendor A, if the quality of the cement and clinker manufactured by the Purchasers causes losses to Vendor A, such related losses shall be borne by the Purchasers.

TRANSACTION B, TRANSACTION C AND TRANSACTION D

Principal terms of each of the APAs are set out as below:

Parties

Transaction B

Date : 25 June 2025 (after trading hours)

Parties :
(a) Vendor B (an indirect wholly-owned subsidiary of the Company)
(b) the Purchasers
(c) Vendor A (as guarantor)

The Purchasers intend to establish a joint venture in Yutian County, Xinjiang, as an investment vehicle, in respect of the purchase of Assets B, among which Purchaser A and Purchaser B will own as to 90% and 10% of the entire equity interest in such investment vehicle. The Purchasers and the investment vehicle as aforesaid are collectively referred to as the purchasers under the APA B ("**Asset Purchaser B**"). Pursuant to the APA B, upon establishment of the investment vehicle, the rights and obligations of the Purchasers under the APA B shall be enjoyed and assumed by the above mentioned investment vehicle.

Transaction C

Date : 25 June 2025 (after trading hours)

Parties :
(a) Vendors C (each an indirect wholly-owned subsidiary of the Company)
(b) the Purchasers

(c) Vendor A (as guarantor)

The Purchasers intend to establish a joint venture in Moyu County, Xinjiang, as an investment vehicle, in respect of the purchase of Assets C, among which Purchaser A and Purchaser B will own as to 90% and 10% of the entire equity interest in such investment vehicle. The Purchasers and the investment vehicle as aforesaid are collectively referred to as the purchasers under the APA C ("**Asset Purchaser C**"). Pursuant to the APA C, upon establishment of the investment vehicle, the rights and obligations of the Purchasers under the APA C shall be enjoyed and assumed by the above mentioned investment vehicle.

Transaction D

Date : 25 June 2025 (after trading hours)

Parties : (a) Vendors D (each an indirect wholly-owned subsidiary of the Company)

(b) the Purchasers

(c) Vendor A (as guarantor)

The Purchasers intend to establish a joint venture in Hetian County, Xinjiang, as an investment vehicle, in respect of the purchase of Assets D, among which Purchaser A and Purchaser B will own as to 90% and 10% of the entire equity interest in such investment vehicle. The Purchasers and the investment vehicle as aforesaid are collectively referred to as the purchasers under the APA D ("**Asset Purchaser D**"). Pursuant to the APA D, upon establishment of the investment vehicle, the rights and obligations of the Purchasers under the APA D shall be enjoyed and assumed by the above mentioned investment vehicle.

Subject Matter

Transaction B

Vendor B has conditionally agreed to sell and the Asset Purchaser B has conditionally agreed to purchase Assets B.

The assets to be sold under the APA B (collectively, "**Assets B**"), comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and mining rights owned by Vendor B; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of Vendor B.

Transaction C

Each of the Vendors C has conditionally agreed to sell and the Asset Purchaser C has conditionally agreed to purchase Assets C owned by the respective Vendors C.

The assets to be sold under the APA C (collectively, "**Assets C**"), comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and/or mining rights owned by the relevant Vendors C; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of the relevant Vendors C.

Transaction D

Each of the Vendors D has conditionally agreed to sell and the Asset Purchaser D has conditionally agreed to purchase Assets D owned by the respective Vendors D.

The assets to be sold under the APA D (collectively, "**Assets D**"), comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and/or mining rights owned by the relevant Vendors D; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of the relevant Vendors D.

Consideration

Transaction B

The consideration for the transfer of Assets B is RMB161.5 million, subject to adjustment.

Transaction C

The consideration for the transfer of Assets C is RMB920.5 million, subject to adjustment.

Transaction D

The consideration for the transfer of Assets D is RMB170 million, subject to adjustment.

Payment Terms

The consideration under the relevant APA shall be paid by the relevant Asset Purchaser to the relevant Asset Transfer Vendor, by instalment in the following manner:

(i) ***First instalment:*** within 10 working days from the date on which all of the following conditions having been completed, 40% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser:

(a) the board and shareholders' approval of the relevant Asset Transfer Vendor approving the transfer of the relevant Target Assets in accordance with the terms and conditions of the relevant APA having been provided by the relevant Asset Transfer Vendor to the relevant Asset Purchaser;

(b) the letter of guarantee having been issued by the relevant Asset Transfer Vendor and Vendor A guaranteeing its respective obligations and liabilities under the APAs and the Equity Transfer Agreement, on a joint and several liability basis;

(c) an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs having been issued and obtained by the relevant Asset Transfer Vendor or its related entity;

(d) of the liabilities which will not be assumed by the relevant Asset Purchaser, within seven days after the relevant APA become effective, the relevant Asset Transfer Vendor having obtained and delivered to the relevant Asset Purchaser the written consents of its respective creditors (which are related parties to such relevant Asset Transfer Vendor);

(e) the stocktaking, confirmation on such stocktaking, and transfer procedures, the issuance of the audited report of the relevant Asset Transfer Vendor for the Transitional Period, the determination of the adjustment and the signing of any handover memorandum and/or supplementary agreement in accordance with the terms and conditions of the relevant APA having been completed;

(f) within 10 working days after the relevant APA become effective, an announcement in relation to the transactions contemplated under the relevant APA having been published by the relevant Asset Transfer Vendor on nationally circulated newspaper at the provincial level or above, as well as on the National Enterprise Credit Information Publicity System (國家企業信息公示系統);

(g) the entering into (1) lease agreement and mortgage by the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the lease and mortgage of the mineral resources within the scope of the relevant APA; (2) mortgage by the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the mortgage of the land and other immovable properties within the scope of the relevant APA; and (3) pledge agreement by Vendor A and the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the pledge of the entire equity interest in the relevant Asset Transfer Vendor, having been completed, and the registration and filing of the aforesaid agreements having been completed; and

(h) the relevant APA become effective, and the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

(ii) ***Second instalment:*** within 10 working days from the date on which all of the following conditions having been completed, 40% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser:

(a) with the assistance of the relevant Asset Transfer Vendor, the evaluation of the employees by the relevant Asset Purchaser within 1 month after the Asset Transfer Date, and entering into new labour contract by the relevant Asset Purchaser with those employees who meet the conditions of employment of the relevant Asset Purchaser having been completed; and the relevant Asset Transfer Vendor having provided to the relevant Asset Purchaser the relevant supporting evidence for the termination of employment with such employees who have passed the evaluation and employees undertaking etc., all of which shall be conducted in accordance with the terms and conditions of the relevant APA;

(b) all encumbrances on those assets which is within the scope of the relevant APA having been fully discharged (if any), and evidence of the relevant discharge having been provided by the relevant Asset Transfer Vendor to the relevant Asset Purchaser;

(c) of the liabilities which will not be assumed by the relevant Asset Purchaser, the relevant Asset Transfer Vendor having obtained and delivered to the relevant Asset Purchaser the written consents of its respective top 10 creditors (which are not related parties to such relevant Asset Transfer Vendor);

(d) termination of existing contract(s) and/or amendments of existing contracts of the relevant Asset Transfer Vendor in relation to mining, logistics, security and sale and purchase orders having been completed; and

(e) all the conditions as specified in sub-paragraph (i) above in respect of the relevant APA having been completed.

(iii) ***Third instalment:*** within 10 working days from the date on which all of the following conditions having been completed, 14% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser:

(a) within 10 working days after the relevant APA become effective, the joint appointment of an intermediary organisation with professional testing qualifications to conduct sampling tests on steel reinforcement spacing, concrete strength and structural safety of the existing silos and sheds of clinker storage, cement storage, raw material storage etc., which falls within the scope of the relevant Target Asset, by the relevant Asset Transfer Vendor and the relevant Asset Purchaser having been completed. Based on the conclusion of such testing results, an reinforcement plan for silos and sheds in need of reinforcement jointly formulated by the relevant Asset Transfer Vendor and the relevant Asset Purchaser having been completed, and engagement of contractor to complete the silos reinforcement works within six months after the Asset Transfer Date having been completed;

(b) within the period of 10 months from the Asset Transfer Date, no situation that causes or may cause economic losses or attracts legal liabilities to the relevant Asset Purchaser as a result of (1) any matters prior to the Asset Transfer Date (including, but not limited to, liabilities, business, labour relations, taxation, environmental protection, project construction, construction, etc.); or (2) the acquisition of the assets under the relevant APA, having occurred, save and except for those situation that have been resolved at the expense of the relevant Asset Transfer Vendor. If the settlement is actually resolved by the relevant Asset Purchaser, the relevant Asset Purchaser shall deduct such settlement amount from the consideration for the transfer of the relevant Target Asset, and any shortfall shall be made up by the relevant Asset Transfer Vendor in cash;

(c) within the period of 10 months from the Asset Transfer Date, no former or current employee has applied for labour arbitration or filed a lawsuit or petition due to (1) the transfer of the assets under the relevant APA; or (2) matters prior to the Asset Transfer Date; or (3) matters occurring prior to the Asset Transfer Date but continuing after such date, having occurred, save and except for those labour arbitration or disputes that have been resolved at the expense of the relevant Asset Transfer Vendor. If the settlement is actually resolved by the relevant Asset Purchaser, the relevant Asset Purchaser shall deduct such settlement amount from the consideration for the transfer of the relevant Target Asset, and any shortfall shall be made up by the relevant Asset Transfer Vendor in cash;

(d) the amendment or transfer of, or approval for the change of, existing certificate(s) or approval(s) underlying the assets of the Target Assets in relation to land and/or real estate rights certificate(s); mining rights certificate(s); product production licence(s), safety production licence(s), construction enterprises qualification(s) (where applicable), sewage licence(s) and other approval(s) or licence(s) required for the cement and/or clinker and/or commercial concrete production lines, from the relevant Asset Transfer Vendor to the relevant Asset Purchaser having been completed;

(e) all receivables which is within the scope of the list to the relevant APA having been recovered or disposed of in a manner as agreed by the relevant Asset Purchaser; and

(f) the conditions as specified in sub-paragraph (ii) above in respect of the relevant APA having been completed.

(iv) ***Final instalment:*** within 10 working days from the date on which all of the following conditions having been completed, all of the remaining consideration shall be settled by the relevant Asset Purchaser:

(a) the Asset Transfer Date having been elapsed for 18 months;

(b) the specified obligations and responsibilities of the relevant Asset Transfer Vendor as stipulated in the relevant APA having been completed in accordance with the terms and conditions thereof;

(c) the date of publication of the announcement as set out under the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Payment Terms — (i)(f)" in this letter from the Board having been elapsed for three years, and during such period no dispute arise in connection with any liabilities due to non-related parties of the relevant Asset Transfer Vendor in which the relevant Asset Transfer Vendor has yet to resolve pursuant to the terms of the relevant APA; and

(d) the conditions as specified in sub-paragraph (iii) above in respect of the relevant APA having been completed.

Adjustments of the consideration

The consideration for the transfer of the relevant Target Asset shall be adjusted by (i) adding the amount equal to the difference between the amount of current assets of the relevant Asset Transfer Vendor as at the Asset Transfer Date and the Accounts Date; and (ii) deducting the amount of total liabilities of the relevant Asset Transfer Vendor as at the Asset Transfer Date to be taken up, as audited and confirmed by the parties.

Basis of the consideration

The consideration was determined after arm's length negotiations between the relevant Asset Transfer Vendor and the Purchasers, on normal commercial terms after considering various factors, including (i) the investment costs of similar types of project, licences involved and the relevant market; (ii) the valuation (excluding cash and cash equivalents) of the Target Assets as assessed by the Valuer of approximately RMB227.1 million for Assets B, RMB966.6 million for Assets C and RMB257.7 million for Assets D (i.e. RMB1,451.4 million in aggregate) as at 31 January 2025 using the cost method and/or the market approach; and (iii) the factors set out in the section headed "II. Disposals — Reasons for and benefits of the Disposals" in this letter from the Board, in particular, (a) the net proceeds from the Disposals will be better utilised going towards partly repaying the 4.95% senior notes issued by the Company and freeing up operating cash flow for the Group's expansion projects, particularly in Africa, as well as partially repaying other overseas debt which is becoming more expensive due to global interest rate outlook; and (b) the fact that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, as such, when determining the consideration for the Disposals, the Directors consider the consideration of Transaction A, Transaction B, Transaction C and Transaction D as a whole.

For the avoidance of doubt, as the Target Assets do no include the current liabilities and/or non-current liabilities of Vendor B, Vendors C and Vendors D, which had also been valued as part of the asset group under the respective valuation reports, the valuation of the Targets Assets as assessed by the Valuer referenced to and as set out in the preceding paragraph are the appraised value of the total assets (instead of the appraised value of the asset group) as set out in the valuation conclusion of the respective valuation reports.

For details of the valuation of the Target Assets, please refer to the extracts of the valuation reports contained in Appendices III to V, as well as the explanatory notes set out in Appendix VI to this circular.

Conditions precedent

The APAs shall only become effective upon satisfaction of the following conditions:

(i) the relevant APA having been signed and sealed by the relevant Asset Transfer Vendor and the Purchasers;

(ii) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the relevant APA and the transactions contemplated thereunder;

(iii) the board and shareholders' approval of the relevant Asset Transfer Vendor approving the transfer of the relevant Target Asset having been provided by the relevant Asset Transfer Vendor to the relevant Asset Purchaser;

(iv) the relevant Asset Purchaser having completed its internal decision-making and approval procedures in accordance with the terms of the APAs;

(v) the board and shareholders' approval of Vendor A and the relevant Asset Transfer Vendor, respectively, approving the transfer of the relevant Target Asset, and the letter of guarantee as set out under the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Payment Terms — (i)(b)" in this letter from the Board, having been provided to the relevant Asset Purchasers; and

(vi) the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

Completion

Within seven working days after the relevant APA become effective, the relevant Asset Transfer Vendor and the relevant Asset Purchaser shall determine the Asset Transfer Date. Completion shall take place within 10 days after the Asset Transfer Date.

Under the Equity Transfer Agreement and the APAs, it was agreed between the parties that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective. Hence, if any of the Equity Transfer Agreement and the APAs is canceled or terminated within one year from their respective effective date (other than due to reason of force majeure or State Anti-monopoly Committee or its subordinate bodies), parties to the Equity Transfer Agreement and the APAs (where applicable) shall have the right to request for the cancellation or termination of all the Equity Transfer Agreement and the APAs.

Bank guarantee and others

To secure the obligation of the Asset Transfer Vendors under the relevant APAs, the relevant Asset Transfer Vendor or its related entity shall provide to the relevant Asset Purchaser an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs for a term of 42 months from the Asset Transfer Date.

The relevant Asset Transfer Vendor agrees that, within 42 months from the Asset Transfer Date, if the aggregate amount under the utilised bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs is less than RMB20 million, the relevant Asset Transfer Vendor shall obtain additional unconditional and irrevocable bank guarantee, so that the aggregate amount of bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs shall not be less than RMB80 million.

In the event of change in shareholding, assets or other material change of Vendor A, Vendor A shall procure the Company to guarantee, all obligations and liabilities of the Asset Transfer Vendors under the Equity Transfer Agreement and the APAs.

Use of brand and trademarks

In order to maintain the stability of the sales market and customer channels after Completion, the relevant Asset Purchaser may use the brand and trademark of the relevant Asset Transfer Vendor at nil consideration for a period of 12 months after the Asset Transfer Date. During the period in which the relevant Asset Purchaser uses the trademark of the relevant Asset Transfer Vendor, if the quality of the cement and clinker manufactured by the relevant Asset Purchaser causes losses to the relevant Asset Transfer Vendor, such related losses shall be borne by the relevant Asset Purchaser.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group is primarily engaged in the manufacture and sales of cement and cement products, with cement production lines in the PRC and more recently in the faster growing overseas development markets of sub-Saharan Africa and Central Asia. The main rationale for the Disposals is to redirect the Group's financial and management resources to focus on development in these overseas markets and the Board believes that the net proceeds from the Disposals will be better utilised in strengthening the financial position of the Group. This will include the partial repayment of the 4.95% senior notes, thus freeing up operating cash flow for the Group's current overseas expansion projects and partially paying down other overseas debt.

The Group's cement production has traditionally been geared towards the economic development of Western China, driven by the Chinese Government's "Western Development Policy." The Group is one of the leading cement producers in Shaanxi Province, with a strong market position in eastern and southern Shaanxi Province and has a presence in Xinjiang and Guizhou Province in western China. As at 31 December 2024, the Group had a total cement production capacity in China of 27 million tons, comprising 16 cement production lines, with 21.7 million tons in Shaanxi Province, 3.5 million tons in Xinjiang and 1.8 million tons in Guizhou Province.

Since 2020, the Group has expanded its production into sub-Saharan Africa and central Asia, supplying cement products to infrastructure, urban and rural development markets in these geographies. As at 31 December 2024, the Group had a total cement production capacity outside of China of 12.3 million tons, comprising 5 production lines, with 6.3 million tons in Ethiopia, 2.5 million tons in Uzbekistan, 2.0 million tons in Mozambique and 1.5 million tons in the DRC, as well as 1 million tons of cement grinding capacity in Rwanda. Following the closing of the acquisition of the Cimenterie de Lukala SA (CILA) cement plant, with production capacity of 1.2 million tons in the DRC, as announced on 27 January 2025 and 8 May 2025, the Group's total cement production capacity outside of China is expected to rise to 13.5 million tons.

The Group believes its cement plant construction and production expertise is uniquely positioned to support and benefit from economic and cement industry development in sub-Sharan Africa and central Asian. The Group's modern New Suspension Preheater cement production lines in these areas, are mostly located in close proximity to their respective limestone reserves which minimizes emissions from transportation, and are well suited to helping raise emission standards in these areas of relatively backward capacity.

Africa, in particular, has the world's fastest population growth profile, with total population expected to reach close to 2.5 billion in 2050, from 1.5 billion in 2024, and some of the fastest GDP growth rates in the world. Infrastructure development and urbanization in these markets are benefiting from domestic and international growth initiatives, including the Chinese Government's Belt and Road Initiative. Sub-Saharan Africa has some of the lowest per capita cement consumption rates in the world, at a fraction of those in developed markets and cement production in many countries is backward, under supplied and highly fragmented.

The Group's focus on overseas development has been validated by its recent financial performance. In FY2024, while cement and clinker sales volumes in Africa and Uzbekistan only amounted to 4.03 million tons out of total Group sales of approximately 20.0 million tons, representing approximately 20% of the total sales of the Group, income from these overseas markets made up approximately 38% of the Group's total revenue and approximately 67% of the Group's gross profit. This outperformance came as a result of average gross profit per ton (GP/Ton) in excess of RMB323 in Africa and RMB64 in Uzbekistan, compared with RMB42 in China.

The Target Companies and the Target Assets in Xinjiang that are to be disposed were acquired and constructed between 2011 and 2020 and have been positive contributors to the Group's profitability over the intervening years. They are, however, non-core assets outside of the Group's Shaanxi Province core market and the Directors believe that the net proceeds from the Disposals will be better utilised going towards partly repaying the 4.95% senior notes issued by the Company and freeing up operating cash flow for the Group's expansion projects, particularly in Africa, and partially paying down other overseas debt.

The Board remains very optimistic about the Group's growth potential in its areas of overseas development. In Ethiopia, the Group's plants enjoy a very strong market position and will continue to benefit from urban, airport, road and railway infrastructure development. The Group's current capacity next to Mozambique's capital Maputo benefits from domestic demand as well as exports to Madagascar, South Africa and Zimbabwe. A new 1.5 million ton plant in northern Mozambique is due to be commissioned in 2026 and is expected to benefit from Mozambique's offshore liquefied natural gas production plans. In the DRC, the Great Lakes plant supplies the east of the country, which faces serious clinker shortages, as well as exporting to Rwanda, Burundi and Tanzania. The Group has also been able to secure the only significant limestone resource in North-eastern Uganda, a country with strong economic growth potential and cement supply shortages. Current cement prices in Uganda exceed RMB1,200 per ton and the Group's new Moroto Plant in North-eastern Uganda is also expected to be commissioned at the end of 2025.

Apart from the reasons as benefits of the Disposals as set out above, the Directors are of the view that it is not easy to have purchasers to purchase the Target Companies and Target Assets in one batch. As disclosed under the above paragraphs headed "II. Disposals — Transaction A — Completion" and "II. Disposals — Transaction B, Transaction C and Transaction D — Completion" in this letter from the Board, the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective.

As such, when determining the consideration for the Disposals, the Directors consider the consideration of Transaction A, Transaction B, Transaction C and Transaction D as a whole. The total consideration for the Disposals of RMB1,650 million, represented (a) a premium of approximately 13.0% as compared to the aggregate net book value of the Target Companies and the Target Assets as at 31 January 2025 and (b) a discount of approximately 3.7% as compared to the valuation of the entire equity interest in the Target Companies and the valuation (excluding cash and cash equivalents) of the Target Assets as at 31 January 2025.

The Directors believe that the consideration of the Target Companies and the Target Assets, even at a small discount of approximately 3.7% as compared to the valuation of the equity interest of the Target Companies and the valuation (excluding cash and cash equivalents) of the Target Assets, is fair and reasonable and in the interests of the Company and the Shareholders in light of (a) the contracting demand and increasing excess capacity in the Xinjiang cement market as a whole in recent years and (b) the Group's strategy and operational pivot towards faster growing, under supplied markets in sub-Saharan Africa and Central Asia, where the Group is able to secure higher returns for its Shareholders.

In recent years, China's cement industry has experienced an inevitable slowdown as a result of the property market downturn and tailing off of both Government and privately funded infrastructure construction. This has been especially apparent in Xinjiang, where excess supply has led to capacity utilisation rates of the Group's production lines in the region falling to approximately half of the designed capacity. During FY2024, these falling utilisation rates have led to falls in ASPs (average selling prices) of the Group's cement products in the region and the expectation is that operations there will remain subdued in the medium term at least. The Purchasers of the Target Companies and Target Assets is one of the largest cement producers in China and has the scale, that the Group does not possess, to manage these cement assets in a more subdued demand environment and as part of a much larger installed capacity base in China.

In addition, the Purchasers of the Target Companies and the Target Assets have the scale to purchase the Target Companies and Target Assets as a whole in an inseparable transaction. This allows the Group to not only save significant transaction and administrative costs in handling the disposal of the Xinjiang assets but also saves management time, allowing the Group to direct management resources and Directors' focus onto its new, faster growing markets, in sub-Saharan Africa and Central Asia.

In 2020, all of the Group's revenues came from China. Since then, the Group's pivot towards sub-Saharan Africa and Central Asia has led to a significant transformation of its operating profile. As at 31 December 2024, the Group has total cement capacity outside of China of 12.3 million tons compared with 27 million tons in China (including the Target Companies and the Target Assets). Due to the fast growing nature of these overseas markets and subsequent higher ASPs, this operational shift has had a significant effect on the Group's financial performance. The Directors are of the belief that the proceeds of the Disposal will be better utilised in freeing up operating cash flow for this overseas growth and this includes partially paying down other overseas debt which is becoming more expensive due to the global interest rate outlook.

In conjunction with the fact that the consideration of the Disposals of RMB1,650 million still represents a premium over the aggregate net book value of the Target Companies and Target Assets as at 31 January 2025 as set out above, and that the Group is still expected to record gain of approximately RMB189.2 million (unaudited) on the Disposals, the Directors consider the terms of the Equity Transfer Agreement and each of the APAs (including the consideration) to be fair and reasonable and in the interests of the Company and the Shareholders as a whole for the reasons above.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Subject to the final audit, it is expected that the Group will record an unaudited gain on disposal of approximately RMB189.2 million. Such unaudited gain is estimated after taking into account the aggregate consideration of the Disposals of RMB1,650 million and the audited carrying value of the Target Companies and the Target Assets as at 31 January 2025.

Shareholders should note that the actual amount of the gain or loss on the Disposals to be recognised in the consolidated financial statements of the Group depends on the net assets/ liabilities of the Disposals and the incidental transaction costs upon completion of the Disposals. Therefore the actual amount of the gain or loss on the Disposals will be subject to audit and may be different from the amount mentioned above.

Upon Completion, the Company will no longer have any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company, and the financial results, assets and liabilities of the Target Companies will cease to be consolidated into the consolidated financial statements of the Group.

The proceeds from the Disposals are intended to be used by the Group for repayment of the 4.95% senior notes issued by the Company which is due in July 2026 (stock code: 40756).

Save as disclosed above, the Disposals are not expected to have any material impact on the earnings and assets and liabilities of the Group.

III. INFORMATION OF THE PARTIES

The Company is a company incorporated in Jersey with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is primarily engaged in the manufacture and sales of cement and cement products.

Each of Asset Transfer Vendors is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. Each of the Asset Transfer Vendors is principally engaged in manufacture and sales of cement and cement products, and sale of construction materials.

Purchaser A is a joint stock company incorporated in the PRC with limited liability, its H shares (foreign listed shares) of which are listed on the main board of the Stock Exchange (stock code: 914) and A shares (domestic listed shares) are listed on the Shanghai Stock Exchange (stock code: 600585).

Purchaser B is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Purchaser A.

Purchaser A and its subsidiaries (including Purchaser B) are principally engaged in the manufacture and sales of cement, commodity clinker, aggregate and concrete.

IV. INFORMATION OF THE TARGET COMPANIES AND THE TARGET ASSETS

Target Companies

Each of the Target Companies is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Vendor A. Each of the Target Companies is principally engaged in the manufacture and sales of cement and cement products, sale of limestones and construction materials as well as provision of waste treatment service in Xinjiang.

Set out below is the key audited financial information for the financial years ended 31 December 2023 and 2024 of each of the Target Companies, both prepared according to the PRC accounting standards.

	For the year ended 31 December	
	2023	**2024**
	RMB	*RMB*
	(audited)	(audited)
Net profits/(loss) before tax:		
伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*) ("**Target Company A**") *(Note)*	82,693,852	79,794,464
新疆柏航環保科技有限公司 (Xinjiang Baihang Environmental Protection Technology Co. Ltd.*) ("**Target Company C**")	(5,903,850)	(3,535,866)
Net profits/(loss) after tax:		
Target Company A *(Note)*	71,413,341	68,025,634
Target Company C	(5,903,850)	(3,526,103)

Note: As at 31 December 2024, 霍城縣南崗西鑫礦業有限責任公司 (Huocheng County Nangang Xixin Mining Industry Co. Ltd.*) ("**Target Company B**") was a subsidiary of Target Company A. Internal restructuring took place on 15 May 2025, when the entire equity interest of Target Company B was transferred to Vendor A.

As at 31 January 2025, the net asset value of each of Target Company A (including Target Company B) and Target Company C was approximately RMB148.2 million and RMB79.5 million, respectively.

The value of the entire equity interest in respect of Target Company A (including Target Company B) and Target Company C as at 31 January 2025 as assessed by the Valuer was approximately RMB180.3 million and RMB81.3 million, respectively.

Target Assets

Each of the Target Assets locates in Xinjiang. Assets B comprises of assets used for cement manufacturing, Assets C comprises of assets used for cement and construction materials manufacturing, and Assets D comprises of assets used for cement manufacturing and limestone mining, as well as the sale of construction materials.

Set out below is the key audited profit/(loss) attributable to each of the Target Assets for the financial years ended 31 December 2023 and 2024.

	For the year ended 31 December	
	2023	**2024**
	RMB	*RMB*
	(audited)	(audited)
Net profits/(loss) before tax:		
Assets B	(4,075,934)	(1,109,078)
Assets C	66,423,937	54,526,847
Assets D	29,004,970	16,296,898
Net profits/(loss) after tax:		
Assets B	(4,068,513)	(1,109,078)
Assets C	63,116,074	53,135,223
Assets D	24,721,511	12,472,830

As at 31 January 2025, the audited total asset value (excluding cash and cash equivalents) of each of Assets B, Assets C and Assets D was approximately RMB157.7 million, RMB920.4 million and RMB155.1 million, respectively.

The value (excluding cash and cash equivalents) of the each of Assets B, Assets C and Assets D as at 31 January 2025 as assessed by the Valuer was approximately RMB227.1 million, RMB966.6 million and RMB257.7 million, respectively.

V. LISTING RULES IMPLICATIONS

MAJOR TRANSACTIONS

As the highest applicable percentage ratios (as defined under the Listing Rules) for the Disposals exceeds 25% but is less than 75%, the Disposals constitute major transactions for the Company under Chapter 14 of the Listing Rules, and therefore are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

CONNECTED TRANSACTIONS

As at the Latest Practicable Date, Conch International held approximately 29.01% of the entire issued share capital of the Company and is a substantial Shareholder. Each of Conch International and Purchaser B is wholly-owned by Purchaser A as at the Latest Practicable Date. As such, each of Purchaser A and Purchaser B is an associate of Conch International and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Equity Transfer Agreement and each of the APAs constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the requirements of reporting, announcement, and the Independent Shareholders' approval under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, each of Mr. Wang Manbo and Mr. Wang Zhixin, a non-executive Director, is an employee of Purchaser A, and each of them has abstained from voting on the Board resolutions approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder. Save as the above, none of the other Directors has material interest in the transactions contemplated under the Equity Transfer Agreement and each of the APAs or is required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Equity Transfer Agreement and each of the APAs.

VI. EGM

The EGM will be held at 5/F, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on Thursday, 14 August 2025 at for the purpose of approving, among other matters, the Disposals and the transactions contemplated thereunder by way of poll.

At the EGM, any Shareholders with a material interest in the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder are required to abstain from voting in respect of the resolution(s) approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder. As at the Latest Practicable Date, Conch International and its associates held an aggregate of 1,584,849,970 Shares (representing approximately 29.01% of the total issued share capital of the Company) and shall abstain from voting in respect of the resolution(s) approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for Conch International and its associates, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Equity Transfer Agreement, each of the APAs, and the transactions contemplated thereunder at the EGM.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. 10:00 a.m. on Tuesday, 12 August 2025) or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM in person should you so wish. If you attend and vote at the EGM, the authority of your proxy will be revoked.

CLOSURE OF REGISTER OF MEMBERS FOR ATTENDING AND VOTING AT THE EGM

In order to determine the Shareholders who are eligible to attend the EGM, the register of members of the Company will be closed from Monday, 11 August 2025 to Thursday, 14 August 2025, both days inclusive. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Thursday, 14 August 2025. During such period, no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 August 2025.

VII. TYPHOON OR BLACK RAINSTORM WARNING ARRANGEMENTS

If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 9:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.westchinacement.com) and designated website of the Stock Exchange (www.hkexnews.hk) to notify the Shareholders of the date, time and place of the rescheduled meeting.

VIII. FURTHER INFORMATION

Your attention is drawn to (i) letter from the Independent Board Committee which contains the recommendation from the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder; and (iii) the extracts of and explanatory notes to the valuation reports in respect of the Target Companies, Assets B, Assets C and Assets D, respectively set out in Appendix II to VI.

IX. RECOMMENDATION

The Directors consider that, although the entering of the Equity Transfer Agreement and each of the APAs is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement and each of the APAs are fair and reasonable and the Disposals are in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution which will be proposed at the EGM for approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder.

X. WARNING NOTICE

Your attention is drawn to the information set out in the appendices to this circular and the notice of the EGM.

Shareholders and potential investors of the Company should note that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective. Furthermore, completion is subject to satisfaction of certain conditions precedent.

As the Disposals may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By order of the Board
West China Cement Limited
Mr. ZHANG Jimin
Chairman

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder:

西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

25 July 2025

To the Independent Shareholders

Dear Sirs or Madams,

MAJOR DISPOSALS AND CONNECTED TRANSACTION DISPOSAL OF COMPANIES AND ASSETS IN XINJIANG

We refer to the circular dated 25 July 2025 (the "**Circular**") to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder, details of which are set out in the "Letter from the Board" contained in the Circular. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice of the Independent Financial Adviser and the principal factors and reasons that the Independent Financial Adviser has taken into consideration in giving such advice are set out in the "Letter from the Independent Financial Adviser" in the Circular. Your attention is also drawn to the "Letter from the Board" in the Circular and the additional information set out in the appendices thereto.

Having taken into account the (i) terms of the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder; and (ii) the factors referred to in the "Letter from the Independent Financial Adviser" in the Circular, we are of the opinion that despite the entering into of the Equity Transfer Agreement and each of the APAs is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder are (i) fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution at the EGM to approve the entering into the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
The Independent Board Committee

Mr. Lee Kong Wai Conway	**Mr. Tam King Ching Kenny**	**Mr. Zhu Dong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Mr. Feng Tao	**Mr. Lau Ka Keung**
Independent non-executive Director	*Independent non-executive Director*

The following is the letter of advice from the Independent Financial Adviser prepared for the purpose of the inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders.

CMBC International Capital Limited
45/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

25 July 2025

To The Independent Board Committee and
The Independent Shareholders of
West China Cement Limited

Dear Sir or Madam,

MAJOR DISPOSALS AND CONNECTED TRANSACTIONS DISPOSALS OF COMPANIES AND ASSETS IN XINJIANG

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposals, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 25 July 2025 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 25 June 2025 (after trading hours), the Group entered into the following transactions:

(1) **Transaction A:** Vendor A and the Purchasers entered into the Equity Transfer Agreement, pursuant to which, Vendor A has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire equity interest in each of the Target Companies at a consideration of RMB398.0 million, subject to adjustment;

(2) **Transaction B:** Vendor B, the Purchasers and Vendor A (as guarantor) entered into the APA B, pursuant to which, Vendor B has conditionally agreed to sell and the Asset Purchaser B has conditionally agreed to purchase Assets B at a consideration of RMB161.5 million, subject to adjustment;

(3) **Transaction C:** Vendors C, the Purchasers and Vendor A (as guarantor) entered into the APA C, pursuant to which, Vendors C has conditionally agreed to sell and the Asset Purchaser C has conditionally agreed to purchase Assets C at a consideration of RMB920.5 million, subject to adjustment; and

(4) **Transaction D:** Vendors D, the Purchasers and Vendor A (as guarantor) entered into the APA D, pursuant to which, Vendors D has conditionally agreed to sell and the Asset Purchaser D has conditionally agreed to purchase Assets D at a consideration of RMB170.0 million, subject to adjustment.

Upon Completion, the Company will no longer have (i) any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company; and (ii) any interest in the Target Assets.

LISTING RULES IMPLICATION

Major Transactions

As the highest applicable percentage ratios (as defined under the Listing Rules) for the Disposals exceeds 25% but is less than 75%, the Disposals constitute major transactions for the Company under Chapter 14 of the Listing Rules, and therefore are subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected Transaction

As at the Latest Practicable Date, Conch International held approximately 29.01% of the entire issued share capital of the Company and is a substantial Shareholder. Each of Conch International and Purchaser B is wholly-owned by Purchaser A as at the Latest Practicable Date. As such, each of Purchaser A and Purchaser B is an associate of Conch International and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Equity Transfer Agreement and each of the APAs constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to the requirements of reporting, announcement, and the Independent Shareholders' approval under Chapter 14A of the Listing Rule.

As at the Latest Practicable Date, each of Mr. Wang Manbo and Mr. Wang Zhixin, a non-executive Director, is an employee of Purchaser A, and each of them has abstained from voting on the Board resolutions approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder. Save as the above, none of the other Directors has material interest in the transactions contemplated under the Equity Transfer Agreement and each of the APAs or is required to abstain from voting on the Board resolutions in relation to the transactions contemplated under the Equity Transfer Agreement and each of the APAs.

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the APAs and the transactions contemplated thereunder by way of poll.

At the EGM, any Shareholders with a material interest in the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder are required to abstain from voting in respect of the resolution(s) approving the Equity Transfer Agreement, each of the

APAs and the transactions contemplated thereunder. As at the Latest Practicable Date, Conch International and its associates held an aggregate of 1,584,849,970 Shares (representing approximately 29.01% of the total issued share capital of the Company) and shall abstain from voting in respect of the resolution(s) approving the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for Conch International and its associates, no other Shareholders will be required to abstain from voting on the resolution(s) in respect of the Equity Transfer Agreement, each of the APAs, and the transactions contemplated thereunder at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Tam King Ching Kenny, Mr. Zhu Dong, Mr. Feng Tao, and Mr. Lau Ka Keung, has been established by the Company to advise the Independent Shareholders as to (i) whether the terms of the Equity Transfer Agreement and each of the APAs and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) whether the terms of the Disposals are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, CMBC International Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, CMBC International Capital Limited did not have any relationships or interests with the Company, Vendor A, the Asset Transfer Vendors or any other parties that could reasonably be regarded as relevant to the independence of CMBC International Capital Limited. In the last two years, CMBC International Capital Limited had not acted as independent financial adviser to the Company. We are not aware of any of the circumstances set out in Rule 13.84 of the Listing Rules, that would affect our independence to advise you on the Disposals, existed as at the Latest Practicable Date.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements supplied, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries (the"**Management**"), as well as, our reference to the relevant public information. We have assumed that all the information provided, statements supplied, and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all material respects at the time they were provided and continue to be true up to the date of the EGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the

Directors and/or the Management. We have also sought and received confirmation from the Company and the Directors that no material facts have been withheld or omitted from the information and statements provided as well as opinions and representations expressed to us.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, statement supplied, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Disposals, we have taken into consideration the following principal factors and reasons:

1. Background information of the Disposals

The Board hereby announces that on 25 June 2025 (after trading hours):

(1) **Transaction A:** Vendor A and the Purchasers entered into the Equity Transfer Agreement, pursuant to which, Vendor A has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire equity interest in each of the Target Companies at a consideration of RMB398.0 million, subject to adjustment;

(2) **Transaction B:** Vendor B, the Purchasers and Vendor A (as guarantor) entered into the APA B, pursuant to which, Vendor B has conditionally agreed to sell and the Asset Purchaser B has conditionally agreed to purchase Assets B at a consideration of RMB161.5 million, subject to adjustment;

(3) **Transaction C:** Vendors C, the Purchasers and Vendor A (as guarantor) entered into the APA C, pursuant to which, Vendors C has conditionally agreed to sell and the Asset Purchaser C has conditionally agreed to purchase Assets C at a consideration of RMB920.5 million, subject to adjustment; and

(4) **Transaction D:** Vendors D, the Purchasers and Vendor A (as guarantor) entered into the APA D, pursuant to which, Vendors D has conditionally agreed to sell and the Asset Purchaser D has conditionally agreed to purchase Assets D at a consideration of RMB170.0 million, subject to adjustment.

Upon Completion, the Company will no longer have (i) any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company; and (ii) any interest in the Target Assets.

2. The Equity Transfer Agreement and the APAs

The principal terms of the Equity Transfer Agreement and the APAs are set out as below:

A. The Equity Transfer Agreement

Date: 25 June 2025 (after trading hours)

Parties:

(i) Vendor A (an indirect wholly-owned subsidiary of the Company)

(ii) Purchaser A

(iii) Purchaser B

Subject matter: Vendor A has conditionally agreed to sell and the Purchasers have conditionally agreed to purchase the entire equity interest in each of the Target Companies. Among the Purchasers, Purchaser A and Purchaser B have agreed to acquire 90% and 10% of the entire equity interest in each of the Target Companies, respectively.

Consideration: The consideration for the transfer of the entire equity interest in the Target Companies is RMB398.0 million, subject to the adjustment.

The consideration shall be paid by the Purchasers to Vendor A by instalment in the following manner:

(i) *First instalment:* within 10 working days from the date on which Vendor A completes all of the following conditions, 40% of the consideration shall be settled by Purchasers:

(a) the shareholders' approval of each of the Target Companies, and the board's approval of Vendor A, approving the transfer of the entire equity interest of the relevant Target Company having been provided by Vendor A to the Purchasers, and the Shareholders' approval approving the transfer of the entire equity interest of the relevant Target Company having been obtained;

(b) a letter of guarantee having been issued by Vendor A guaranteeing its obligations and liabilities under the Equity Transfer Agreement and the APAs, on a joint and several liability basis;

(c) an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs having been issued and obtained;

(d) within seven days after the Equity Transfer Agreement become effective, the Target Companies having obtained and delivered to the Purchasers the written consents of its respective top 10 creditors;

(e) the handover of the management rights of the Target Companies, the issuance of the audited report of the Target Companies for the Transitional Period, the determination of the adjustment and the signing of any handover memorandum and/or supplementary agreement in accordance with the terms and conditions of the Equity Transfer Agreement having been completed;

(f) within 10 working days after the Equity Transfer Agreement become effective, an announcement in relation to the transactions contemplated under the Equity Transfer Agreement having been published by Vendor A on nationally circulated newspaper at the provincial level or above, as well as on the National Enterprise Credit Information Publicity System (國家企業信息公示系統); and

(g) the Equity Transfer Agreement having been signed and become effective, and the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained, and industrial and commercial registration procedures for the necessary changes in relation to the transfer of the entire equity interest in the Target Companies having been completed.

(ii) *Second instalment:* within 10 working days from the date on which Vendor A completes all of the following conditions, 40% of the consideration shall be settled by the Purchasers:

(a) with the assistance of Vendor A, the evaluation of the employees by the Target Companies having been completed within 1 month after the Management Transfer Date, and entering into new labour contract by the Target Companies with those employees who have passed such evaluation; Vendor A having procured the termination of the labour contract with its employees, settled the related social security, overtime wages, and compensation for work-related injuries and deaths with such employees, and Vendor A having provided to the Purchasers the relevant supporting evidence for such termination and settlement (such as letter of termination, proof of payment of compensation and/or employees undertaking, etc.), all of which shall be conducted in accordance with the terms and conditions of the Equity Transfer Agreement;

(b) all encumbrances on those assets which is within the scope of the Equity Transfer Agreement having been fully discharged (if any), and evidence of the relevant discharge having been provided by Vendor A to the Purchasers;

(c) termination of existing contract(s) and/or the entering into supplemental agreement(s) for contracts of the Target Companies in relation to mining, logistics, security and sale and purchase orders having been completed; and

(d) the conditions as specified in sub-paragraph (i) above having been completed.

(iii) *Third instalment:* within 10 working days from the date on which Vendor A completes all of the following conditions, 14% of the consideration shall be settled by the Purchasers:

(a) within 10 working days after the Equity Transfer Agreement become effective, the joint appointment of an intermediary organisation with professional testing qualifications to conduct sampling tests on steel reinforcement spacing, concrete strength and structural safety of the existing silos and sheds of clinker storage, cement storage, raw material storage, etc., of the Target Companies, by Vendor A and the Purchasers having been completed. Based on the conclusion of such testing results, an reinforcement plan for silos and sheds in need of reinforcement jointly formulated by Vendor A and the Purchasers having been completed, and engagement of a contractor to complete the silos reinforcement works within six months after the Management Transfer Date having been completed;

(b) mining licence for the Target Companies for the expanded area of the Cangyinggou limestone mine in Huocheng County (霍城縣蒼英溝石灰岩礦) having been obtained;

(c) within the period of 10 months from the Management Transfer Date, no situation that causes or may cause economic losses or attracts legal liabilities to the Purchasers as a result of (1) any matters prior to the Management Transfer Date (including, but not limited to, liabilities, business, labour relations, taxation, environmental protection, project construction, construction, etc.); or (2) the acquisition of the entire equity interest in the Target Companies, having occurred, save and except for those situation that have been resolved at the expense of Vendor A. If the settlement is actually resolved by the Purchasers, the Purchasers shall deduct such settlement amount from the consideration for the transfer of the entire equity interest in the Target Companies, and any shortfall shall be made up by Vendor A in cash;

(d) within the period of 10 months from the Management Transfer Date, no former or current employee has applied for labour arbitration or filed a lawsuit or petition due to (1) the transfer of the entire equity interest in the Target Companies; or (2) matters prior to the Management Transfer Date; or (3) matters occurring prior to the Management Transfer Date but continuing after such date, having occurred, save and except for those labour arbitration or disputes that have been resolved at the expense of Vendor A. If the settlement is actually resolved by the Purchasers, the Purchasers shall deduct such settlement amount from the consideration for the transfer of the entire equity interest in the Target Companies, and any shortfall shall be made up by Vendor A in cash;

(e) all receivables which is within the scope of the list to the Equity Transfer Agreement having been recovered or disposed of in a manner as agreed by the Purchasers;

(f) the real estate rights certificate for the land, with floor area of approximately 84 mu, occupied by 伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*), a Target Company, having been obtained by such Target Company; and

(g) the conditions as specified in sub-paragraph (ii) above having been completed.

(iv) *Final instalment:* within 10 working days from the date on all of the following conditions having been completed, all of the remaining consideration shall be settled by the Purchasers:

(a) the Management Transfer Date having been elapsed for 18 months;

(b) approval for the mine safety facility design plan for the Target Companies for the expanded area of the Cangyinggou limestone mine in Huocheng County (霍城縣蒼英溝石灰岩礦) having been obtained;

(c) the specified obligations and responsibilities of Vendor A as stipulated in the Equity Transfer Agreement having been completed in accordance with the terms and conditions thereof; and

(d) the conditions as specified in sub-paragraph (iii) above having been completed.

Adjustment of the Consideration The consideration for the transfer of the entire equity interest in the Target Companies shall be adjusted by (i) adding the amount equal to the difference between the amount of current assets of the Target Companies as at the Management Transfer Date and Accounts Date; and (ii) deducting the amount equal to the difference between the amount of total liabilities of the Target Companies as at the Management Transfer Date and the Accounts Date to be taken up, as audited and confirmed by the parties.

Condition precedent The Equity Transfer Agreement shall only become effective upon satisfaction of the following conditions:

(i) the Equity Transfer Agreement having been signed and sealed by Vendor A and the Purchasers;

(ii) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the Equity Transfer Agreement and the transactions contemplated thereunder;

(iii) the shareholders' approval of each of the Target Companies, and the boards' approval of Vendor A, approving the transfer of the entire equity interest of the relevant Target Company having been provided by Vendor A to the Purchasers;

(iv) the Purchasers having completed its internal decision-making and approval procedures in accordance with the terms of the Equity Transfer Agreement;

(v) the board and shareholders' approval of Vendor A approving the transfer of the entire equity interest of the Target Companies, and the letter of guarantee as set out under the paragraph headed "II. The Disposals — Transaction A — Consideration and Payment Terms — (i)(b)" in the Letter from the Board, having been provided by Vendor A to the Purchasers; and

(vi) the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

Completion:

Within seven working days after the Equity Transfer Agreement become effective, Vendor A and the Purchasers shall determine the Management Transfer Date.

Completion shall take place on a date within 10 days after the Management Transfer Date. Under the Equity Transfer Agreement and the APAs, it was agreed between the parties that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective. Hence, if any of the Equity Transfer Agreement and the APAs is canceled or terminated within one year from their respective effective date (other than due to reason of force majeure or State Anti-monopoly Committee or its subordinate bodies), parties to the Equity Transfer Agreement and the APAs (where applicable) shall have the right to request for the cancellation or termination of all the Equity Transfer Agreement and the APAs.

Upon Completion, the Company will no longer have any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company.

Bank guarantee and others

To secure the obligation of Vendor A under the Equity Transfer Agreement, Vendor A shall provide an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to the Purchasers to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs for a term of 42 months from the Management Transfer Date.

Vendor A agrees that, within 42 months from the Management Transfer Date, if the aggregate amount under the utilised bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs is less than RMB20 million, Vendor A shall obtain additional unconditional and irrevocable bank guarantee, so that the aggregate amount of the bank guarantees and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs shall not be less than RMB80 million.

In the event of change in shareholding, assets or other material change of Vendor A, Vendor A shall procure the Company to guarantee, all obligations and liabilities of Vendor A under the Equity Transfer Agreement and the APAs.

Use of brand and trademarks In order to maintain the stability of the sales market and customer channels after Completion, Purchaser A may use the brand and trademark of Vendor A at nil consideration for a period of 12 months after the Management Transfer Date. During the period in which the Purchasers uses the trademark of Vendor A, if the quality of the cement and clinker manufactured by the Purchasers causes losses to Vendor A, such related losses shall be borne by the Purchasers.

B. The APAs

Date 25 June 2025 (after trading hours)

Parties:

(i) Vendor B (an indirect wholly-owned subsidiary of the Company) for Transaction B,

Vendors C (each an indirect wholly-owned subsidiary of the Company) for Transaction C, and

Vendors D (each an indirect wholly-owned subsidiary of the Company) for Transaction D

(ii) the Purchasers

(iii) Vendor A (as guarantor)

The Purchasers intend to establish a joint venture in each of Yutian County, Moyu County and Hetian County, Xinjiang, as investment vehicles, in respect of the purchase of Assets B, C and D respectively, among which Purchaser A and Purchaser B will own as to 90% and 10% of the entire equity interest in such investment vehicles. Pursuant to each of the APA B, APA C and APA D, upon establishment of the relevant investment vehicles, the rights and obligations of the Purchasers under each of the APA B, APA C and APA D shall be enjoyed and assumed by the above mentioned investment vehicles respectively.

Subject matter: *Transaction B*

Vendor B has conditionally agreed to sell and the Asset Purchaser B has conditionally agreed to purchase Assets B.

Assets B comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and mining rights owned by Vendor B; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of Vendor B.

Transaction C

Each of the Vendors C has conditionally agreed to sell and the Asset Purchaser C has conditionally agreed to purchase Assets C owned by the respective Vendors C.

Assets C comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and/or mining rights owned by the relevant Vendors C; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of the relevant Vendors C.

Transaction D

Each of the Vendors D has conditionally agreed to sell and the Asset Purchaser D has conditionally agreed to purchase Assets D owned by the respective Vendors D.

Assets D comprise of (i) non-current assets including property, plant and equipment, right-of-use assets and/or mining rights owned by the relevant Vendors D; and (ii) receivables, inventories and cash and cash equivalents as at the Asset Transfer Date of the relevant Vendors D.

Consideration: The consideration for the transfer of Assets B is RMB161.5 million subject to adjustment.

The consideration for the transfer of Assets C is RMB920.5 million subject to adjustment.

The consideration for the transfer of Assets D is RMB170.0 million subject to adjustment.

Payment Terms under each of the APAs

The consideration under the relevant APA shall be paid by the relevant Asset Purchaser to the relevant Asset Transfer Vendor, by instalment in the following manner:

(i) *First instalment:* within 10 working days from the date on which all of the following conditions having been completed, 40% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser:

(a) the board and shareholders' approval of the relevant Asset Transfer Vendor approving the transfer of the relevant Target Assets in accordance with the terms and conditions of the relevant APA having been provided by the relevant Asset Vendor to the relevant Asset Purchaser;

(b) the letter of guarantee having been issued by the relevant Asset Transfer Vendor and Vendor A, guaranteeing its respective obligations and liabilities under the APAs and the Equity Transfer Agreement, on a joint and several liability basis;

(c) an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and the APAs having been issued and obtained by the relevant Asset Transfer Vendor or its related entity;

(d) of the liabilities which will not be assumed by the relevant Asset Purchaser, within seven days after the relevant APA become effective, the relevant Asset Transfer Vendor having obtained and delivered to the relevant Asset Purchaser the written consents of its respective creditors (which are related parties to such relevant Asset Transfer Vendor);

(e) the stocktaking, confirmation on such stocktaking, and transfer procedures, the issuance of the audited report of the relevant Asset Transfer Vendor for the Transitional Period, the determination of the adjustment and the signing of any handover memorandum and/or supplementary agreement in accordance with the terms and conditions of the relevant APA having been completed;

(f) within 10 working days after the relevant APA become effective, an announcement in relation to the transactions contemplated under the relevant APA having been published by the relevant Asset Transfer Vendor on nationally circulated newspaper at the provincial level or above, as well as on the National Enterprise Credit Information Publicity System (國家企業信息公示系統);

(g) the entering into (1) lease agreement and mortgage by the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the lease and mortgage on the mineral resources within the scope of the relevant APA, (2) mortgage by the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the mortgage of the land and other immovable properties within the scope of the relevant APA, and (3) pledge agreement by Vendor A and the relevant Asset Transfer Vendor with the relevant Asset Purchaser in respect of the pledge of the entire equity interest in the relevant Asset Transfer Vendor, having been completed, and the registration and filing of the aforesaid agreements having been completed; and

(h) the relevant APA become effective, and the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

(ii) *Second instalment:* within 10 working days from the date on which all of the following conditions having been completed, 40% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser:

(a) with the assistance of the relevant Asset Transfer Vendor, the evaluation of the employees by the relevant Asset Purchaser within 1 month after the Asset Transfer Date, and entering into new labour contract by relevant Asset Purchaser with those employees who meet the conditions of employment of the relevant Asset Purchaser having been completed; and the relevant Asset Transfer Vendor having been provided to the relevant Asset Purchaser the relevant supporting evidence for the termination of employment with such employees who have passed the evaluation and employees undertaking etc., all of which shall be conducted in accordance with the terms and conditions of the relevant APA;

(b) all encumbrances on those assets which is within the scope of the relevant APA having been fully discharged (if any), and evidence of the relevant discharge having been provided by the relevant Asset Transfer Vendor to the relevant Asset Purchaser;

(c) of the liabilities which will not be assumed by the relevant Asset Purchaser, the relevant Asset Transfer Vendor having obtained and delivered to the relevant Asset Purchaser the written consents of its respective top 10 creditors (which are not related parties to such relevant Asset Transfer Vendor);

(d) termination of existing contract(s) and/or amendments of existing contracts of the relevant Asset Transfer Vendor in relation to mining, logistics, security and sale and purchase orders having been completed; and

(e) all the conditions as specified in sub-paragraph (i) above in respect of the relevant APA having been completed.

(iii) *Third instalment:* within 10 working days from the date on which all of the following conditions having been completed, 14% of the consideration under the relevant APA shall be settled by the relevant Asset Purchaser

(a) within 10 working days after the relevant APA become effective, the joint appointment of an intermediary organisation with professional testing qualifications to conduct sampling tests on steel reinforcement spacing, concrete strength and structural safety of the existing silos and sheds of clinker storage, cement storage, raw material storage, etc., which falls within the scope of the relevant Target Asset, by the relevant Asset Transfer Vendor and the relevant Asset Purchaser having been completed. Based on the conclusion of such testing results, an reinforcement plan for silos and sheds in need of reinforcement jointly formulated by the relevant Asset Transfer Vendor and the relevant Asset Purchaser having been completed, and engagement of contractor to complete the silos reinforcement works within six months after the Asset Transfer Date having been completed;

(b) within the period of 10 months from the Asset Transfer Date, no situation that causes or may cause economic losses or attracts legal liabilities to the relevant Asset Purchaser as a result of (1) any matters prior to the Asset Transfer Date (including, but not limited to, liabilities, business, labour relations, taxation, environmental protection, project construction, construction, etc.); or (2) the acquisition of the assets under the relevant APA, having occurred, save and except for those situation that have been resolved at the expense of the relevant Asset Transfer Vendor. If the settlement is actually resolved by the relevant Asset Purchaser, the relevant Asset Purchaser shall deduct such settlement amount from the consideration for the transfer of the relevant Target Asset, and any shortfall shall be made up by the relevant Asset Transfer Vendor in cash;

(c) within the period of 10 months from the Asset Transfer Date, no former or current employee has applied for labour arbitration or filed a lawsuit or petition due to (1) the transfer of the assets under the relevant APA; or (2) matters prior to the Asset Transfer Date; or (3) matters occurring prior to the Asset Transfer Date but continuing after such date, having occurred, save and except for those labour arbitration or disputes that have been resolved at the expense of the relevant Asset Transfer Vendor. If the settlement is actually resolved by the relevant Asset Purchaser, the relevant Asset Purchaser shall deduct such settlement amount from the consideration for the transfer of the relevant Target Asset, and any shortfall shall be made up by the relevant Asset Transfer Vendor in cash;

(d) the amendment or transfer of, or approval for the change of, existing certificate(s) or approval(s) underlying the assets of the Target Assets in relation to land and/or real estate rights certificate(s); mining rights certificate(s); product production licence(s), safety production licence(s), construction enterprises qualification(s) (where applicable), sewage licence(s) and other approval(s) or licence(s) required for the cement and/or clinker and/or commercial concrete production lines, from the relevant Asset Transfer Vendor to the relevant Asset Purchaser having been completed;

(e) all receivables which is within the scope of the list to the relevant APA having been recovered or disposed of in a manner as agreed by the relevant Asset Purchaser; and

(f) the conditions as specified in sub-paragraph (ii) above in respect of the relevant APA having been completed.

(iv) *Final instalment:* within 10 working days from the date on which all of the following conditions having been completed, all of the remaining consideration shall be settled by the relevant Asset Purchaser:

(a) the Asset Transfer Date having been elapsed for 18 months;

(b) the specified obligations and responsibilities of the relevant Asset Transfer Vendor as stipulated in the relevant APA having been completed in accordance with the terms and conditions thereof;

(c) the date of publication of the announcement as set out under the paragraph headed "Transaction B, Transaction C and Transaction D — Payment Terms — (i)(f)" in the Letter from the Board having been elapsed for three years, and during such period no dispute arise in connection with any liabilities due to non-related parties of the relevant Asset Transfer Vendor in which the relevant Asset Transfer Vendor has yet to resolve pursuant to the terms of the relevant APA; and

(d) the conditions as specified in sub-paragraph (iii) above in respect of the relevant APA having been completed.

Adjustments of the consideration under each of the APAs

The consideration for the transfer of the relevant Target Asset shall be adjusted by (i) adding the amount equal to the difference between amount of current assets of the relevant Asset Transfer Vendor as at the Asset Transfer Date and the Accounts Date; and (ii) deducting the amount of total liabilities at the relevant Asset Transfer Vendor as at the Asset Transfer Date to be taken up, as audited and confirmed by the parties.

Conditions precedent under each of the APAs

The APAs shall only become effective upon satisfaction of the following conditions:

(i) the relevant APA having been signed and sealed by the relevant Asset Transfer Vendor and the Purchasers;

(ii) the passing of the necessary resolutions by the Independent Shareholders at the EGM approving the relevant APA and the transactions contemplated thereunder;

(iii) the board and shareholders' approval of the relevant Asset Transfer Vendor approving the transfer of the relevant Target Asset having been provided by the relevant Asset Transfer Vendor to the relevant Asset Purchaser;

(iv) the relevant Asset Purchaser having completed its internal decision-making and approval procedures in accordance with the terms of the APAs;

(v) the board and shareholders' approval of Vendor A and the relevant Asset Transfer Vendor, respectively, approving the transfer of the relevant Target Assets, and the letter of guarantee as set out under the paragraph headed "II. The Disposals — Transaction B, Transaction C and Transaction D — Payment Terms — (i)(b)", in the Letter from the Board, having been provided to the relevant Asset Purchasers; and

(vi) the approval from the state anti-monopoly agency (國家反壟斷機構) having been obtained.

Completion

Within seven working days after the relevant APA become effective, the relevant Asset Transfer Vendor and the relevant Asset Purchaser shall determine the Asset Transfer Date. Completion shall take place within 10 days after the Asset Transfer Date.

Under the Equity Transfer Agreement and the APAs, it was agreed between the parties that the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, if any of them does not become effective, then none of the Equity Transfer Agreement and the APAs shall become effective. Hence, if any of the Equity Transfer Agreement and the APAs is canceled or terminated within one year from their respective effective date (other than due to reason of force majeure or State Anti-monopoly Committee or its subordinate bodies), parties to the Equity Transfer Agreement and the APAs (where applicable) shall have the right to request for the cancellation or termination of all the Equity Transfer Agreement and the APAs.

Bank guarantees and others	To secure the obligation of the Asset Transfer Vendors under the relevant APAs, the relevant Asset Transfer Vendor or its related entity shall provide to the relevant Asset Purchaser an unconditional and irrevocable bank guarantee in the amount of not less than RMB100 million to guarantee the obligations and liabilities under the Equity Transfer Agreement and APAs for a term of 42 months from the Asset Transfer Date. The relevant Asset Transfer Vendor agrees that, within 42 months from the Asset Transfer Date, if the aggregate amount under the utilised bank guarantee and the remaining consideration under the final instalment of the Equity Transfer Agreement and the APAs is less than RMB20 million, the relevant Asset Transfer Vendor shall obtain additional unconditional and irrevocable bank guarantee, so that the aggregate amount of the bank guarantee shall not be less than RMB80 million. In the event of change in shareholding, assets or other material change of Vendor A, Vendor A shall procure the Company to guarantee, all obligations and liabilities of the Asset Transfer Vendors under the Equity Transfer Agreement and the APAs
Use of brand and trademarks	In order to maintain the stability of the sales market and customer channels after Completion, the relevant Asset Purchaser may use the brand and trademark of the relevant Asset Transfer Vendor at nil consideration for a period of 12 months after the Asset Transfer Date. During the period in which the relevant Asset Purchaser uses the trademark of the relevant Asset Transfer Vendor, if the quality of the cement and clinker manufactured by the relevant Asset Purchaser causes losses to the relevant Asset Transfer Vendor, such related losses shall be borne by the relevant Asset Purchaser.

3. Information of the Group

The Group is primarily engaged in the manufacture and sales of cement and cement products, with cement production lines in China and more recently in the faster growing overseas development markets of sub-Saharan Africa and Central Asia.

The Group's cement production is geared towards the economic development of Western China, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa, driven by the Chinese Government's "Western Development Policy" and the "Silk Road Economic Development Plan". The Group aims to serve the development needs of Shaanxi, Xinjiang, Guizhou, Uzbekistan, Mozambique, D.R. Congo and Ethiopia, Africa supplying cement products to the infrastructure, urban and rural construction markets.

Financial performance of the Group

Set out below are selected financial information of the Group for the two years ended 31 December 2023 and 2024 as extracted from the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") respectively:

	For the year ended 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
Revenue	9,020,901	8,344,946
Gross Profit	2,460,019	1,973,785
Profit for the year	685,701	827,855

	As at 31 December	
	2023	**2024**
	RMB'000	*RMB'000*
	(audited)	*(audited)*
Total assets	32,902,850	36,289,921
Total liabilities	18,734,900	22,473,436
Net assets	14,167,950	13,816,485

(i) Revenue and Gross profit

The Group's revenue decreased by approximately 7.5% from approximately RMB9,020.9 million for the year ended 31 December 2023 to approximately RMB8,344.9 million for the year ended 31 December 2024. Cement sales volume decreased by 3.0%, from approximately 19.8 million tons for the year ended 31 December 2023 to approximately 19.2 million tons for the year ended 31 December 2024. Including clinker sales, total sales volume of the Group for the year ended 31 December 2024 amounted to approximately 20.0 million tons, representing a decrease of approximately 2.4% as compared to the sales volume of approximately 20.5 million tons sold in 2023.

Overall cement prices were 6.1% lower than those in 2023, and this has resulted in lower revenue in 2024. Average selling price of cement for the year ended 31 December 2024 were RMB338 per ton as compared with that of RMB360 per ton in 2023.

Gross profit of the Group decreased by approximately RMB486.2 million, or approximately 19.8% from approximately RMB2,460.0 million for the year ended 31 December 2023 to approximately RMB1,973.8 million for the year ended 31 December 2024. The decrease in gross profit of the Group was mainly due to the decrease in both average selling price and sales volume as described above. Gross profit margin of the Group decreased from approximately 27.3% for the year ended 31 December 2023 to approximately 23.7% for the year ended 31 December 2024.

(ii) Profit for the year

Profit for the year of the Group increased from approximately RMB685.7 million for the year ended 31 December 2023 to approximately RMB827.9 million for the year ended 31 December 2024. This is primarily due to the net effect of the decrease in gross profit, the decrease in other expenses and increase in other gains and losses, net.

(iii) Net assets

As at 31 December 2024, the net assets of the Group were approximately RMB13,816.5 million, representing a decrease of approximately 2.5% as compared to that of approximately RMB14,168.0 million as at 31 December 2023. The decrease in net assets was mainly attributable to the increase in trade and other payables, contract liabilities.

Market outlook on cement assets and companies of the Group

As stated in the report ''Current status and prospects of cement industry supply chain development'' issued by China Cement Association in 2024, being affected by the real estate market, the demand of cement in China was being affected. In addition, cement corporations also faced challenges including instability of raw materials supplies, pressure from environmental protection, market competitions and high costs of logistics.

In 2025, the central government will adhere to the general principle of ''pursuing progress while maintaining stability'', strengthen counter-cyclical adjustment, and implement proactive fiscal policies alongside prudent monetary policies. With the accelerated placement of funds such as ultra-long-term special government bonds and special bonds, the demand for cement in ongoing projects under construction is expected to increase. Infrastructure development will continue to be the main driving force for cement demands. With continuous optimization and implementation of supporting policies of ''stabilising the market'' and ''destocking'', and the acceleration of the construction of ''three major projects'' such as affordable housing, the real estate market will be recovered to a certain extent.

However, the situation of the real estate market is difficult to reverse in the short term, and will be in a stage of further adjustment. The State Council issued the 2024–2025 Energy Conservation and Carbon Reduction Action Plan and Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development, which require strengthening the adjustment and control on the production capacity and volume of building materials industry, and promoting the normalisation of staggered production. They also strictly restrict access to new projects, push forward green and low-carbon transformation and upgrading of traditional industries, and establish a comprehensive exit mechanism for production capacity.

In addition, the central government proposed to strengthen industry self-discipline, prevent "involution" vicious competition, strengthen the survival of the fittest mechanism of the market, and facilitate the exit channels for backward and inefficient production capacity, all of which can help to alleviate the contradiction between supply and demand in the cement market, maintain the industry ecology and promote the healthy development of the industry.

4. Information on the Target Companies and Target Assets

A. Target Companies

Each of the Target Companies is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor A. Each of the Target Companies is principally engaged in the manufacture and sales of cement and cement products, sale of limestones and construction materials as well as provision of waste treatment service.

Financial performance of the Target Companies

Set out below is the key audited financial information for the financial years ended 31 December 2023 and 2024 of each of the Target Companies, both prepared according to the PRC accounting standards:

	For the year ended 31 December	
	2023	**2024**
	RMB	*RMB*
	(audited)	*(audited)*
Net profit/(loss) before tax:		
Target Company A[(Note)]	82,693,852	79,794,464
Target Company C	(5,903,850)	(3,535,866)
Net profit/(loss) after tax:		
Target Company A[(Note)]	71,413,341	68,025,634
Target Company C	(5,903,850)	(3,526,103)

Note: As at 31 December 2024, Target Company B was a subsidiary of Target Company A. Internal restructuring took place on 15 May 2025, when the entire equity interest of Target Company B was transferred to Vendor A. Therefore, the financial information of Target Company B is consolidated into the financial information of Target Company A as shown above.

As at 31 January 2025, the net asset value of each of Target Company A (including Target Company B) and Target Company C was approximately RMB148.2 million and RMB79.5 million, respectively.

Net profit after tax for the year of the Target Companies decreased from RMB65.5 million for the year ended 31 December 2023 to RMB64.5 million for the year ended 31 December 2024, which was mainly attributable to the decrease in the revenue of the Target Companies for the year ended 31 December 2024.

The value of the entire equity interest in respect of Target Company A (including Target Company B) and Target Company C as at 31 January 2025 as assessed by the Independent Valuer (as defined below) was approximately RMB180.3 million and RMB81.3 million, respectively.

B. Target Assets

Each of the Target Assets locates in Xinjiang. Assets B comprises of assets used for cement manufacturing, Assets C comprises of assets used for cement and construction materials manufacturing, and Assets D comprises of assets used for cement manufacturing and limestone mining, as well as the sale of construction materials.

Financial performance of the operations of the Target Assets

Set out below is the key audited profit or loss attributable to each of the Target Assets for the financial years ended 31 December 2023 and 2024:

	For the year ended 31 December	
	2023	**2024**
	RMB	*RMB*
	(audited)	*(audited)*
Net profit/(loss) before tax		
Asset B	(4,075,934)	(1,109,078)
Asset C	66,423,937	54,526,847
Asset D	29,004,970	16,296,898
Net profit/(loss) after tax		
Asset B	(4,068,513)	(1,109,078)
Asset C	63,116,074	53,135,223
Asset D	24,721,511	12,472,830

As at 31 January 2025, the audited total asset value (excluding cash and cash equivalent) of each of Assets B, Assets C and Assets D was approximately RMB157.7 million, RMB920.4 million and RMB155.1 million, respectively.

Net profit after tax for the year of the operations of the Target Assets decreased from RMB83.8 million for the year ended 31 December 2023 to RMB64.5 million for the year ended 31 December 2024, which was mainly attributable to the decrease in the revenue derived from the operations of the Target Assets for the year ended 31 December 2024.

The value (excluding cash and cash equivalents) of the each of Assets B, Assets C and Assets D as at 31 January 2025 as assessed by the Independent Valuer (as defined below) was approximately RMB227.1 million, RMB966.6 million and RMB257.7 million, respectively.

5. Reasons for and benefits of the Disposals

As discussed in the Letter from the Board in the Circular and based on our understanding from the Management, the Disposals are considered to be in line with the Group's development strategy taken into account:

(i) The Group is optimistic about the future growth potential of cement in Africa in the long run

Africa, in particular, has the world's fastest population growth profile, with total population expected to reach close to 2.5 billion in 2050, from 1.5 billion in 2024 and some of the fastest GDP growth rates in the world. Infrastructure development and urbanization in these markets are benefiting from domestic and international growth initiatives, including the Chinese Government's Belt and Road Initiative. Sub-Saharan Africa has some of the lowest per capita cement consumption rates in the world, at a fraction of those in developed markets and cement production in many countries is backward, under supplied and highly fragmented.

In Ethiopia, the Group's plants enjoy a very strong market position and will continue to benefit from urban, airport, road and railway infrastructure development. The Group's current capacity next to Mozambique's capital Maputo benefits from domestic demand as well as exports to Madagascar, South Africa and Zimbabwe. A new 1.5 million ton plant in northern Mozambique is due to be commissioned in 2026 and is expected to benefit from Mozambique's offshore Liquefied Natural Gas production plans. In the DRC, the Great Lakes plant supplies the east of the country, which faces serious clinker shortages, as well as exporting to Rwanda, Burundi and Tanzania. The Group has also been able to secure the only significant limestone resource in North-eastern Uganda, a country with strong economic growth potential and cement supply shortages. Current cement prices in Uganda exceed RMB1,200 per ton and the Group's new Moroto Plant in North-eastern Uganda is also expected to be commissioned at the end of 2025.

(ii) the net proceeds from the Disposals will provide the Group with cash inflow which will strengthen the financial position of the Group for its long run business expansion needs, in particular, in the Africa market

The Group's focus on overseas development has been validated by its recent financial performance. In 2020, all of the Group's revenues came from China. Since then, the Group's pivot towards sub-Saharan Africa and Central Asia has led to a significant transformation of its operating profile. As at 31 December 2024, the Group has total cement capacity outside of China of 12.3 million tons compared with 27 million tons in China (including the Target Companies and the Target Assets). Due to the fast growing nature of these overseas markets and subsequent higher

ASPs, this operational shift has had a significant effect on the Group's financial performance. In 2024, while cement and clinker sales volumes in Africa and Uzbekistan only amounted to 4.03 million tons out of total Group sales of approximately 20.0 million tons, representing approximately 20% of the total sales volume of the Group, income from these overseas markets made up approximately 38% of the Group's total revenue and approximately 67% of the Group's gross profit. This outperformance came as a result of average gross profit per ton (GP/Ton) in excess of RMB323 in Africa and RMB64 in Uzbekistan, compared with RMB42 in China.

(iii) the net proceeds from the Disposals will be used as funding to settle certain outstanding indebtedness

As at 31 December 2024, the Group recorded net current liabilities of approximately RMB3,560.4 million. The proceeds from the Disposals are intended to be used by the Group for repayment of the 4.95% senior notes issued by the Company which is due in July 2026 (stock code: 40756) as other overseas debt is becoming more expensive due to the global interest rate outlook.

Based on our discussion with the Management and our review of the 2024 Annual Report, we concur with the view of the Management that the Disposals are in line with the Group's principal business and its long-term development strategy.

6. Valuation of the Target Group

As disclosed in the Letter from the Board in the Circular:

The consideration(s) of:

(i) **Transaction A** was determined after arm's length negotiations between Vendor A and the Purchasers, after (i) considering various factors, including the investment costs of similar companies, resources, location and market of the Target Companies; and (ii) the valuation of the entire equity interest in the Target Companies as assessed by the Independent Valuer (as defined below) of approximately RMB261.6 million as at 31 January 2025 using the asset-based approach.

(ii) **each of Transactions B, C and D** was determined after arm's length negotiations between the relevant Asset Transfer Vendor and the Purchasers, after (i) considering various factors, including the investment costs of similar types of project, licences involved and the relevant market; and (ii) the valuation (excluding cash and cash equivalents) of the Target Assets as assessed by the Independent Valuer (as defined below) of approximately RMB1,451.4 million as at 31 January 2025 using the cost method and/or the market approach.

The following sets forth a summary of the considerations of Transactions A, B, C and D and the respective net book values and appraised values of the (i) entire equity interests of the Target Companies; and (ii) each of Assets B, C and D as at 31 January 2025 (the "**Valuation Date**") as set out in the valuation reports in relation to the Target Companies and Target Assets (the "**Valuation Reports**") prepared by the Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co., Limited (深圳億通資產評估房地產土地估價有限公司) (the "**Independent Valuer**"). Please refer to Appendix II, III, IV, V to the Circular for detailed information of the Valuation Reports.

	Subject Matter	Net book value as at 31 January 2025 *(RMB million)*	Appraised value as at 31 January 2025 *(RMB million)*	Consideration *(RMB million)*
Transaction A	Entire equity interests of the Target Companies	227.7	261.6	398.0
Transaction B	Assets B	157.7	227.1	161.5
Transaction C	Assets C	920.4	966.6	920.5
Transaction D	Assets D	155.1	257.7	170.0
	Total	**1,460.8**	**1,713.1**	**1,650.0**

6.1 Scope of work and qualification of the Independent Valuer

We have performed the work as required under Rule 13.80 of the Listing Rules in relation to the Independent Valuer. In particular, we have reviewed the Valuation Reports and relevant documents obtained from the Independent Valuer and interviewed the Independent Valuer with particular attention to (i) the terms of engagement of the Independent Valuer with the Company in relation to the valuation of the equity interests of the Target Companies and the Target Assets; (ii) the certificates of qualifications and experience of the Independent Valuer; and (iii) the valuation methodologies and assumptions used by the Independent Valuer in formulating the Valuation Reports.

We understand that the Independent Valuer is certified with relevant professional qualifications required to perform the valuations of the Target Companies and the Target Assets. Mr. Tang Jianwen and Mr. Han Xiaozhe, having over 10 years of experience in valuation of properties, business and mining rights in the PRC, are responsible for the overall valuations. Based on our review of the Independent Valuer's terms of engagement with the Company in relation to the valuations of the Target Companies and the Target Assets and discussion with the Independent Valuer on the work it has performed in formulating the Valuation Reports, we noted that the scope of work is appropriate for arriving at the valuations of the Target Companies and the Target Assets and we are not aware of any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuation Reports. Nothing has come to our attention that the parties to the Disposals had made formal or informal representation to the Independent Valuer that contravenes with our understanding of the information, to a material extent, as set out in the Circular. The Independent Valuer has confirmed that it is an independent third party to the parties of the Disposals and their respective core connected persons.

In light of the above, we are not aware of any matters that would cause us to question the Independent Valuer's competence and independence, and we consider that the Independent Valuer has sufficient expertise to perform the valuations of the Target Companies and the Target Assets.

6.2 Valuation methodology and assumptions

We have reviewed the Valuation Reports and discussed with the Independent Valuer on the methodologies of, and bases and assumptions adopted for the valuations, and adjustments made to arrive at the Valuation Reports.

Transaction A

As advised by the Independent Valuer, in arriving at the assessed values of the Target Companies, the Independent Valuer has considered several accepted approaches, namely, income approach, asset-based approach and market approach:

Income approach:	provides an indication of value by converting future cash flows to a single current asset value, and is commonly applied to an aggregation of assets consisting of all assets of a business enterprise, including working capital and tangible and intangible assets. Value is derived based upon the present worth of economic benefits of ownership of asset
Asset-based approach:	provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. Value is established based on cost of reproducing or replacing the asset, less depreciation or amortisation from functional and economic obsolescence, if present and measurable

Market approach: provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised

The Independent Valuer considered:

(a) the selection of the valuation approach in valuing the Target Companies is based on, among other criteria, the merits and limitations of each of the aforesaid valuation methodologies, the quantity and quality of the information provided, accessibility to available data, availability of relevant market information, the operation, business nature, financial performance and financial position of the Target Companies, professional judgment and technical expertise;

(b) income approach is not considered because it requires significant level of unobservable and subjective assumptions to be made to arrive at, among others, detailed operational information and long-term financial projections, to which the valuation is highly dependent on the financial projection of the Target Companies prepared by the Management; and

(c) result from using market approach is not considered as cement manufacturing industry is a typical asset-intensive industry, in which the asset value of an enterprise accounts for a large proportion of its overall value, and the production and operation of a company often relies on a large number of fixed assets, while results of the market approach may fluctuate greatly due to changes in market sentiment, short-term supply and demand and for cement business which is greatly affected by macroeconomic and industry cycles, the stability advantage of the asset-based approach is preferable.

The asset-based approach is adopted for and concluded the valuation of the entire equity interest of the Target Companies. We have reviewed the financial information of the Target Companies and noted that the Target Companies are asset-heavy companies. Given their identifiable assets and liabilities, we concur with the Independent Valuer that the asset-based approach is the most appropriate methodology in the valuation of the Target Companies.

Transactions B, C and D

As advised by the Independent Valuer, in arriving at the assessed values of the Target Assets, the Independent Valuer has considered several accepted approaches, namely, income approach, cost approach and market approach:

Income approach:	provides an indication of value by converting future cash flows to a single current asset value, and is commonly applied to an aggregation of assets consisting of all assets of a business enterprise, including working capital and tangible and intangible assets. Value is derived based upon the present worth of economic benefits of ownership of asset
Cost approach:	considers the cost to reproduce or replace the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history
Market approach:	provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised

The Independent Valuer considered:

(a) the selection of the valuation approach in valuing the Target Assets is based on, among other criteria, the merits and limitations of each of the aforesaid valuation methodologies, the quantity and quality of the information provided, accessibility to available data, availability of relevant market information, the operation, business nature, financial performance and financial position of the Target Assets, professional judgment and technical expertise; and

(b) income approach is not considered because the Target Assets are unable to generate income individually and it is difficult to quantify costs and expenses related to labor, management and operation and land that are assigned to the Assets in monetary terms. In addition, it requires significant level of unobservable and subjective assumptions to be made to arrive at, among others, detailed operational information and long-term financial projections, to which the valuation is highly dependent on the financial projection of the Target Assets prepared by the Management.

The cost approach is adopted for the valuation of the property, plant and equipment, receivables and inventories in the Target Assets, which considers the cost to reproduce or replace the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history. The market approach is adopted for the valuation of the land use rights and mining rights as it provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available, and incorporating adjustments to be made for any difference between the properties of the comparable assets and the subject asset being appraised. Since the subject matter of Transactions B, C, D are the Target Assets which is mainly selected assets of the Target Companies B, C and D, comprised of (i) non-current assets including property, plant and equipment, right-of-use assets and mining rights; and (ii) receivables, inventories and cash and cash equivalents, we concur with the Independent Valuer that the cost approach and/or market approach is/are the most appropriate methodology in the valuation of the Target Assets.

In respect of the valuation methodologies adopted by the Independent Valuer, we consider that the Independent Valuer has given due consideration to the selection of valuation approaches. We consider that the benefits of using these approaches include simplicity, clarity, speed and the need for few assumptions. It also introduces objectivity in application as publicly available inputs are used. We concur with the Independent Valuer in choosing the asset-based approach, cost approach and market approach over the income approach, considering that the income approach requires subjective assumptions to which the valuation is highly sensitive.

The Independent Valuer has conducted the valuation on the assumptions that the Target Companies and Target Assets carry out normal business in a usual manner without major disruptions, which we consider are fair and reasonable.

6.3 Assessment of the valuation of the Target Companies and Target Assets

A. Valuation of the Target Companies

As set out in the Valuation Reports, the appraised value of the entire equity interest of the Target Companies was derived based on assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity at the appraisal reference date of which all individual asset and liability account categories are analysed and valued separately. It is noted from the Valuation Reports that the book value and appraised value of net assets value of the Target Companies as of the Valuation Date was approximately RMB227.7 million and RMB261.6 million, respectively, representing an appreciation of approximately RMB33.9 million or 14.9%. The appreciation of net asset value as compared to the book value was primarily due to the combined effect of the increase in revaluation of (i) property, plant and equipment; and (ii) current assets.

In valuing the Target Companies under asset-based approach, the Independent Valuer appraised the value of long-term equity investment, buildings, structures, machinery equipment, vehicles and electronic equipment by taking into account: (i) the replacement cost; and (ii) the residual ratio.

Replacement cost is determined by reference to the current market acquisition price, while residual ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

As discussed with the Independent Valuer, the economic useful life and ageing rate of the Target Assets was referenced from the "Handbook of Common Used Methods and Parameters for Asset Appraisal* (資產評估常用資料與參數手冊) published by China Machine Press, a commonly used reference in the asset and equity valuations in the PRC.

The land use rights of the Target Companies are appraised under market approach as price information of comparables is available. Three comparables are referenced for the valuation of the land use rights. Adjustments are made based on location factor premium, individual factor premium and tenure correction of the comparables. We obtained the list of comparables and understand that the comparables are selected based on the location (Yilin, PRC), available for bidding and auction and of industrial use and the price information is extracted from landchina.com (中國土地市場網站), the website with land information hosted by Real Estate Registration Center of Ministry of Natural Resources* (自然資源部不動產登記中心).

The vehicles for transportation of the Target Companies are appraised under market approach as price information of comparables is available. Three comparables are referenced for the valuation of the vehicles for transportation. Adjustments are made based on the year and month of activation and mileage of the comparables. We obtained the list of comparables and understand that the comparables are selected based on the vehicle model and time of activation, and the price information is extracted from several commonly used independent third party websites for second handed cars including www.autohome.com.cn (汽車之家).

The current assets of the Target Companies are appraised as below:

1. Currency funds: The book value after inventory verification was used as the appraised value.

2. Bills receivable: The appraised value is determined on the basis of the probable recoverable amount of each bill after verification.

3. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

4. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

5. The appraised values of inventories — products-in-process are determined by multiplying the quantity after inventory verification by the current market selling price if the inventory can be sold to the outside world, and by the verified book value if the inventory cannot be sold to the outside world.

6. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost method is adopted.

7. Other current assets are valued book value after inventory verification.

8. Deferred income tax assets are appraised based on the reasons for their origination and the estimated recoverable amounts after the valuation date.

We obtained and reviewed the data used by the Independent Valuer for appraising the Target Companies, which aligns with their methodology. Based on the above, we consider the methodology, computation and data adopted by the Independent Valuer are reasonable.

B. Valuation of the Target Assets

The Independent Valuer adopted cost approach and market approach for the valuation of Target Assets B, C and D.

Cost approach

1. Current Asset

The formula adopted by the Independent Valuer at the appraised value of the Target Assets using cost approach is as follow:

Appraised value under the cost approach = Replacement cost × Residue ratio

Replacement cost is determined by reference to the current market acquisition price, while residual ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

The appraised values of inventories — finished products are determined by multiplying the quantity after inventory verification by the current market selling price.

The appraised values of inventories products in process are determined by the verified book value.

The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted.

2. Fixed Assets — Buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the appraised entity.

When the cost approach is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

3. Fixed assets — equipment and vehicles

(1) Replacement cost

According to the information provided by the appraised entity, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in the appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

4. Intangible assets — land use rights

Land use rights was appraised by cost approximation method and cost approach when market data is not available. The cost approximation method is used for appraisal. The cost approximation method is a method of determining the land price based mainly on the sum of the land acquisition costs and various expenses consumed in land development, plus a certain amount of profit, interest, taxes payable and land appreciation income.

Cost approximation method calculation formula:

Land price = unlimited year cost land price × other factors correction = (land acquisition fee + land development fee + investment interest + investment profit + land appreciation income) × other factors modification

The formula of cost approach is as follow:

Appraised value under the cost approach = Replacement value × residue ratio, while residue ratio is not involved of land as the book value represents the amortised residual value of the original purchase cost of the land.

5. Intangible assets — mining rights

Since the mineral mined under the mining right is sand for cement ingredients, which is only used as an ingredient in cement production and is not eligible for external sale, the verified expenditure cost of the mining right is used as the value in the appraisal.

As discussed with the Independent Valuer, the economic useful life and ageing rate of the Target Assets was referenced from the "Handbook of Common Used Methods and Parameters for Asset Appraisal* (資產評估常用資料與參數手冊) published by China Machine Press, a commonly used reference in the asset and equity valuations in the PRC. We obtained and reviewed the data used by the Independent Valuer for appraising the Target Assets, which aligns with their methodology. Based on the above, we consider the methodology, computation and data adopted by the Independent Valuer are reasonable.

Market approach

Under market approach, the value is appraised based on the transaction cases of the same or similar equipment in the relevant market, various influencing factors are compared and adjusted to determine the appraisal value.

1. Fixed assets — vehicles

Based on the transaction cases of the same or similar equipment in the used vehicle market, various influencing factors are compared and adjusted to determine the appraisal value. The vehicles for transportation of the Target Companies are appraised under market approach as price information of comparables is available. Three comparables are referenced for the valuation of the vehicles for transportation. Adjustments are made based on the year and month of activation and mileage of the comparables. We obtained the list of comparables and understand that the comparables are selected based on the vehicle model and time of activation, and the price information is extracted from several commonly used independent third party websites for second handed cars including www.autohome.com.cn (汽車之家). Based on the above, we consider the methodology, computation and data adopted by the Independent Valuer is reasonable.

2. Land use rights and mining rights

The land use rights and mining rights of the Target Assets are appraised under market approach as price information of comparables is available. Three comparables of land use rights and four comparables of mining rights are referenced for the valuation of the land use rights and mining rights respectively.

As discussed with the Independent Valuer, while adopting market approach to appraise the value of the land use rights and mining rights, they have gathered the actual transactions, determined the comparable transactions, established a basis for comparison, applied adjustments to the comparable transactions (if any) and calculated the comparative prices and determined the value of the properties. We have obtained and reviewed the data used by the Independent Valuer, and note that at least three comparables for each land from landchina.com (中國土地市場網站), the website with land information hosted by Real Estate Registration Center of Ministry of Natural Resources* (自然資源部不動產登記中心) and four comparables for mining right from official websites of Ministry of Natural Resources, namely Turpan Municipal Bureau of Natural Resources* (吐魯番地區國土資源局), Tacheng Prefecture Natural Resources Bureau* (塔城地區國土資源局) and Kashgar Prefecture Natural Resources Bureau* (喀什地區自然資源局). We also discussed with and understood from the Independent Valuer on the criteria of comparable selection and noted that (i) the comparables for the land should be in the same county of the land use rights to be appraised, they are for industrial use and being under tender, auction and listing; and (ii) the comparables for the mining right should be in Xinjiang, mined mineral being limestone and the mining rights are under tender, auction and listing or transfer. Based on the above, we consider the methodology, computation and data adopted by the Independent Valuer are reasonable.

Having considered that (i) the qualifications, experience and independence of the Independent Valuer in relation to the preparation of the Valuation Reports; (ii) the steps and due diligence measures taken by the Independent Valuer for conducting the valuations of the Target Companies and Target Assets; (iii) the methodology, bases, assumptions, parameters and computation adopted by the Independent Valuer for the valuation of the Target Companies and Target Assets; (iv) the total consideration of the Disposals was determined after arm's length negotiations between Vendor A and the Purchasers after considering various factors and with reference to the appraised value of the Target Companies and the Target Assets as at the Valuation Date, which was fairly and reasonably determined by the Independent Valuer; and (v) the reasons for and benefits of the Disposals as discussed in the section headed "5. Reasons for and benefits of the Disposals" above, we consider that the valuations of Target Companies and Target Assets are fair and reasonable.

7. Basis of consideration

In addition to the Valuation Reports prepared by the Independent Valuer, we have also assessed the implied price-to-earnings ratio ("**PE Ratio**") of the Target Companies and Target Assets (i.e. the total consideration of the Target Companies and the Target Assets (i.e. RMB1,650.0 million) divided by the aggregated profit after tax of the Target Companies and the Target Assets (i.e. RMB129.0 million)), on a best effort basis, by researching PE Ratio of the listed companies who are principally engaged in cement business on the Main Board of the Stock Exchange and profit making in 2024. The list of selected market comparable companies is exhaustive in terms of the above criteria. The PE Ratio of the market comparable companies are as below:

#	Company name	Stock code	PE Ratio
1	Purchaser A	914.HK	12.22
2	China Resources Building Materials Technology Holdings Limited	1313.HK	51.56
3	The Company	2233.HK	11.42
4	Anhui Conch Material Technology Co., Ltd.	2560.HK	5.10
5	Huaxin Cement Co., Ltd.	6655.HK	7.18
		Maximum	**51.56**
		Minimum	**5.10**
		Average	**17.50**
	The Target Companies and the Target Assets		**12.79**

Source: Stock Exchange as at the date of the Equity Transfer Agreement and the APAs

Based on the above analysis, we consider the implied PE Ratio of the Target Companies and Target Assets is within the range of market comparable companies and comparable to the average PE Ratio of similar companies in the industry. We are of the view that the total consideration of the Target Companies and the Target Assets are comparable to the current valuation of similar companies in the industry.

As illustrated above, the implied PE Ratio of the Target Companies and Target Assets is higher than the PE Ratio of the Company and the Purchaser A. In addition, although the total consideration is lower than the total appraised value of the Transactions A, B, C and D, indicating a discount of approximately 3.7%, it is higher than the total net book values of the Transactions A, B, C and D, indicating a premium of approximately

13.0%. The Group is also expected to record gain of approximately RMB189.2 million (unaudited) on the Disposals. The Management is of the view that the consideration of the Disposals is in the interest of the Company.

In addition, as explained by the Management, excess supply has led to capacity utilization rates of the Group's production lines in the region falling to approximately half of the designed capacity in Xinjiang. During FY2024, these falling utilization rates have led to falls in ASPs (average selling prices) of the Group's cement products in the region and the expectation is that operations there will remain subdued in the medium term at least. The Purchasers of the Target Companies and Target Assets is one of the largest cement producers in China and has the scale, that the Group does not possess, to manage these cement assets in a more subdued demand environment and as part of a much larger installed capacity base in China.

Furthermore, the Purchasers of the Target Companies and the Target Assets have the scale to purchase the Target Companies and Target Assets as a whole in an inseparable transaction. This allows the Group to not only save significant transaction and administrative costs in handling the Disposal of the Xinjiang assets but also saves management time, allowing the Group to direct management resources and Director focus onto its new, faster growing markets, in sub-Saharan Africa and Central Asia.

Last but not least, as discussed with the Management, since the net proceeds from the Disposals will be better utilised going towards partly repaying the 4.95% senior notes issued by the Company and freeing up operating cash flow for the Group's expansion projects, particularly in Africa, as well as partially repaying other overseas debt which is becoming more expensive due to global interest rate outlook and it is not easy to have purchasers to acquire the Target Companies and Target Assets in one batch.

Based on the above, we are of the view that the total consideration of the Target Companies and the Target Assets is in the interests of the Company and the Shareholders as a whole.

8. Financial effects of the Disposals on the Group

Upon Completion, the Company will no longer have (i) any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company, and the financial results, assets and liabilities of the Target Companies will cease to be consolidated into the consolidated financial statements of the Group; and (ii) any interest in the Target Assets. Set out below are the financial effects of the Disposals on the Group:

(i) Net asset value

Upon Completion, the Company will no longer have (i) any equity interest in the Target Companies and each of the Target Companies will cease to be a subsidiary of the Company, and the financial results, assets and liabilities of the Target Companies will cease to be consolidated into the consolidated financial statements of the Group; and (ii) any interest in the Target Assets. It is estimated that the net assets of the Group will have a decrease of approximately RMB1,349.5 million, being the net effect of the changes of the total assets and total liabilities of the Group.

(ii) Revenue and earnings

Subject to the final audit, it is expected that the Group will record an unaudited gain on disposal of approximately RMB189.2 million. Such unaudited gain is estimated after taking into account the aggregate consideration of the Disposals of RMB1,650.0 million and the audited carrying value of the Target Companies and the Target Assets as at 31 January 2025.

(iii) Cash flow

The Group intends to use the net proceeds from the Disposal to repay 4.95% senior notes issued by the Company which is due in July 2026 (stock code: 40756). Its overall financial position will be improved after the Disposals as the Group will be alleviated from the senior notes.

The aforesaid financial impact is shown for illustrative purpose only and does not purport to represent the financial position of the Group after the Completion. The actual financial effect of the Disposals will be determined with reference to the financial status of the Target Companies and Target Assets as at the date of the Completion.

DISCUSSION AND ANALYSIS

Having taken into consideration of the above principal factors and reasons, including:

(i) the Group is optimistic about the future growth potential of cement in Africa in the long run;

(ii) the Disposals are in line with the Group's overall strategy to redirect the Group's financial and management resources to focus on development in the overseas markets;

(iii) the net proceeds from the Disposals will be better utilised in strengthening the financial position of the Group;

(iv) given the transactions contemplated under the Equity Transfer Agreement and the APAs are inseparable, the total consideration of the Transactions A, B C and D, which (a) were determined with reference to their respective appraised value as at 31 January 2025 based on the Valuation Reports, is fair and reasonable so far as the Independent Shareholders are concerned; and (b) represented a premium of approximately 13.0% as compared to the net book value of the Target Companies and Target Assets as at 31 January 2025, is in the interests of the Company and the Shareholders; and

(v) the terms of the Disposals, including those contemplated under the Equity Transfer Agreement and the APAs, are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned,

we are of the view that the terms of the Disposals are fair and reasonable and in the interests of the Company and Shareholders, Vendor A and the relevant Asset Transfer Vendors as a whole.

OPINION AND RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that:

(a) the Disposals, which are not in the ordinary and usual course of business of the Group, are on normal commercial terms; and

(b) the terms of the Equity Transfer Agreement and each of the APAs and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise, and we ourselves advise, the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the APAs and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
CMBC International Capital Limited

Holim Mak	**Bon Cheng**
Executive Director	*Director*

Mr. Holim Mak ("Mr. Mak") and Mr. Bon Cheng ("Mr. Cheng") are licensed persons registered with the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). Mr. Mak is a responsible officer of CMBC International Capital Limited and has over 20 years of experience in finance and investment banking industries. Mr. Cheng is a responsible officer of CMBC International Capital Limited and has over 15 years of experience in the accounting and investment banking industries.

* *for identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2024 were set out in the relevant annual reports of the Company posted on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (www.westchinacement.com). Please also see quick links to the annual reports:

- annual report of the Company for the year ended 31 December 2022 (pages 62 to 167) (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101807.pdf)
- annual report of the Company for the year ended 31 December 2023 (pages 61 to 169) (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041902008.pdf)
- annual report of the Company for the year ended 31 December 2024 (pages 62 to 167) (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0424/2025042402332.pdf)

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 May 2025, being the latest practicable date for the purpose of preparing this indebtedness of the Group prior to the publication of this circular, the Group had bank loans, other borrowings and senior notes amounting to RMB5,155 million, RMB1,233 million, RMB4,399 million, respectively, details of which are as follows:

Bank loans

(i) Unsecured and guaranteed bank loans of approximately RMB2,327 million.

(ii) Secured and unguaranteed bank loans of approximately RMB1,899 million secured by the pledge over certain property, plant and equipment, trade receivables, right-of-use assets, properties held for sale and pledged bank deposits of the Group.

(iii) Secured and guaranteed bank loans of approximately RMB929 million secured by the pledge over certain property, plant and equipment, pledged bank deposits and right-of-use assets of the Group and equity interest of a subsidiary.

Other borrowings

(i) Other borrowings approximately RMB1,209 million which was unsecured and unguaranteed.

(ii) Secured and unguaranteed other borrowings of approximately RMB24 million secured by the trade receivables and property, plant and equipment of the Group.

Senior notes

Senior notes with outstanding principal amount of approximately RMB4,399 million which was unsecured and guaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 31 May 2025, the Group did not have other outstanding secured borrowings and unsecured borrowing, charges, debentures or other loan capital issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts or loans, other similar indebtedness or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account (i) the internal financial resources presently available to the Group, including cash and cash equivalents, (ii) the cash flows generated from future operations, (iii) the presently available facilities provided by facility providers and (iv) the potential bank borrowings to be available to the Group contingent upon negotiation of new banking facilities and successful renewal of existing banking facilities and refinancing of certain senior notes, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is primarily engaged in the manufacture and sales of cement and cement products, with cement production lines in China and more recently in the faster growing overseas development markets of sub-Saharan Africa and Central Asia.

The Group's cement production has traditionally been geared towards the economic development of Western China, driven by the Chinese Government's ''Western Development Policy.'' The Group is one of the leading cement producers in Shaanxi Province, with a strong market position in eastern and southern Shaanxi, and has a presence in Xinjiang and Guizhou Provinces in western China. As at 31 December 2024, the Group had a total cement production capacity in China of 27 million tons, comprising 16 cement production lines, with 21.7 million tons in Shaanxi Province, 3.5 million tons in Xinjiang Province and 1.8 million tons in Guizhou Province.

Since 2020, the Group has expanded its production into sub-Saharan Africa and central Asia, supplying cement products to infrastructure, urban and rural development markets in these geographies. As at 31 December 2024, the Group had a total cement production capacity outside of China of 12.3 million tons, comprising 5 production lines, with 6.3 million tons in Ethiopia, 2.5 million tons in Uzbekistan, 2.0 million tons in Mozambique and 1.5 million tons in the DRC, as well as 1 million tons of cement grinding capacity in Rwanda. Following the closing of the acquisition of the Cimenterie de Lukala SA (CILA) cement plant, with production capacity of 1.2 million tons, in the DRC, as announced on 27 January 2025 and 8 May 2025, the Group's total cement production capacity outside of China is expected to rise to 13.5 million tons.

The Group believes its cement plant construction and production expertise is uniquely positioned to support and benefit from economic and cement industry development in sub-Sharan Africa and central Asian. The Group's modern New Suspension Preheater cement production lines in these areas, are mostly located in close proximity to their respective limestone reserves which minimizes emissions from transportation, and are well suited to helping raise emission standards in these areas of relatively backward capacity.

Africa, in particular, has the world's fastest population growth profile, with total population expected to reach close to 2.5 billion in 2050, from 1.5 billion in 2024, and some of the fastest GDP growth rates in the world. Infrastructure development and urbanisation in these markets are benefiting from domestic and international growth initiatives, including the Chinese Government's Belt and Road Initiative. Sub-Saharan Africa has some of the lowest per capita cement consumption rates in the world, at a fraction of those in developed markets and cement production in many countries is backward, under supplied and highly fragmented.

The Group's focus on overseas development has been validated by its recent financial performance. In FY2024, while cement and clinker sales volumes in Africa and Uzbekistan only amounted to 4.03 million tons out of total Group sales of approximately 20.0 million tons, representing approximately 20% of the total sales of the Group, income from these overseas markets made up approximately 38% of the Group's total revenue and approximately 67% of the Group's gross profit. This outperformance came as a result of average gross profit per ton (GP/Ton) in excess of RMB323 in Africa and RMB64 in Uzbekistan, compared with RMB42 in China.

The Board remains very optimistic about the Group's growth potential in its areas of overseas development. In Ethiopia, the Group's plants enjoy a very strong market position and will continue to benefit from urban, airport, road and railway infrastructure development. The Group's current capacity next to Mozambique's capital Maputo benefits from domestic demand as well as exports to Madagascar, South Africa and Zimbabwe. A new 1.5 million tons plant in northern Mozambique is due to be commissioned in 2026 and is expected to benefit from Mozambique's offshore Liquefied Natural Gas production plans. In the DRC, the Great Lakes plant supplies the east of the country, which faces serious clinker shortages, as well as exporting to Rwanda, Burundi and Tanzania. The Group has also been able to secure the only significant limestone resource in North-eastern Uganda, a country with strong economic growth potential and cement supply shortages. Current cement prices in Uganda exceed RMB1200 per ton and the Groups new Moroto Plant in North-eastern Uganda is also expected to be commissioned at the end of 2025.

The following is the translated text extracted from the reports prepared for the purpose of incorporation into this circular received from Shenzhen Yitong Asset Assessment and Property Valuation Company Limited (深圳億通資產評估房地產土地估價有限公司) in connection with its opinion on the value of the Target Companies. In the event of any inconsistency, the Chinese versions of these valuation reports shall prevail over the English versions.*

(A) Extracts of the asset valuation report of 伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*)

Asset Valuation Report
for the Entire Shareholding Interests of
Yili Yaobai Cement Co., Ltd.*
(伊犁堯柏水泥有限公司)
in relation to
the Proposed Equity Transfer by Shareholders
of Yili Yaobai Cement Co., Ltd.

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. in relation to the Proposed Equity Transfer by Shareholders of Yili Yaobai Cement Co., Ltd..

Purpose of the appraisal: The proposed equity transfer by the shareholders of Yili Yaobai Cement Co., Ltd. requires the appraisal of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the entire shareholding interests of Yili Yaobai Cement Co., Ltd.. The scope of appraisal includes all assets and liabilities of Yili Yaobai Cement Co., Ltd. as at the valuation date.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Asset-based approach and market approach

* *For identification only*

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the asset-based approach, the market value of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. as at the valuation date is ONE HUNDRED AND EIGHTY MILLION THREE HUNDRED AND FIFTY THREE THOUSAND NINE HUNDRED **(RMB180,353,900)** under the appraisal purpose, type of value and assumptions as set out in the appraisal report, with a book value of the entire shareholding interests of RMB148,167,600, representing an appraised value appreciation of RMB32,186,300 and an appreciation rate of 21.72%.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

Asset Valuation Report
for the Entire Shareholding Interests of
Yili Yaobai Cement Co., Ltd.*
(伊犁堯柏水泥有限公司)
in relation to
the Proposed Equity Transfer by Shareholders
of Yili Yaobai Cement Co., Ltd.

Shen Yitong Ping Bao Zi No. (2025) 1155

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited* (深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of the entire shareholding interests of Yili Yaobai Cement Co., Ltd.* (伊犁堯柏水泥有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the asset-based approach and market approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

1. Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

(1) Brief information of the Client

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

* *For identification only*

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

2. Brief information of the appraised entity

(1) Description

Company name: Yili Yaobai Cement Co., Ltd. ("**Yili Yaobai Cement**")

Unified social credit code: 91654002057729636Y

Company type: Limited liability company (wholly-owned by foreign-invested corporation)

Address: Jieliangzi Ranch, Yingyir Township, Yining City, Yili Prefecture, Xinjiang

Legal representative: Zhang Shuai

Registered capital: RMB100,000,000

Date of establishment: 25 January 2013

Business term: 25 January 2013 to 24 January 2037

Business scope: production and sale of cement. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

(2) History, shareholders and shareholding ratio, change of shareholding

Yili Yaobai Cement Co., Ltd. was established in January 2013, which was fully funded by Yaobai Special Cement Group Co., Ltd.* (堯柏特種水泥集團有限公司). The company is located in Jieliangzi Ranch, Yingyir Township, Yining City, Yili Kazakh Autonomous Prefecture, with a registered capital of RMB100 million. It has a cement production line with a daily production capacity of 3,000 tons of clinker, and an annual production capacity of 900,000 tons of clinker and 1,200,000 tons of cement.

The main products of the company are "Yaobai" brand ordinary silicate cement, anti-sulphate silicate cement, medium-heat silicate cement and G-grade oil well cement and other special cements. The grades of ordinary silicate cement are P-042.5, P-042.5R, P-052.5, P-052.5R. The products are widely used in the freeways, railroads and other commercial mixing stations around Yili, civil buildings and other cement markets. They have enjoyed high brand awareness in the Yili market since being launched.

As at 31 January 2025 (the valuation date), the shareholding structure of Yili Yaobai is as follows:

Unit: RMB0'000

Name of shareholder	**Registered and paid-in capital**	**Shareholding ratio (%)**
Yaobai Special Cement Group Co., Ltd.	10,000.00	100.00
Total	10,000.00	100.00

(3) Assets, financial and operating information in the past three years

i. Company profile

Yili Yaobai has constructed a cement production line with a daily production capacity of 3,000 tons of clinker and an annual production capacity of 900,000 tons of clinker and 1.2 million tons of cement.

ii. Accounting policies and tax policies currently implemented by the company:

(i) The financial statements of the company were prepared on the basis of the going concern assumption and based on the actual transactions and events, in accordance with the "Accounting Standards for Business Enterprises — Basic Standards" issued by the Ministry of Finance (Issued by Decree No. 33 of the Ministry of Finance, Revised by Decree No. 76 of the Ministry of Finance), the 42 specific accounting standards issued and revised on and after 15 February 2006, the Guidelines for the Application of and interpretations of the Accounting Standards for Business Enterprises, and other related regulations (hereinafter collectively referred to as "**ASBEs**").

(ii) The following table summarizes the major types and rates of taxes currently applicable:

Tax Type	Tax Base	Tax rate
Enterprise income tax	Taxable income	15%
Value-added tax (VAT)	Income from sales of goods and taxable services	13%
Urban maintenance and construction tax	Paid turnover tax	7%
Education surcharge	Paid turnover tax	3%
Local education fee surcharge	Paid turnover tax	2%

(iii) Preferential tax policies

A. According to the Announcement of the Ministry of Finance and the State Administration of Taxation and the National Development and Reform Commission on the Continuation of the Enterprise Income Tax Policy for the Development of Western Region (Announcement of the Ministry of Finance and the State Administration of Taxation and the National Development and Reform Commission No. 23 of 2020), from 1 January 2021 to 31 December 2030, the enterprise income tax for business entities engaged in the preferred industries located in the western region is reduced at a tax rate of 15%. The company qualifies as an enterprise in the preferred industries located in the western region and is subject to an enterprise income tax rate of 15%.

B. According to the Announcement of the State Administration of Taxation on the Implementation of Preferential Policies on Income Tax for Small and Micro-profit Enterprises (Announcement No. 6 of the State Administration of Taxation of the People's Republic of China (SAT) of 2023), enterprises meeting the conditions for small and micro-profit enterprises stipulated by the Ministry of Finance and the SAT (hereinafter referred to as "**Small and Micro-profit Enterprises**") are eligible to enjoy preferential policies on income tax for Small and Micro-profit Enterprises in accordance with the relevant policies and regulations. Hochan Nangang Xixin Mining Co., Ltd.* (霍城縣南崗西鑫礦業有限責任公司), a subsidiary within the merging scope of Yining Company, qualifies as a Small and Micro-profit Enterprise, and is subject to an enterprise income tax rate of 20%.

iii. Financial position and operating results for the last three years (consolidated)

Unit: RMB0'000

Financial indicators	31 December 2022	31 December 2023	31 December 2024	31 January 2025
Total assets	38,272.25	34,849.13	34,082.88	34,203.72
Total liabilities	26,541.12	22,488.39	20,947.57	21,160.62
Owners' equity	11,731.13	12,360.75	13,135.30	13,043.10
Operating Results	**2022**	**2023**	**2024**	**January 2025**
Operating Revenue	16,377.81	26,447.22	21,124.76	—
Operating Costs	11,661.02	16,778.43	11,837.21	—
Net profit	1,910.10	7,197.48	6,802.56	-105.85

The financial data for 2022 was audited by Sigma Certified Public Accountants (Special General Partnership), which issued the standard unqualified audit report "Xi Hui Shen Zi No. (2023) 0532". The financial data for 2023 was audited by Dahua Certified Public Accountants (Special General Partnership), which issued the standard unqualified audit report "Da Hua Shen Zi No. [2024] 0011027448". The financial data for 2024 and as at the valuation benchmark date was audited by Baker Tilly International Accountants (Special General Partnership), which issued the standard unqualified audit report "Tian Zhi Ye Zi No. [2025] 6491".

(4) Description of business premises

The business premise of the appraised entity is a self-owned property located in Jieliangzi Ranch, Yingyir Township, Yining City, Yili Prefecture, Xinjiang.

3. Relationship between the Client and the appraised entity

The Client and the appraised entity are both wholly-owned subsidiaries of Yaobai Special Cement Group Co., Ltd..

II. PURPOSE OF THE APPRAISAL

The proposed equity transfer by the shareholders of Yili Yaobai Cement Co., Ltd. requires the appraisal of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the entire shareholding interests of Yili Yaobai Cement Co., Ltd..

(II) The scope of appraisal includes all assets and liabilities of Yili Yaobai Cement Co., Ltd..

1. *Details of the balance sheet assets and liabilities are set out in the table below:*

Unit: RMB

Item	**Book value**
I. Total current assets	**85,520,126.30**
Currency	2,632,869.80
Notes receivable	19,819,830.74
Prepayments	7,442,756.48
Other receivables	3,603,884.23
Inventories	50,684,869.96
Other current assets	1,335,915.09
II. Total non-current assets	**271,712,360.13**
Long-term equity investment	20,000,000.00
Fixed assets	228,849,867.50
Intangible assets	22,849,287.12
Deferred income tax assets	13,205.51
III. Total assets	**357,232,486.43**
IV. Total current liabilities	**133,064,876.61**
Accounts payable	48,430,182.62
Contract liabilities	2,944,958.53
Employee compensation payable	2,289,951.78
Tax payable	353,440.51
Other payables	56,849,006.24
Non-current liabilities due within one year	2,000,000.00
Other current liabilities	20,197,336.93
V. Total non-current liabilities	**76,000,000.00**
Long-term borrowings	76,000,000.00
VI. Total liabilities	**209,064,876.61**
VII. Net assets (owners' equity)	**148,167,609.82**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The financial statements as at the valuation date were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report "Tian Zhi Ye Zi No. [2025] 6491".

2. *Type and amounts of off-balance sheet assets declared by the company*

None.

(III) Overview of major assets within the scope of appraisal

1. *Current assets*

As at the valuation date, the book value of the company's current assets amounted to RMB85,520,126.30, of which RMB2,632,869.80 were currency funds, RMB19,819,830.74 were notes receivable, RMB7,442,756.48 were prepayments, RMB3,603,884.23 were other receivables, RMB50,684,869.96 were inventories, and RMB1,335,915.09 were other current assets.

2. *Inventories*

The inventories had an original book value of RMB50,684,869.96, with no provision for depreciation, and a net book value of RMB50,684,869.96.

The book value of raw materials was RMB29,844,245.08, mainly limestone, iron ore slag, and volcanic ash.

The book value of working capital materials in use was RMB315,441.07, mainly chairs, office desks and filing cabinets.

The book value of products in use (self-made semi-finished products) was RMB20,525,183.81, mainly ordinary clinker and 42.5 bulk cement.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. *The carrying value of long-term equity investments amounted to RMB20,000,000.00. There was one investee, details of which are summarized in the table below:*

Unit: RMB

No.	Name of investee	Date of investment	Percentage of shareholding	Book value
1.	Hochan Nangang Xixin Mining Co., Ltd.	2014	100	20,000,000.00

Profile of the investee included in the scope of appraisal:

Company name: Hochan Nangang Xixin Mining Co., Ltd. ("**Nangang Xixin Mining**")

Unified social credit code: 91654023666662596N

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Cangyinggou, Guozigou Ranch, Hochan County, Yili Prefecture, Xinjiang

Legal representative: Zhang Shuai

Registered capital: RMB5 million

Date of establishment: 21 September 2007

Business term: 21 September 2007 to 20 September 2027

Business scope: limestone mining, processing and sales. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

The shareholding structure as of the valuation date is as follows:

Unit: RMB0'000

Name of shareholder	Registered and paid-in capital	Shareholding ratio (%)
Yili Yaobai Cement Co., Ltd.	500.00	100.00
Total	500.00	100.00

The financial position and operating results of the company in recent years are set out in the table below:

Unit: RMB

Financial indicators	31 December 2023	31 December 2024	31 January 2025
Total assets	634.60	1,160.03	1,182.29
Total liabilities	206.00	923.72	955.94
Owners' equity	429.00	236.31	226.34
Operating results	**2023**	**2024**	**January 2025**
Operating revenue	63.92	—	—
Operating costs	101.18	—	—
Net profit	-148.85	-113.94	-9.97

4. *Fixed assets*

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include buildings and structures.

The buildings had an original book value of RMB45,911,993.18 and a net book value of RMB28,431,362.34, which include the general office building, new dormitory building, staff dormitory building 2, material warehouse and others, mainly of brick and concrete structure, totaling 21 items built from 2015 to 2024.

The structures had an original book value of RMB243,821,216.18 and a net book value of RMB132,455,878.14, which include clinker homogenizer, cement grinding mill, cement homogenizer, raw material grinding, waste gas treatment and others, mainly of brick and concrete frames and steel structures, totaling 42 items built from 2015 to 2023.

The buildings are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery and equipment, vehicles, and electronic office equipment.

The machinery and equipment had an original book value of RMB288,294,429.55 and a net book value of RMB65,855,577.03. The company has declared 1,649 items of machinery and equipment, mainly rotary kilns, raw material roller presses, preheaters, cement mills, cables and others. The machinery and equipment are in normal use.

Vehicles had an original book value of RMB904,404.79 and a net book value of RMB251,529.88. The company has declared 5 vehicles for transportation, mainly for office and production use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB8,515,498.87 and a net book value of RMB1,855,520.11. The company has declared 1,151 items of electronic office equipment, mainly computers, printers, air conditioners and water heaters. The electronic office equipment is in normal use.

5. Intangible assets — land use right

The land use right had an original recorded value of RMB26,506,988.43 and a net book value of RMB22,233,358.93. Construction of a comprehensive office building, a new dormitory building, a staff dormitory building 2, a material warehouse and production facilities were completed. Details are as follows:

Land Title Certificate No.	Land Location	Acquisition Date	Land use	Nature of Land	Permitted Years of Use	Status of development	Total area (m^2)
Yi Tu Guo Yong No. (2016) cs11417	Jieliangzi Ranch, Yingyir Township, Yining City	2013/9/9	Industrial	State-owned Concession	50	Five utilities and ground leveling	167,900.06
N/A	Jielangzi Ranch, Yingyir Township, Yining City	2024/1/3	Industrial	State-owned Concession	50	Five utilities and ground leveling	45,526.03

6. Intangible assets — other intangible assets

Other intangible assets declared by the company had an original recorded value of RMB797,470.35 and a book value of RMB615,928.19, which include purchased systems and management modules.

7. Deferred income tax assets

The carrying value of deferred income tax assets was RMB13,205.51, which mainly represent deductible temporary differences arising from the provision for bad debts.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Company Law of the People's Republic of China (as amended on 29 December 2023 at the Second Session of the Seventh Meeting of the Standing Committee of the Fourteenth National People's Congress);

4. Enterprise Income Tax Law of the People's Republic of China (Decision on Amending Four Laws, Including the Electricity Law of the People's Republic of China, at the Seventh Meeting of the Standing Committee of the Thirteenth National People's Congress on 29 December 2018);

5. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

6. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

7. Land Administration Law of the People's Republic of China (as amended at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

8. Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Revised by Decree No. 743 of the State Council of the People's Republic of China on 2 July 2021);

9. Law of the People's Republic of China on Urban Real Estate Administration (as amended at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

10. Mineral Resources Law of the People's Republic of China (promulgated with amendments on 29 August 1996); and

11. Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (promulgated by Decree No. 152 of the State Council on 26 March 1994);

12. Measures for the Collection of Proceeds from the Granting of Mining Rights (Circular of the Ministry of Finance and the Ministry of Natural Resources and the State Administration of Taxation on the Issuance of the Circular (Cai Zong No. [2023] 10);

13. The ASBEs of the Ministry of Finance;

14. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Business Value (Zhong Ping Xie No. [2018] 38);.

8. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35).

9. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]).

10 Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie[2017] No.38);

11 Asset Appraisal Practice Guidelines — Intangible Assets (Zhong Ping Xie [2017] No.37);

12. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

13. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

14. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

15. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

16. Appraisal Standards of Mining Rights of the PRC (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association);

17. Appraisal Standards of Mining Rights of the PRC (II) (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association); and

18. Guidelines for Determining the Parameters for Mining Rights Appraisal (Compiled by the China Mineral Rights Appraisers Association, published by China Da Di Publishing House in October 2008).

(III) Proof of ownership

1. Land use right certificate and vehicle license;

2. Invoices and contracts for the purchase of major equipment and intangible assets;

3. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 6491";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the unit under appraisal;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the appraised entity;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. iFinD financial terminal;

10. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the appraised entity.

VII. VALUATION METHODOLOGY

In accordance with the "Guidelines for the Practice of Asset Appraisal — Business Value", the three basic appraisal methods usually adopted for business value appraisal are the asset-based approach, the income approach and the market approach.

The asset-based approach in business value appraisal refers to the appraisal method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity at the appraisal reference date.

Income approach in business value appraisal refers to the appraisal method of determining the value of the appraised entity by capitalizing or discounting the expected income.

Market approach in business value appraisal refers to the appraisal method of determining the value of the appraised subject by comparing the appraised subject with comparable listed companies or comparable transactions.

According to the "Guidelines for the Practice of Asset Appraisal — Business Value", an asset appraiser shall analyze the applicability of the three basic asset appraisal methods and select the appraisal method based on the purpose of the appraisal, appraisal subject, type of value, availability of information and other circumstances in performing the business appraisal engagement.

Due to the large number of listed enterprises of similar manufacturing companies in China, sufficient market information on similar enterprises can be collected, and it is appropriate to adopt the market approach for valuation.

Business value is a reflection of the comprehensive value formed by the inclusion of both tangible and intangible assets in the operation of the business. The appraised entity has clear property rights and complete financial information, and all assets and liabilities are identifiable. The assets under appraisal can not only be quantified according to the financial information and purchase and construction information, but also be verified through on-site inspection, and their value can be determined with reference to how asset were re-acquired. Therefore, the asset-based approach is applicable to this appraisal.

The cement industry is significantly affected by the macro-economy, fixed asset investment and real estate market, with cyclical fluctuations in demand. For example, in the period of economic prosperity, the investment in infrastructure and real estate increases, and the demand for cement is strong. On the contrary, in the period of economic recession or regulation, the demand decreases significantly, which makes it difficult to predict the future income of the business in a stable manner. In addition, the cement industry is characterized by overcapacity, fierce market competition, and frequent fluctuations in product prices, which are easily influenced by market supply and demand. This makes it difficult to accurately predict the profitability and cash flow of in the future, and increases the uncertainty of income forecasting. In order to accurately predict the future earnings of a cement manufacturer, it is necessary to conduct detailed analysis and prediction of market demand, product prices, costs and expenses, investment returns, etc. However, there are many uncertain factors in the cement market, and the reliability of the relevant information and data available is low, so it is difficult to reasonably and objectively predict the future earnings of the appraised business, and the corresponding risks cannot be reasonably quantified. Therefore, it is not appropriate to adopt the income approach in this appraisal.

Taking into account the purpose of the appraisal and the characteristics of the appraised subject, and based on the above analysis, this appraisal has been conducted using both the asset-based approach and the market approach. After comprehensively analyzing the reasons for the differences in the preliminary appraisal results between the two approaches, the results of one approach are determined to serve as the final conclusion of the appraisal.

(I) Asset-based approach

The asset-based approach refers to the appraisal method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet of the appraised entity as at the appraisal reference date. The specific valuation methods for each of the assets and liabilities are set out below:

1. Currency funds: The book value after inventory verification was used as the appraised value.

2. Bills receivable: The appraised value is determined on the basis of the probable recoverable amount of each bill after verification.

3. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

4. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

5. The appraised values of inventories — products-in-process are determined by multiplying the quantity after inventory verification by the current market selling price if the inventory can be sold to the outside world, and by the verified book value if the inventory cannot be sold to the outside world.

6. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost method is adopted in this case.

Appraised value under the cost method = replacement cost × residue ratio

(1) Replacement cost

Replacement cost is determined by reference to the current market acquisition price.

(2) Residue ratio

Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

7. Other current assets are valued at book value after inventory verification.

8. Long-term equity investments

Long-term equity investments in investees over which the company exercises control are individually appraised, and the appraised value is determined based on the appraised value of the entire shareholding interests of the investee and the proportion of equity interest in the investee as of the appraisal reference date.

9. Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost method for the building assets declared by the company. When the cost method is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost method is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

10. Fixed assets — equipment are appraised using the cost method.

Cost method appraised value = replacement cost×residue ratio

(1) Replacement cost

According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

11. Fixed assets — vehicles are appraised using the cost method.

Cost method

Appraised value of vehicles = Replacement cost × residue ratio

(1) Replacement cost

Replacement cost = purchase price excluding tax + purchase surtax + license fee for new vehicle registration

(2) Residue ratio

Determined based on a combination of the mileage rate, the useful life rate and the inspection residue ratio.

12. Intangible assets — land use rights are appraised using the market approach.

(1) Appraisal techniques of the market approach

The market approach is an appraisal method for arriving at the value of the parcel of land under appraisal as at the appraisal reference date by adjusting the transaction prices of similar properties.

(2) Appraisal by the market approach should generally be conducted with the following steps:

i. Gathering actual transactions;

ii. Determining comparable transactions;

iii. Establishing a basis for comparison;

iv. Adjustments to the comparable transactions (applying adjustments to the transaction, the date of the transaction, the condition of properties, etc.);

v. Calculating the comparative prices and determining the value of the properties.

(3) Basic formula of the market method

$P = P^1 \times A \times B \times C \times D \times E$

Where: P is the appraised value of the property under appraisal; $P^1$is the comparable transaction price; A is the adjustment factor to the transaction; B is the adjustment factor for the transaction date; C is the location adjustment factor; D is the physical adjustment factor; and E is the rights adjustment factor.

13. Intangible assets — other intangible assets

For purchased systems that are available for sale in the market on the valuation date, the valuation is based on the market price on the same date.

14. Deferred income tax assets are appraised based on the reasons for their origination and the estimated recoverable amounts after the valuation date.

15. The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the appraised entity after the appraised subjectives have been achieved and the amounts after review.

(II) Market approach

The market approach refers to the appraisal method of determining the value of an appraised entity by comparing the appraised entity with comparable listed companies or comparable transactions. Two common methods in the market approach are the comparable listed company method and the comparable transaction method.

The comparable listed company method refers to the method of obtaining and analyzing the operating and financial data of comparable listed companies, calculating appropriate value ratios, and determining the value of the appraised subject on the basis of comparison and analysis with the appraised entity.

The comparable transaction method refers to the method of analyzing cases of sales, purchases, acquisitions and mergers of companies in the same or similar industries as the appraised entity, obtaining and analyzing information of these transactions, calculating appropriate ratios of value or economic indicators, and arriving at the value of the appraised subject on the basis of a comparative analysis with the appraised entity.

As it is difficult to collect comparable transactions and also impossible to know whether they involve any non-market value factors, it is not appropriate to choose the comparable transaction method. The operating and financial information of comparable listed companies are more publicly available and objective, as well as more feasible. Taking into account the appraised subject, purpose and the information collected, the appraisers have adopted the comparable listed company method to appraise the value of the entire shareholding interests in the appraised entity for this engagement.

The appraisal adopted the comparable listed company method with the following steps:

1. Selecting comparable listed companies

Analysis and comparison of various factors, such as the scope of the company's major business operations, revenue composition and other business and financial conditions, are carried out in order to select appropriate comparable companies.

2. Collecting necessary financial information

We compare and analyze the business and financial conditions of the selected comparable listed companies with those of the appraised entity and make necessary adjustments. Firstly, we collect various information of comparable listed companies, such as the company's announcements, industry statistics, reports of research institutions. We then analyze and make adjustments to the market, business and financial information obtained from public channels, so as to make the financial information of the reference companies as accurate and objective as possible, and to make the financial information of the reference companies and that of the analyzed companies comparable. At the same time, analysts use various sources of information to directly or indirectly collect financial and non-financial information related to the analysis and make adjustments to the financial data for non-operating assets and liabilities.

3. Determining value ratios

Value ratios are ratios of the overall value or equity value of an enterprise to a parameter reflecting the operating characteristics of the enterprise that is closely related to the overall value or equity value; i.e., a parameter for comparison and analysis between the appraised entity and a comparable listed company. Value ratios include: profitability, assets, income and others. After analyzing and adjusting the business and financial data of comparable listed companies, it is necessary to select appropriate value ratios and make necessary analyses and adjustments to the value ratios based on the above work.

4. Determining the liquidity discount

The comparable companies selected for this analysis are listed companies and the appraised entity is an unlisted company, so it is necessary to consider the factors affecting the liquidity of the subjects under analysis.

5. Determining the value of operating assets of the appraised entity

We calculate the average level of value ratios of companies of the same type in the market with parameters of the comparable listed companies. Then we determine the adjusted operating asset value of the appraised entity by multiplying the determined value ratios (after adjustment) of the listed companies and the relevant financial numbers or indicators of the appraised entity.

6. Determining the values of non-operating assets, liabilities and surplus assets

Non-operating assets and liabilities refer to assets and liabilities that are not directly related to the normal operating income of an enterprise and do not generate operating benefits. As non-operating assets and liabilities have been deducted from the value of operating assets of comparable companies for the purpose of this appraisal, the value of the equity interest of the appraised entity obtained by this appraisal does not include the value of the corresponding non-operating assets and liabilities, and it is necessary to add back the corresponding non-operating assets and liabilities as at the base date of the appraised entity. The appraisal has adopted the cost method to determine the appraised value of the non-operating assets and liabilities based on their actual conditions.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the appraised entity and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, liabilities and historical annual income by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the appraised entity, its historical operating conditions and forecast of future income. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continued use: It means that the assets of the appraised entity in use will continue to be used in accordance with their current purpose and manner.

(III) Assumption of continuing operation: It means that the production and operation business of the appraised entity can be continued and will not change significantly in the foreseeable future, regardless of the impact of the economic actions involved in the purpose of this appraisal on the operation of the company.

(IV) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(V) It is assumed that the management of the appraised entity has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The appraised entity has not violated any national laws or regulations in the course of its operations.

(VI) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

(I) Valuation results under the asset-based approach

1. The book value of the total assets is RMB357,232,500 and the appraised value is RMB389,418,800, representing an appreciation of RMB32,186,300, or an appreciation rate of 9.01%.

2. The book value of total liabilities is RMB209,064,900 and the appraised value is RMB209,064,900, with no appraisal increase or decrease.

3. The book value of the entire shareholding interests is RMB148,167,600 and the appraised value is RMB180,353,900, with an appraised value increase of RMB32,186,300, representing an appreciation rate of 21.72%.

Under the asset-based method, the appraised value of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. as at the valuation date is RMB ONE HUNDRED AND EIGHTY MILLION THREE HUNDRED AND FIFTY THREE THOUSAND NINE HUNDRED (**RMB180,353,900**).

Summary of valuation conclusions under the asset-based approach

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	Book value B	Appraised value C	Increase or decrease in value D=C-B	Appreciation rate % E=D/B x 100%
Current Assets	8,552.01	8,924.75	372.74	4.36
Non-current assets	27,171.24	30,017.13	2,845.89	10.47
Long-term equity investment	2,000.00	326.54	-1,673.46	-83.67
Fixed Assets	22,884.99	27,052.99	4,168.00	18.21
Intangible assets	2,284.93	2,636.28	351.35	15.38
Deferred income tax assets	1.32	1.32		—
Total assets	**35,723.25**	**38,941.88**	**3,218.63**	**9.01**
Current liabilities	13,306.49	13,306.49	—	—
Non-current liabilities	7,600.00	7,600.00	—	
Total liabilities	**20,906.49**	**20,906.49**		**—**
Net Assets (Owners' Equity)	**14,816.76**	**18,035.39**	**3,218.63**	**21.72**

(II) Under the market approach, the appraised value of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. as at the valuation date is RMB ONE HUNDRED THIRTY ONE MILLION AND FIFTY THOUSAND (**RMB131,050,000**).

(III) Valuation conclusion

1. Analysis of differences in valuation results

The differences between the appraisal results of the asset-based approach and the market approach adopted in this appraisal are set out in the table below (unit: *RMB0'000*):

Valuation method	Net book value	Appraised value	Increase/ decrease in value	Increase/ decrease ratio
Market Approach	14,816.76	13,105.00	-1,711.76	-11.55
Asset-Based Approach	14,816.76	18,035.39	3,218.63	21.72
Difference		-4,930.39		

The reasons for the difference between the two valuation methods are mainly:

The asset-based approach is a valuation method that determines the value of an appraised entity on the basis of a reasonable assessment of the value of each item of assets and liabilities of an enterprise, i.e., the sum of the appraised values of the assets and liabilities constituting the enterprise minus the appraised value of the liabilities in order to arrive at the value of the shareholders' equity of the enterprise. On the other hand, the market approach determines the value of the appraised object by comparing the appraised object with the stock trading price, shareholders' equity and operating financial data of the reference enterprise in the market. Since the stock price includes the expectation of investors in the securities market for the return on stock investment, the appraisal results of the market approach also reflect the expectation of the capital market for the object to be appraised with respect to the realization of the transaction and the return on investment.

In view of the above, there are significant differences in the valuation results of the two methods.

2. *Selection of valuation results*

Assets of a cement manufacturing company usually have distinct physical characteristics and market value, such as plants and equipment. It is relatively easy to obtain and quantify the replacement cost and market selling price of these assets, and appraisers are able to accurately assess the value of assets and liabilities, thus arriving at a reliable appraisal result. On the other hand, when searching for comparables, obtaining their data and making adjustments, the market approach may face problems such as insufficient data and weak comparability, which may affect the accuracy of the appraisal results.

The cement manufacturing industry is a typical asset-intensive industry, in which the asset value of an enterprise accounts for a large proportion of its overall value, and the production and operation of a company often relies on a large number of fixed assets. The asset-based method can comprehensively reflect the value of each asset of the enterprise, which is in line with the characteristics of the cement manufacturing industry and better reflects the actual value of the enterprise. At the same time, the appraisal results of the asset-based approach are relatively stable and are not easily affected by short-term fluctuations in the market, providing a relatively stable value basis for the enterprise. In contrast, the valuation results of the market approach may fluctuate greatly due to changes in market sentiment, short-term supply and demand. For an industry like cement manufacturing, which is greatly affected by macroeconomic and industry cycles, the stability advantage of the asset-based approach is more obvious.

Based on the above analysis, we have adopted the valuation of the asset-based approach as the conclusion of this appraisal.

Valuation conclusion: Adopting the appraisal results of the asset-based approach, the market value of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. as at the valuation date is ONE HUNDRED AND EIGHTY MILLION THREE HUNDRED AND FIFTY THREE THOUSAND NINE HUNDRED **(RMB180,353,900)**, subject to the appraisal purpose, the type of value and the assumptions and premises as set out in this appraisal report.

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The building ownership certificates for certain buildings included in the scope of appraisal have not yet been obtained as at the valuation date. Land use right certificate for a piece of land with an area of 45,526.03 sq.m. has not been obtained. The Yining City Bureau of Natural Resources has signed a state-owned construction land use right grant contract with the appraised entity under contract no. 2023–58, granting a piece of land with a total area of 45,526.03 sq.m. located in the Beishan Building Materials Park, for industrial purpose. The appraised entity has paid the land premium before the valuation date and the deed tax and stamp duty have not yet been paid. According to the declaration of title provided by the appraised entity, it has undertaken that the above assets are self-owned and there is no dispute over property rights.

(II) In this engagement, we have made reference to and adopted the financial statements of the appraised entity as at the historical and valuation dates, as well as the financial reports and transaction data of the relevant comparable companies that we have searched for in the iFinD terminal. We have relied to a large extent on the abovementioned financial statements and transaction data for our estimation, and we have assumed that those financial statements and relevant transaction information are true and reliable. The fact that we have relied on the figures in these financial statements in our estimation does not mean that we are providing any assurance as to the correctness and completeness of the financial information, nor do we guarantee that there are no other requirements for the use of such information that would conflict with our use of such information.

(III) The appraised value of the entire shareholding interests in Hochan Nangang Xixin Mining Co., Ltd., being the long-term equity investment of the appraised entity, is RMB3,265,400, and the asset appraisal results are set out in the table below (Unit: RMB0'000):

Item	Book value B	Appraised value C	Increase or decrease in value D=C-B	Appreciation rate E=D/B x 100%
Current Assets	59.80	59.49	-0.31	-0.52
Non-current assets	1,122.48	1,222.99	100.51	8.95
Fixed assets	480.41	580.92	100.51	20.92
Construction in progress	520.36	520.36		—
Intangible assets	121.71	121.71	—	—
Of which: Land use rights	121.71	121.71	—	
Total assets	**1,182.28**	**1,282.48**	**100.20**	**8.48**
Current liabilities	741.31	741.31	—	—
Non-current liabilities	214.63	214.63	—	—
Total liabilities	**955.94**	**955.94**	**—**	
Net assets (owner's equity)	**226.34**	**326.54**	**100.20**	**44.27**

(IV) No consideration has been given to premiums or discounts arising from controlling or minority interests, nor discounts arising from liquidity factors in the valuation conclusion.

(V) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(VI) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the appraised entity. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the appraised entity.

(VII) The financial statements as at the valuation date were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025]6491", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(VIII) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the appraised entity, and the Client and the appraised entity shall be responsible for the authenticity and completeness of the information provided.

(IX) The appraised entity shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the appraised entity.

(X) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

(B) Extracts of the asset valuation report of 新疆柏航環保科技有限公司 (Xinjiang Baihang Environmental Protection Technology Co. Ltd.*)

Asset Valuation Report
for the Entire Shareholding Interests of
Xinjiang Baihang Environmental Technology Co., Ltd.*
(新疆柏航環保科技有限公司)
in relation to
the Proposed Equity Transfer by Shareholders
of Xinjiang Baihang Environmental Technology Co., Ltd.

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. in relation to the Proposed Equity Transfer by Shareholders of Xinjiang Baihang Environmental Technology Co., Ltd..

Purpose of the appraisal: The proposed equity transfer by the shareholders of Xinjiang Baihang Environmental Technology Co., Ltd. requires the appraisal of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd.. The scope of appraisal includes all assets and liabilities of Xinjiang Baihang Environmental Technology Co., Ltd. as at the valuation date.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Asset-based approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the asset-based approach, the market value of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. as at the valuation date is RMB EIGHTY ONE MILLION AND TWO HUNDRED AND NINETY FOUR THOUSAND AND TWO HUNDRED **(RMB81,294,200)** under the appraisal purpose, type of value and assumptions as set out in the appraisal report, with a book value of the entire shareholding interests of RMB79,519,100, representing an appraised value appreciation of RMB1,775,100 and an appreciation rate of 2.23%.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

* *For identification only*

Asset Valuation Report
for the Entire Shareholding Interests of
Xinjiang Baihang Environmental Technology Co., Ltd.*
(新疆柏航環保科技有限公司)
in relation to
the Proposed Equity Transfer by Shareholders
of Xinjiang Baihang Environmental Technology Co., Ltd.

Shen Yitong Ping Bao Zi No. (2025) 1152

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited*(深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd.* (新疆柏航環保科技有限公司) in relation to the proposed equity transfer by shareholders of Xinjiang Baihang Environmental Technology Co., Ltd., by adopting the asset-based approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

(1) Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

1. *Brief information of the Client*

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

* *For identification only*

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

2. *Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract*

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

(2) Brief information of the appraised entity

1. *Description*

Company name: Xinjiang Baihang Environmental Technology Co., Ltd. ("**Xinjiang Baihang Environmental**")

Unified social credit code: 91654002MA78G66RXY

Company type: Limited liability company (wholly-owned by foreign-invested corporation)

Address: Room 218, Building A, Small and Medium Enterprises Incubation Park, No. 999, Huining Road, Yining Park, Horgos Economic Development Zone, Yili Prefecture, Xinjiang

Legal representative: Zhang Shuai

Registered capital: RMB95,000,000

Date of establishment: 15 August 2019

Business term: 15 August 2019 to no fixed term

Business scope: Licensed items: road transport of dangerous goods; road freight transport (excluding dangerous goods); hazardous waste management. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

2. *History, shareholders and shareholding ratio, change of shareholding*

Xinjiang Baihang Environmental Technology Co., Ltd. was established in August 2019, which was fully funded by Yaobai Special Cement Group Co., Ltd.*(堯柏特種水泥集團有限公司). The main business scope includes the coordinated disposal of urban domestic garbage, sludge and industrial waste using cement kilns, road transportation of general cargo and dangerous goods, solid waste management and hazardous waste management, environmental protection technology consulting services. It is specifically responsible for the safe and harmless disposal of industrial waste from industries such as medicine, coal chemical industry, gold smelting, steel, power plant electronics, photovoltaics and non-ferrous metals in Ili Prefecture and its surrounding areas.

As at 31 January 2025 (the valuation date), the shareholding structure of Xinjiang Baihang Environmental is as follows:

Unit: RMB0'000

Name of shareholder	**Registered and paid-in capital**	**Shareholding ratio (%)**
Yaobai Special Cement Group Co., Ltd.	9,500.00	100.00
Total	9,500.00	100.00

3. *Assets, financial and operating information in the past three years*

(1) Company profile

The main business scope of Xinjiang Baihang Environmental includes the coordinated disposal of urban domestic garbage, sludge and industrial waste using cement kilns, road transportation of general cargo and dangerous goods, solid waste management and hazardous waste management, environmental protection technology consulting services. It is specifically responsible for the safe and harmless disposal of industrial waste from industries such as medicine, coal chemical industry, gold smelting, steel, power plant electronics, photovoltaics and non-ferrous metals in Ili Prefecture and its surrounding areas. In June 2019, Yaobai Group signed a strategic cooperation agreement with the People's Government of Ili Kazakh Autonomous Prefecture, planning to utilize Ili Yaobei Cement's 3,000t/d new dry-process cement clinker production line to build a cement kiln for the coordinated disposal of industrial solid waste, with a construction scale of 80,000 tons/year of hazardous waste. Of which, the scale of inorganic solid waste disposal system is 36,000 tons/year; the scale of waste liquid disposal system is 4,000 tons/year; the scale of industrial waste pretreatment system is 20,000 tons/year for semi-solid waste disposal (SMP system) and 20,000 tons/year for solid waste disposal (high-angle belt system).

(2) Accounting policies and tax policies currently implemented by the company:

(i) The financial statements of the company were prepared on the basis of the going concern assumption and based on the actual transactions and events, in accordance with the "Accounting Standards for Business Enterprises — Basic Standards" issued by the Ministry of Finance (Issued by Decree No. 33 of the Ministry of Finance, Revised by Decree No. 76 of the Ministry of Finance), the 42 specific accounting standards issued and revised on and after 15 February 2006, the Guidelines for the Application of and interpretations of the Accounting Standards for Business Enterprises, and other related regulations (hereinafter collectively referred to as "**ASBEs**").

(ii) The following table summarizes the major types and rates of taxes currently applicable:

Tax Type	**Tax Base**	**Tax rate**
Enterprise income tax	Taxable income	25%
Value-added tax (VAT)	Income from sales of goods and taxable services	6%, 9%
Urban maintenance and construction tax	Paid turnover tax	7%
Education surcharge	Paid turnover tax	3%
Local education fee surcharge	Paid turnover tax	2%

(iii) Preferential tax policies

According to Article 88 of the Implementation of the Enterprise Income Tax Law of the PRC, for the qualified environmental protection, energy conservation and water-saving projects referred to in Article 27, Paragraph 3 of the Enterprise Income Tax Law, the income of enterprises engaged in the qualified environmental protection, energy conservation and water-saving projects specified in the preceding paragraph shall be exempt from corporate income tax from the first to the third tax year in which the project obtains the first production and operation income, and the corporate income tax shall be reduced by half from the fourth to the sixth year. Companies that meet the above conditions can enjoy relevant preferential policies.

(3) Financial position and operating results for the last three years

Unit: RMB0'000

Financial indicators	**31 December 2022**	**31 December 2023**	**31 December 2024**	**31 January 2025**
Total assets	10,248.01	10,524.36	10,146.55	10,133.69
Total liabilities	5,831.16	6,697.43	6,669.63	2,181.79
Owners' equity	4,416.40	3,826.93	3,476.92	7,951.90
Operating Results	**2022**	**2023**	**2024**	**January 2025**
Operating Revenue	49.29	154.84	257.27	24.85
Operating Costs	511.03	681.09	579.01	48.87
Net profit	-583.30	-591.62	-352.61	-25.98

The financial data for 2022 was audited by Sigma Certified Public Accountants (Special General Partnership), which issued the standard unqualified audit report "Xi Hui Shen Zi No. (2023) 1446". The financial data for 2023 was audited by Dahua Certified Public Accountants (Special General Partnership), which issued the standard unqualified audit report "Da Hua Shen Zi No. [2024] 0011026500". The financial data for 2024 and as at the valuation benchmark date was audited by Baker Tilly International Accountants (Special General Partnership), which issued the standard unqualified audit report "Tian Zhi Ye Zi No. [2025]6493".

4. *Description of business premises*

The business premise of the appraised entity is a self-owned property located in Jieliangzi Ranch, Yingyir Township, Yining City, Yili Prefecture, Xinjiang.

(3) Relationship between the Client and the appraised entity

The Client and the appraised entity are both wholly-owned subsidiaries of Yaobai Special Cement Group Co., Ltd..

II. PURPOSE OF THE APPRAISAL

The proposed equity transfer by the shareholders of Xinjiang Baihang Environmental Technology Co., Ltd. requires the appraisal of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd..

(II) The scope of appraisal includes all assets and liabilities of Xinjiang Baihang Environmental Technology Co., Ltd..

1. Details of the balance sheet assets and liabilities are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**29,952,753.17**
Currency	1,130,786.81
Notes receivable	993,681.24
Receivables	1,029,744.40
Prepayments	22,230.00
Other receivables	20,658,382.69
Inventories	150,233.90
Other current assets	5,967,694.13
II. Total non-current assets	**71,384,166.39**
Fixed assets	66,503,660.84
Deferred income tax assets	15,191.21
Other non current assets	4,865,314.34
III. Total assets	**101,336,919.56**
IV. Total current liabilities	**21,817,921.22**
Accounts payable	324,916.48
Contract liabilities	13,207.55
Employee compensation payable	88,945.83
Tax payable	179.01
Other payables	20,462,488.66
Other current liabilities	928,183.69
V. Total non-current liabilities	**—**
VI. Total liabilities	**21,817,921.22**
VII. Net assets (owners' equity)	**79,518,998.34**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The financial statements as at the valuation date were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report "Tian Zhi Ye Zi No. [2025] 6493".

2. Type and amounts of off-balance sheet assets declared by the company

None.

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the company's current assets amounted to RMB29,952,753.17, of which RMB1,130,786.81 were currency funds, RMB993,681.24 were notes receivable, RMB1,029,744.40 were receivables, RMB22,230.00 were prepayments, RMB20,658,382.69 were other receivables, RMB150,233.90 were inventories, and RMB5,967,694.13 were other current assets.

2. Inventories

The inventories had an original book value of RMB150,233.90, with no provision for depreciation, and a net book value of RMB150,233.90.

The book value of raw materials was RMB110,257.17, mainly anti-wear hydraulic oil, ton barrel and others.

The book value of working capital materials in use was RMB39,976.73, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. Fixed assets

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include buildings and structures.

The buildings had an original book value of RMB26,561,213.35 and a net book value of RMB23,439,378.20, which include industrial waste pretreatment workshop, inorganic solid waste disposal workshop, hazardous waste storage and others, mainly of steel and concrete structure, totaling 6 items built in 2022.

The structures had an original book value of RMB13,312,609.58 and a net book value of RMB11,747,931.27, which include HVAC exhaust pipes, concrete pavement, pile foundations, concrete ditches and others, mainly of steel and concrete frames and steel structures, totaling 7 items built in 2022.

The buildings are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery equipment, vehicles, and electronic office equipment.

The machinery equipment had an original book value of RMB40,672,564.77 and a net book value of RMB31,168,544.36. The company has declared 451 items of machinery equipment, mainly crushers, mixers, plunger pumps, fire fighting equipment and fire alarms, grab cranes and others. The machinery equipment are in normal use.

Vehicles had an original book value of RMB316,399.33 and a net book value of RMB125,406.19. The company has declared 1 vehicle for transportation, mainly for office use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB63,781.42 and a net book value of RMB22,400.82. The company has declared 13 items of electronic office equipment, mainly computers, printers and projectors. The electronic office equipment is in normal use.

4. Deferred income tax assets

The carrying value of deferred income tax assets was RMB15,191.21, which mainly represent deductible temporary differences arising from the provision for bad debts.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Company Law of the People's Republic of China (as amended on 29 December 2023 at the Second Session of the Seventh Meeting of the Standing Committee of the Fourteenth National People's Congress);

4. Enterprise Income Tax Law of the People's Republic of China (Decision on Amending Four Laws, Including the Electricity Law of the People's Republic of China, at the Seventh Meeting of the Standing Committee of the Thirteenth National People's Congress on 29 December 2018);

5. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

6. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

7. Law of the People's Republic of China on Urban Real Estate Administration (as amended at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

8. The ASBEs of the Ministry of Finance;

9. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Business Value (Zhong Ping Xie No. [2018] 38);.

8. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35).

9. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]).

10 Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie[2017] No.38);

11. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

12. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

13. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

14. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

(III) Proof of ownership

1. Vehicle license;

2. Invoices and contracts for the purchase of major equipment;

3. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 6493";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the unit under appraisal;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the appraised entity;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the appraised entity.

VII. VALUATION METHODOLOGY

In accordance with the "Guidelines for the Practice of Asset Appraisal — Business Value", the three basic appraisal methods usually adopted for business value appraisal are the asset-based approach, the income approach and the market approach.

The asset-based approach in business value appraisal refers to the appraisal method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities on the basis of the balance sheet of the appraised entity at the appraisal reference date.

Income approach in business value appraisal refers to the appraisal method of determining the value of the appraised entity by capitalizing or discounting the expected income.

Market approach in business value appraisal refers to the appraisal method of determining the value of the appraised subject by comparing the appraised subject with comparable listed companies or comparable transactions.

According to the "Guidelines for the Practice of Asset Appraisal — Business Value", an asset appraiser shall analyze the applicability of the three basic asset appraisal methods and select the appraisal method based on the purpose of the appraisal, appraisal subject, type of value, availability of information and other circumstances in performing the business appraisal engagement.

(I) Selection of valuation methods

The market approach requires finding a sufficient number of comparable companies or transaction cases similar to the company being evaluated in the open market. However, there are relatively few companies in the cement kiln collaborative disposal industry, and there are significant differences in their business models, scales, regional characteristics, etc. Therefore, the market approach is not applicable to this valuation.

Business value is a reflection of the comprehensive value formed by the inclusion of both tangible and intangible assets in the operation of the business. The appraised entity has clear property rights and complete financial information, and all assets and liabilities are identifiable. The assets under appraisal can not only be quantified according to the financial information and purchase and construction information, but also be verified through on-site inspection, and their value can be determined with reference to how asset were re-acquired. Therefore, the asset-based approach is applicable to this appraisal.

The cement kiln co-processing industry is affected by many factors, including policies and regulations, market demand, and waste supply stability. On the one hand, changes in policies and regulations may lead to higher disposal standards or more complicated approval procedures, increasing corporate operating costs or restricting business operations; on the other hand, uncertainty in market demand and waste supply will also affect a company's disposal volume and revenue. In addition, the composition of waste is complex, and the difficulty and cost of disposal may fluctuate due to changes in the nature of the waste. These factors make the forecast of a company's future earnings highly uncertain, making it difficult to accurately assess them using the income approach. Judging from the financial data, the company's operating income and net profit have not performed well in the past four years. From January 2022 to 2025, the company was in a loss-making state, with net profits of RMB-5.833 million, RMB-5.9162 million, RMB-3.5261 million and RMB-259,800 respectively, indicating that the company has major problems in profitability and future earnings are difficult to guarantee. This makes the basis for predicting future earnings based on current conditions unstable, and the application of the income approach lacks reliable prerequisites. To summarize, due to the poor recent performance of Baihang Environmental and the high uncertainty of future earnings, the income approach is difficult to play an effective role in its evaluation, and therefore the income approach is not applicable.

Taking into account the purpose of the appraisal and the characteristics of the appraised subject, and based on the above analysis, this appraisal was conducted using the asset-based approach.

(II) Asset-based approach

The asset-based approach refers to the appraisal method of determining the value of the appraised entity by reasonably assessing the value of on-balance sheet and identifiable off-balance sheet assets and liabilities based on the balance sheet of the appraised entity as at the appraisal reference date. The specific valuation methods for each of the assets and liabilities are set out below:

1. Currency funds: The book value after inventory verification was used as the appraised value.

2. Bills receivable: The appraised value is determined on the basis of the probable recoverable amount of each bill after verification.

3. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

4. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

5. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost method is adopted in this case.

   Appraised value under the cost method = replacement cost×residue ratio

   (1) Replacement cost

   Replacement cost is determined by reference to the current market acquisition price.

   (2) Residue ratio

   Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

6. Other current assets are valued at book value after inventory verification.

7. Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost method for the building assets declared by the company. When the cost method is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost method is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

8. Fixed assets — equipment are appraised using the cost method.

   Cost method appraised value = replacement cost×residue ratio

   (1) Replacement cost

   According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

   Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

   (2) Residue ratio

   The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

9. Fixed assets — vehicles are appraised using the market approach.

Based on the transaction cases of the same or similar equipment in the second-hand vehicle market, various influencing factors are compared and adjusted to determine the appraised value.

10. Deferred income tax assets are appraised based on the reasons for their origination and the estimated recoverable amounts after the valuation date.

11. The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the appraised entity after the appraised subjectives have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the appraised entity and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, liabilities and historical annual income by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the appraised entity, its historical operating conditions and forecast of future income. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continued use: It means that the assets of the appraised entity in use will continue to be used in accordance with their current purpose and manner.

(III) Assumption of continuing operation: It means that the production and operation business of the appraised entity can be continued and will not change significantly in the foreseeable future, regardless of the impact of the economic actions involved in the purpose of this appraisal on the operation of the company.

(IV) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(V) It is assumed that the management of the appraised entity has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The appraised entity has not violated any national laws or regulations in the course of its operations.

(VI) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

(I) Valuation results under the asset-based approach

1. The book value of the total assets is RMB101,337,000 and the appraised value is RMB103,112,100, representing an appreciation of RMB1,775,100, or an appreciation rate of 1.75%.

2. The book value of total liabilities is RMB21,817,900 and the appraised value is RMB21,817,900, with no appraisal increase or decrease.

3. The book value of the entire shareholding interests is RMB79,519,100 and the appraised value is RMB81,294,200, with an appraised value increase of RMB1,775,100, representing an appreciation rate of 2.23%.

Under the asset-based method, the appraised value of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. as at the valuation date is RMB EIGHTY ONE MILLION TWO HUNDRED AND NINETY FOUR THOUSAND TWO HUNDRED (**RMB81,294,200**).

Summary of valuation conclusions under the asset-based approach

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	**Book value B**	**Appraised value C**	**Increase or decrease in value D=C-B**	**Appreciation rate % E=D/B x 100%**
Current Assets	2,995.28	2,995.01	-0.27	-0.01
Non-current assets	7,138.42	7,316.20	177.78	2.49
Fixed Assets	6,650.37	6,828.15	177.78	2.67
Deferred income tax assets	1.52	1.52		—
Other non-current assets	486.53	486.53	—	—
Total assets	**10,133.70**	**10,311.21**	**177.51**	**1.75**
Current liabilities	2,181.79	2,181.79	—	—
Total liabilities	**2,181.79**	**2,181.79**	**—**	**—**
Net Assets (Owners' Equity)	**7,951.91**	**8,129.42**	**177.51**	**2.23**

(II) Valuation conclusion

Valuation conclusion: Adopting the appraisal results of the asset-based approach, the market value of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. as at the valuation date is RMB EIGHTY ONE MILLION TWO HUNDRED AND NINETY FOUR THOUSAND TWO HUNDRED **(RMB81,294,200)**, subject to the appraisal purpose, the type of value and the assumptions and premises as set out in this appraisal report.

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) According to the declaration of title provided by the appraised entity, it has undertaken that the abovementioned buildings are self-owned and there is no dispute over property rights.

(II) The land use rights occupied by the buildings within the scope of valuation are owned by the related party Yili Yaobai Cement Co., Ltd. This appraisal did not take into account the impact of the above matters on the valuation conclusions.

(III) No consideration has been given to premiums or discounts arising from controlling or minority interests, nor discounts arising from liquidity factors in the valuation conclusion.

(IV) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(V) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the appraised entity. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the appraised entity.

(VI) The financial statements as at the valuation date were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025]6493", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(VII) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the appraised entity, and the Client and the appraised entity shall be responsible for the authenticity and completeness of the information provided.

(VIII) The appraised entity shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the appraised entity.

(IX) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

The following is the translated text extracted from the report prepared for the purpose of incorporation into this circular received from Shenzhen Yitong Asset Assessment and Property Valuation Company Limited (深圳億通資產評估房地產土地估價有限公司) in connection with its opinion on the value of Assets B. In the event of any inconsistency, the Chinese version of these valuation report shall prevail over the English version.*

Extracts of the asset valuation report of the Assets B of 和田堯柏水泥有限公司 (Hetian Yaobai Cement Co., Ltd.*)

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Yaobai Cement Co., Ltd.*
(和田堯柏水泥有限公司)

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal on the asset group declared by Hetian Yaobai Cement Co., Ltd. for the proposed asset transfer.

Purpose of the appraisal: The proposed asset transfer by the shareholders of Hetian Yaobai Cement Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Yaobai Cement Co., Ltd.. The scope of appraisal includes the assets and liabilities of the proposed transfer that Hetian Yaobai Cement Co., Ltd. has declared for appraisal.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Cost approach and market approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the cost approach and market approach, the market value of the asset group involved in the proposed asset transfer of Hetian Yaobai Cement Co., Ltd. as at the valuation date is TWO HUNDRED AND NINE MILLION AND SEVEN HUNDRED AND FIFTY EIGHT THOUSAND AND SIX HUNDRED (**RMB209,758,600**) under the appraisal purpose, type of value and assumptions as set out in the appraisal report.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

* *For identification only*

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Yaobai Cement Co., Ltd.*
(和田堯柏水泥有限公司)

Shen Yitong Ping Bao Zi No. (2025) 1154

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited* (深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of declared asset group involved in the proposed asset transfer of Hetian Yaobai Cement Co., Ltd.* (和田堯柏水泥有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the cost approach and market approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, PROPERTY RIGHT HOLDER AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

1. Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

(1) Brief information of the Client

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

* *For identification only*

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

2. Brief information of the property rights holder

Company name: Hetian Yaobai Cement Co., Ltd. ("**Hetian Yaobai Cement**")

Unified social credit code: 91653200564397066N

Company type: Limited liability company (natural person investment or holding legal person sole proprietorship)

Address: Yutian County Industrial Park, Hotan Prefecture, Xinjiang (located 2.5 km south of National Highway 315 and east of Aqiang Road, Yutian County)

Legal representative: Chang Zhengan

Registered capital: RMB236,000,000

Date of establishment: 8 March 2011

Business term: 8 March 2011 to 7 March 2036

Business scope: production and sale of cement and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

3. Relationship between the Client and the property rights holder

The Client and the property rights holder are both wholly-owned subsidiaries of Yaobai Special Cement Group Co., Ltd..

II. PURPOSE OF THE APPRAISAL

The proposed asset transfer by the shareholders of Hetian Yaobai Cement Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Yaobai Cement Co., Ltd..

(II) The scope of appraisal includes the assets and liabilities that Hetian Yaobai Cement Co., Ltd. has declared for appraisal.

Details are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**54,153,744.02**
Prepayments	63,198.14
Other receivables	101,975.68
Inventories	53,988,570.20
II. Total non-current assets	**103,500,463.76**
Fixed assets	99,036,805.85
Intangible assets	4,463,657.91
III. Total assets	**157,654,207.78**
IV. Total current liabilities	**17,375,061.78**
Accounts payable	14,719,419.89
Contract liabilities	1,412,360.52
Tax payable	183,488.95
Other payables	1,059,792.42
V. Total liabilities	**17,375,061.78**
VI. Asset group	**140,279,146.00**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The book value of asset group proposed to be transferred were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report "Tian Zhi Ye Zi No. [2025] 7035".

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the current assets amounted to RMB54,153,744.02, of which RMB63,198.14 were prepayments, RMB101,975.68 were other receivables, and RMB53,988,570.20 were inventories.

2. *Inventories*

The inventories had an original book value of RMB53,988,570.20, with no provision for depreciation, and a net book value of RMB53,988,570.20.

The book value of raw materials was RMB31,402,615.42, mainly clinker, limestone, iron ore slag, and natural gypsum.

The book value of finished products is RMB22,143,189.84, mainly including 42.5 loose cement, 42.5 slow-setting loose cement and other products.

The book value of products in progress is RMB26,937.98, mainly ordinary raw materials.

The book value of working capital materials in use was RMB415,826.96, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. *Fixed assets*

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include buildings and structures.

The buildings had an original book value of RMB19,577,824.94 and a net book value of RMB8,595,240.50, which include the dormitory building, general office building, steam engine workshop and others, mainly of brick and concrete structure, totaling 20 items built from 2013 to 2022.

The structures had an original book value of RMB252,285,404.39 and a net book value of RMB114,095,175.37, which include storage warehouse transportation, gypsum mixed material storage shed transportation, clinker storage and transportation, factory ground, roads and others, mainly of brick and concrete structures, totaling 50 items built from 2013 to 2022.

Some of the buildings are idle and waiting to be scrapped, and the rest are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery and equipment, vehicles, and electronic office equipment.

The machinery and equipment had an original book value of RMB96,213,992.32 and a net book value of RMB7,584,371.20. The company has declared 946 items of machinery and equipment, mainly cement mills, cable materials, Cement vertical mill reducer, bag filter, DCS system and raw material quality control system and others. Some of the machinery and equipment are to be scrapped while the rest are in normal use.

Vehicles had an original book value of RMB1,135,761.95 and a net book value of RMB334,042.21. The company has declared 8 vehicles for transportation, mainly for office and production use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB2,730,294.52 and a net book value of RMB794,068.07. The company has declared 59 items of electronic office equipment, mainly computers, printers, monitoring equipment, unattended systems and digital control platform backend management system and others. The electronic office equipment is in normal use.

4. *Intangible assets — land use right*

The land use right had an original recorded value of RMB713,170.00 and a net book value of RMB566,427.06. Construction of a comprehensive office building, a dormitory building, a restaurant and production facilities were completed. Details are as follows:

Land Title Certificate No.	Land Location	Acquisition Date	Land use right	Nature of Land	Permitted Years of Use	Status of development	Total area (m^2)
Yutian Guoyong 2013 No. 0076	Yutian County Industrial Park	—	Industrial	Allocation	—	Five utilities and ground leveling	587,553.00

5. Intangible assets — mineral rights

No.	Name, type (exploration rights/mining rights)	Exploration (mining) license number	Acquisition date	Remaining effective period	Exploration development stage	Approved production scale	Original entry value	Book value
1	Mining rights	T65420140103049191	2013–12–01	2021/7/22	Ceased	4.85 square kilometers	1,268,000.00	796,022.52
2	Mining rights	C6532262010127130091600	2015–10–01	2019/4/25	Ceased	20,000 tons/year	98,000.00	67,511.36
3	Mining rights certificate	C6532002019117100148924	2020–05–28	2026/5/12	Suspended	500,000 tons/year	2,594,400.00	1,981,429.91
4	White Sand Mine mining rights	C6532262022077100154022	2022–09–30	2031/11/27	Completed	120,000 cubic meters/year	1,450,077.97	1,052,267.06

According to the ‘‘Explanation on the Scope of Valuation’’ provided by Hetian Yaobai Cement, in the declared details, no. 1–3 in the above table are not within the scope of this asset transaction and are not included in the scope of this valuation.

The book value of the mining right of the White Sand Mine in the fourth mining right is RMB1,052,267.06, which is the mining right of the Yutian County Oytograk Baisha Mine acquired by the enterprise through the transfer of mining rights. The details are as follows:

The registration content of the Mining License No. C6532262022077100154022 issued by the Yutian County Natural Resources Bureau on 27 July 2022 is as follows: mining right holder: Hotan Yaobai Cement Co., Ltd.; address: Yutian County Industrial Park, Hotan Prefecture, Xinjiang; mine name: Yutian County Oytograk White Sand Mine; economic type: private enterprise; mining type: sand for cement batching; mining method: open-pit mining; production scale: 120,000 tons/year; mining area: 0.223 square kilometers; the mining area is delineated by 4 inflection points, mining depth: from 1,464 meters to 1,444 meters above sea level; validity period: nine years and four months, from 27 July 2022 to 27 November 2031. The coordinates of the turning points of the mining area are shown in the following table:

Table: Coordinate table of turning points in the mining area

Turning point number	National Geodetic Coordinate System 2000 X Coordinate	Y Coordinate
1	4077565.62	27573696.01
2	4077568.21	27573995.36
3	4076910.97	27574476.99
4	4077005.88	27573983.36
Mining area: 0.223 square kilometers		
Mining depth: from 1,464 meters to 1,444 meters above sea level		

Resource reserve type and quantity: According to the ‘‘Mineral Resource Development, Utilization and Ecological Restoration Plan of the Oytograk White Sand Mine in Yutian County’’, the mining area has an inferred resource volume of 1.1916 million cubic meters, all of which are included in the design scope, with a design utilization rate of 100%. The designed mining recovery rate is 95%, the designed recoverable ore volume is 1.132 million cubic meters, and the mine service life is approximately 9.43 years.

According to the information provided by the assessed enterprise, as of the assessment base date, no other mining rights had been established within the above-mentioned mining area, there were no disputes over the ownership of mining rights, and no mortgages had been established. According to on-site investigation, the mining area has been mined and used normally.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm’s length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

4. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

5. Land Administration Law of the People's Republic of China (as amended at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

6. Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Revised by Decree No. 743 of the State Council of the People's Republic of China on 2 July 2021);

7. Law of the People's Republic of China on Urban Real Estate Administration (as amended at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

8. Mineral Resources Law of the People's Republic of China (promulgated with amendments on 29 August 1996);

9. Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (promulgated by Decree No. 152 of the State Council on 26 March 1994);

10. Measures for the Collection of Proceeds from the Granting of Mining Rights (Circular of the Ministry of Finance and the Ministry of Natural Resources and the State Administration of Taxation on the Issuance of the Circular (Cai Zong No. [2023] 10);

11. The ASBEs of the Ministry of Finance; and

12. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35);

8. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]);

9. Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie [2017] No. 38);

10. Asset Appraisal Practice Guidelines — Intangible Assets (Zhong Ping Xie [2017] No. 37);

11. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

12. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

13. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

14. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

15. Appraisal Standards of Mining Rights of the PRC (Announcement No. 2 (2007) of the China Mineral Rights Appraisers Association);

16. Appraisal Standards of Mining Rights of the PRC (II) (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association); and

17. Guidelines for Determining the Parameters for Mining Rights Appraisal (Compiled by the China Mineral Rights Appraisers Association, published by China Da Di Publishing House in October 2008).

(III) Proof of ownership

1. Land use right certificate and vehicle license;

2. Mining permit license;

3. Invoices and contracts for the purchase of major equipment;

4. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 7035";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the property rights holder;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the property rights holder;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the property rights holder.

VII. VALUATION METHODOLOGY

(I) Current Asset

1. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

2. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

3. The appraised values of inventories — finished products are determined by multiplying the quantity after inventory verification by the current market selling price.

4. The appraised values of inventories products in process are determined by the verified book value.

5. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted in this case.

Appraised value under the cost approach = replacement cost × residue ratio

(1) Replacement cost

Replacement cost is determined by reference to the current market acquisition price.

(2) Residue ratio

Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

(II) Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the company. When the cost approach is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

(III) Fixed assets — equipment are appraised using the cost approach.

cost approach appraised value = replacement cost × residue ratio

(1) Replacement cost

According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

(IV) Fixed assets — vehicles are appraised using the cost approach and market approach.

1. *Cost approach*

For specific valuation methods, refer to the introduction of equipment cost approach.

2. *Market approach*

Based on the transaction cases of the same or similar equipment in the used vehicle market, various influencing factors are compared and adjusted to determine the appraisal value.

(V) Intangible assets — land use rights

The cost approximation method is used for appraisal.

The cost approximation method is a method of determining the land price based mainly on the sum of the land acquisition costs and various expenses consumed in land development, plus a certain amount of profit, interest, taxes payable and land appreciation income.

Cost approximation method calculation formula:

Land price = unlimited year cost land price × other factors correction

= (land acquisition fee + land development fee + investment interest + investment profit + land appreciation income) × other factors modification

(VI) Intangible assets — mining rights

Since the mineral mined under this mining right is sand for cement ingredients, which is only used as an ingredient in cement production and is not eligible for external sale, the verified expenditure cost of the mining right is used as the value in this appraisal.

(VII) Liabilities

The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the property rights holder after the appraised subjectives have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the property rights holder and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, and liabilities by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the property rights holder. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continuous use of assets in the original location: It refers to the assumption that the appraised assets will continue to be used in the original location according to their current purpose and usage pattern, scale, frequency, environment, etc., and the valuation methods, parameters and basis shall be determined accordingly.

(III) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(IV) It is assumed that the management of the property rights holder has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The property rights holder has not violated any national laws or regulations in the course of its operations.

(V) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

Under the cost approach and market approach, the valuation purpose, value type and assumptions stated in this valuation report,, the appraised value of the asset group involved in the proposed asset transfer of Hetian Yaobai Cement Co., Ltd. as at the valuation date is RMB TWO HUNDRED AND NINE MILLION AND SEVEN HUNDRED AND FIFTY EIGHT THOUSAND AND SIX HUNDRED (**RMB209,758,600**).

Summary of valuation conclusions

Valuation date: 31 January 2025 **Unit: RMB0'000**

	Item	Book value B	Appraised value C	Increase or decrease in value D=C-B	Appreciation rate % E=D/B x 100%
1	Current Assets	5,415.37	4,939.46	-475.91	-8.79
2	Non-current assets	10,350.05	17,773.91	7,423.86	71.73
3	Fixed Assets	9,903.68	13,649.44	3,745.76	37.82
4	Intangible assets	446.37	4,124.47	3,678.10	824.01
5	**Total assets**	**15,765.42**	**22,713.37**	**6,947.95**	**44.07**
6	Current liabilities	1,737.51	1,737.51	—	—
7	Non-current liabilities	—	—	—	—
8	**Total liabilities**	**1,737.51**	**1,737.51**	**—**	**—**
9	**Asset group**	**14,027.91**	**20,975.86**	**6,947.95**	**49.53**

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The building ownership certificates for certain buildings included in the scope of appraisal have not yet been obtained as at the valuation date. According to the declaration of title provided by the property rights holder, it has undertaken that the above assets are self-owned and there is no dispute over property rights.

(II) The detailed valuation breakdown submitted by Hetian Yaobai Cement includes three mining rights (see the detailed valuation breakdown of intangible assets — mining rights) with a total book value of RMB3,960,400.00 and a total book value of RMB2,844,963.79. According to the "Explanation on the Scope of Evaluation" provided by Hetian Yaobai Cement, the above three mining rights are not within the scope of this asset transaction and are not included in the scope of this valuation. Their value is not included in the conclusion of this valuation.

(III) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(IV) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the property rights holder. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the property rights holder.

(V) The book value of assets and liabilities within the scope of this valuation were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025] 7035", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(VI) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the property rights holder, and the Client and the property rights holder shall be responsible for the authenticity and completeness of the information provided.

(VII) The property rights holder shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the property rights holder.

(VIII) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

The following is the translated text of extracted from the reports prepared for the purpose of incorporation into this circular received from Shenzhen Yitong Asset Assessment and Property Valuation Company Limited (深圳億通資產評估房地產土地估價有限公司) in connection with its opinion on the value of Assets C. In the event of any inconsistency, the Chinese versions of these valuation reports shall prevail over the English versions.*

(A) Extracts of the asset valuation report of Assets C held by 墨玉堯柏水泥有限公司 (Moyu Yaobai Cement Co., Ltd.*)

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Moyu Yaobai Cement Co., Ltd.*
(墨玉堯柏水泥有限公司)

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal on the asset group declared by Moyu Yaobai Cement Co., Ltd. for the proposed asset transfer.

Purpose of the appraisal: The proposed asset transfer by the shareholders of Moyu Yaobai Cement Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the asset group involved in the proposed asset transfer of Moyu Yaobai Cement Co., Ltd.. The scope of appraisal includes the assets and liabilities of the proposed transfer that Moyu Yaobai Cement Co., Ltd. has declared for appraisal.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Cost approach and market approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the cost approach and market approach, the market value of the asset group involved in the proposed asset transfer of Moyu Yaobai Cement Co., Ltd. as at the valuation date is EIGHT HUNDRED AND NINETY-EIGHT MILLION AND EIGHT HUNDRED AND SEVENTY THOUSAND AND ONE HUNDRED (**RMB898,870,100**) under the appraisal purpose, type of value and assumptions as set out in the appraisal report.

* *For identification only*

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Moyu Yaobai Cement Co., Ltd.*
(墨玉堯柏水泥有限公司)

Shen Yitong Ping Bao Zi No. (2025) 1156

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited* (深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of declared asset group involved in the proposed asset transfer of Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the cost approach and market approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, PROPERTY RIGHT HOLDER AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

(1) Brief information of the Client, namely the property right holder

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

* *For identification only*

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

(3) Relationship between the Client and the property rights holder

The Client is the property rights holder.

II. PURPOSE OF THE APPRAISAL

The proposed asset transfer by the shareholders of Moyu Yaobai Cement Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the asset group involved in the proposed asset transfer of Moyu Yaobai Cement Co., Ltd..

(II) The scope of appraisal includes the assets and liabilities that Moyu Yaobai Cement Co., Ltd. has declared for appraisal.

Details are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**43,436,026.80**
Prepayments	631,828.37
Other receivables	852,946.07
Inventories	41,951,252.36
II. Total non-current assets	**857,560,228.58**
Fixed assets	829,565,584.49
Intangible assets	27,994,644.09
III. Total assets	**900,996,255.38**
IV. Total current liabilities	**44,888,136.14**
Accounts payable	42,462,737.92
Contract liabilities	2,119,278.83
Tax payable	275,402.29
Other payables	30,717.10
V. Total liabilities	**44,888,136.14**
VI. Asset group	**856,108,119.24**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The book value of asset group proposed to be transferred were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report ''Tian Zhi Ye Zi No. [2025] 6322''.

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the current assets amounted to RMB43,436,026.80, of which RMB631,828.37 were prepayments, RMB852,946.07 were other receivables, and RMB41,951,252.36 were inventories.

2. Inventories

The inventories had an original book value of RMB41,951,252.36, with no provision for depreciation, and a net book value of RMB41,951,252.36.

The book value of raw materials was RMB16,652,119.11, mainly including raw coal, limestone and others.

The book value of products in progress is RMB24,172,964.83, mainly including 42.5 slow-setting loose cement, ordinary clinker and others.

The book value of working capital materials in use was RMB1,126,168.42, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. Fixed assets

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include buildings and structures.

The buildings had an original book value of RMB199,795,445.60 and a net book value of RMB163,468,941.24, which include the dormitory building, activity center, restaurant, office building and others, mainly of frame structure, totaling 42 items built from 2021 to 2023.

The structures had an original book value of RMB343,594,119.79 and a net book value of RMB281,699,309.63, which include Firing kiln tail, kiln middle, kiln head, clinker storage base and transportation, mining roads, 110KV total drop and others, mainly of concrete and steel structures, totaling 49 items built from 2021 to 2022.

The buildings are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery and equipment, vehicles, and electronic office equipment.

The machinery and equipment had an original book value of RMB554,161,484.46 and a net book value of RMB382,610,081.48. The company has declared 1879 items of rotary kiln, kiln head boiler, steam turbine generator set, preheater, fourth generation grate cooler and others. The machinery equipment are in normal use.

Vehicles had an original book value of RMB2,173,382.56 and a net book value of RMB1,174,282.85. The company has declared 9 vehicles for transportation, mainly for office and production use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB2,562,772.03 and a net book value of RMB612,969.29. The company has declared 317 items of electronic office equipment, mainly computers, printers, air conditioners, office tables and chairs and others. The electronic office equipment is in normal use.

4. *Intangible assets — land use right*

The land use right had an original recorded value of RMB1,076,401.96 and a net book value of RMB992,082.08. Construction of a dormitory building, activity center, a restaurant, office building and production facilities were completed. Details are as follows:

Land Title Certificate No.	Land Location	Acquisition Date	Land use	Nature of Land	Permitted Years of Use	Status of development	Total area (m^2)
New 2021 Moyu County Real Estate Rights No. 0000147	Bostankule Building Materials Industrial Park, Moyu County	2020/12/18	Industrial	State-owned transfer	50	Five utilities and ground leveling	312,578.00

5. Intangible assets — mineral rights

The book value of intangible assets — mining rights is RMB21,581,339.90, which is the mining rights of the No. 2 cement gypsum mine in the Daganqu mining area of Moyu County, Xinjiang, acquired by the company through the transfer of mining rights. The details are as follows:

According to the "Mining Rights Transfer Contract" (Contract No.: Mining Contract [2024] No. 1) signed by the Hotan Prefecture Natural Resources Bureau and Moyu Yaobai Cement Co., Ltd. in March 2024, the mined mineral at the Moyu County Daganqu No. 2 Gypsum Mine is gypsum, the mining area is 0.168 square kilometers, the mining depth is from 1582 meters above sea level to 1520 meters above sea level, the available reserves (resource reserves) are 971,000 tons, and the production scale is 80,000 tons/year. The contractual transfer of mining rights is for 10.46 years, from 9 January 2024 to 9 May 2034. During the transfer period, if the mining license for the transfer of mining rights expires, the transferee may apply for renewal in accordance with the law.

The registration content of the Mining License No. C6532002024047110156651 issued by the Natural Resources Bureau of Hotan Prefecture, Xinjiang Uygur Autonomous Region on 12 April 2024 is as follows: Mining right holder: Moyu Yaobai Cement Co., Ltd.; Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang; Mine name: Moyu Yaobai Cement Co., Ltd., Beijing Industrial Park, Moyu County, Hotan, Xinjiang, No. 2 Cement Gypsum Mine in Daganqu Mining Area, Moyu County, Xinjiang; Economic type: Private limited liability company; Mined mineral: Gypsum; Mining method: Open-pit mining; Production scale: 80,000 tons/year; Mining area: 0.1681 square kilometers; Validity period: five years, from 12 April 2024 to 12 April 2029; The mining area is delineated by four inflection points, and the mining depth: from 1582 meters to 1520 meters above sea level. The coordinates of the turning points of the mining area are shown in the following table:

Table Coordinate table of turning points in the mining area

	National Geodetic Coordinate System 2000	
Turning point number	**X Coordinate**	**Y Coordinate**
1	4115756.48	26610865.19
2	4115901.57	26610363.87
3	4116202.82	26610478.10
4	4116054.02	26610985.15

Mining area: 0.1681 square kilometers

Mining depth: from 1582 meters to 1520 meters above sea level

Resource reserve type and quantity: According to the "Detailed Investigation Report on the No. 2 Cement Gypsum Mine in the Daganqu Mining Area of Moyu County, Xinjiang" and the "Mineral Resources Development and Utilization and

Ecological Protection and Restoration Plan for the No. 2 Cement Gypsum Mine in the Daganqu Mining Area of Moyu County, Xinjiang", as of 30 June 2022, the total amount of cement gypsum ore resources within the detailed investigation area is 971,000 tons, of which 843,000 tons are controlled resources, accounting for 86.82% of the total resources; the inferred resources are 128,000 tons, accounting for 13.18% of the total resources. A mining boundary has been delineated within the mining area. The ore resources within the mining boundary (controlled resources) + (inferred resources) are 881,100 tons; the ore loss is 94,500 tons, and the designed loss rate is 9.26%; the mining recovery rate is 98%, and the mining loss is 44,000 tons. Of which, the (controlled resources) ore volume is 781,400 tons; the (inferred resources) ore volume is 55,700 tons; the calculated recoverable resources within the mining area are: 837,100 tons of ore.

According to the "Explanation on Unused Gypsum Mine Resources" provided by the property rights holder, as of 31 January 2025, the No. 2 Cement Gypsum Mine in the Daganqu Mining Area, Moyu County, Xinjiang, owned by Moyu Yaobai Cement Co., Ltd., Beijing Industrial Park, Moyu County, Hotan, Xinjiang, has not yet started production and mining activities, and the resources have not been used. The resource situation is the same as when the mining rights were obtained.

According to the information provided by the property rights holder, as of the valuation benchmark date, no other mining rights had been established within the above-mentioned mining area, there were no disputes over the ownership of mining rights, and no mortgages had been established. According to on-site investigation, production, construction and mining activities have not yet officially started in the mining area.

6. Intangible assets — other intangible assets

The other intangible assets declared by the enterprise are purchased software, with an original book value of RMB6,776,527.57 and a book value of RMB5,421,222.11.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

4. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

5. Land Administration Law of the People's Republic of China (as amended at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

6. Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Revised by Decree No. 743 of the State Council of the People's Republic of China on 2 July 2021);

7. Law of the People's Republic of China on Urban Real Estate Administration (as amended at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

8. Mineral Resources Law of the People's Republic of China (promulgated with amendments on 29 August 1996); and

9. Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (promulgated by Decree No. 152 of the State Council on 26 March 1994);

10. Measures for the Collection of Proceeds from the Granting of Mining Rights (Circular of the Ministry of Finance and the Ministry of Natural Resources and the State Administration of Taxation on the Issuance of the Circular (Cai Zong No. [2023] 10);

11. The ASBEs of the Ministry of Finance;

12. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35).

8. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]).

9. Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie[2017] No.38);

10. Asset Appraisal Practice Guidelines — Intangible Assets (Zhong Ping Xie[2017]No.37);

11. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

12. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

13. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

14. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

15. Appraisal Standards of Mining Rights of the PRC (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association);

16. Appraisal Standards of Mining Rights of the PRC (II) (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association); and

17. Guidelines for Determining the Parameters for Mining Rights Appraisal (Compiled by the China Mineral Rights Appraisers Association, published by China Da Di Publishing House in October 2008).

(III) Proof of ownership

1. Land use right certificate and vehicle license;

2. Mining permit license;

3. Invoices and contracts for the purchase of major equipment and intangible assets;

4. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 6322";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the property rights holder;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the property rights holder;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the property rights holder.

VII. VALUATION METHODOLOGY

(I) Current Asset

1. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

2. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

3. The appraised values of inventories — products-in-process are determined by multiplying the quantity after inventory verification by the current market selling price if the inventory can be sold to the outside world, and by the verified book value if the inventory cannot be sold to the outside world.

4. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted in this case.

Appraised value under the cost approach = replacement cost × residue ratio

(1) Replacement cost

Replacement cost is determined by reference to the current market acquisition price.

(2) Residue ratio

Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

(II) Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the company. When the cost approach is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

(III) Fixed assets — equipment are appraised using the cost approach.

cost approach appraised value = replacement cost × residue ratio

(1) Replacement cost

According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

(IV) Fixed assets — vehicles are appraised using the cost approach.

Appraised value of vehicles = Replacement cost × residue ratio

1. *Replacement cost*

Replacement cost = purchase price excluding tax + purchase surtax + license fee for new vehicle registration

2. *Residue ratio*

Determined based on a combination of the mileage rate, the useful life rate and the inspection residue ratio.

(V) Intangible assets — land use rights

Appraised using the market approach.

1. *Appraisal techniques of the market approach*

The market approach is an appraisal method for arriving at the value of the parcel of land under appraisal as at the appraisal reference date by adjusting the transaction prices of similar properties.

2. *Appraisal by the market approach should generally be conducted with the following steps:*

(1) Gathering actual transactions;

(2) Determining comparable transactions;

(3) Establishing a basis for comparison;

(4) Adjustments to the comparable transactions (applying adjustments to the transaction, the date of the transaction, the condition of properties, etc.);

(5) Calculating the comparative prices and determining the value of the properties.

3. *Basic formula of the market method*

$P=P' \times A \times B \times C \times D \times E$

Where: P is the appraised value of the property under appraisal; P'is the comparable transaction price; A is the adjustment factor to the transaction; B is the adjustment factor for the transaction date; C is the location adjustment factor; D is the physical adjustment factor; and E is the rights adjustment factor.

(VI) Intangible assets — mining rights

As for mining rights, there are no comparable transactions of similar mining rights in the market, and the mine resources are small in scale and have not been mined in the past, and future mining and revenue cannot be reasonably and objectively predicted. The verified expenditure cost of the mining right is used as the value in this appraisal.

(VII) Intangible assets-other intangible assets

The valuation is determined based on the verified book value.

(VIII) Liabilities

The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the property rights holder after the appraised subjective have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the property rights holder and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, and liabilities by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the property rights holder. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continuous use of assets in the original location: It refers to the assumption that the appraised assets will continue to be used in the original location according to their current purpose and usage pattern, scale, frequency, environment, etc., and the valuation methods, parameters and basis shall be determined accordingly.

(III) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(IV) It is assumed that the management of the property rights holder has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The property rights holder has not violated any national laws or regulations in the course of its operations.

(V) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

Under the cost approach and market approach, the valuation purpose, value type and assumptions stated in this valuation report,, the appraised value of the asset group involved in the proposed asset transfer of Moyu Yaobai Cement Co., Ltd. as at the valuation date is RMB EIGHT HUNDRED AND NINETY-EIGHT MILLION AND EIGHT HUNDRED AND SEVENTY THOUSAND AND ONE HUNDRED (**RMB898,870,100**).

Summary of valuation conclusions

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	Book value B	Appraised value C	Increase or decrease in value D=C-B	Appreciation rate % E=D/B x 100%
Current Assets	4,343.60	4,811.48	467.88	10.77
Non-current assets	85,756.02	89,564.34	3,808.32	4.44
Fixed Assets	82,956.56	85,253.15	2,296.59	2.77
Of which: buildings	44,516.83	45,891.79	1,374.96	3.09
Equipment	38,439.73	39,361.35	921.62	2.40
Intangible assets	2,799.46	4,311.19	1,511.73	54.00
Of which: land use rights	99.21	2,906.98	2,807.77	—
Total assets	**90,099.62**	**94,375.82**	**4,276.20**	**4.75**
Current liabilities	4,488.81	4,488.81	—	—
Total liabilities	**4,488.81**	**4,488.81**	**—**	**—**
Asset group	**85,610.81**	**89,887.01**	**4,276.20**	**4.99**

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The building ownership certificates for certain buildings included in the scope of appraisal have not yet been obtained as at the valuation date. According to the declaration of title provided by the property rights holder, it has undertaken that the above assets are self-owned and there is no dispute over property rights.

(II) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(III) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the property rights holder. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the property rights holder.

(IV) The book value of assets and liabilities within the scope of this valuation were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025]6322", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(V) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the property rights holder, and the Client and the property rights holder shall be responsible for the authenticity and completeness of the information provided.

(VI) The property rights holder shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the property rights holder.

(VII) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

(B) Extracts of the asset valuation report of Assets C held by 墨玉堯柏建材有限公司 (Moyu Yaobai Building Materials Co., Ltd.*)

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Moyu Yaobai Building Materials Co., Ltd.*
(墨玉堯柏建材有限公司)

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal on the asset group declared by Hetian Yaobai Cement Co., Ltd. for the proposed asset transfer.

Purpose of the appraisal: The proposed asset transfer by the shareholders of Hetian Yaobai Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd.. The scope of appraisal includes the assets and liabilities of the proposed transfer that Hetian Yaobai Building Materials Co., Ltd. has declared for appraisal.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Cost approach and market approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the cost approach and market approach, the market value of the asset group involved in the proposed asset transfer of Moyu Yaobai Building Materials Co., Ltd. as at the valuation date is RMB TWENTY-TWO MILLION AND SEVEN HUNDRED AND FIFTY THOUSAND **(RMB22,750,000)** under the appraisal purpose, type of value and assumptions as set out in the appraisal report.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

* *For identification only*

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Moyu Yaobai Building Materials Co., Ltd.*
(墨玉堯柏建材有限公司)

Shen Yitong Ping Bao Zi No. (2025) 1151

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited*(深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of declared asset group involved in the proposed asset transfer of Moyu Yaobai Building Materials Co., Ltd.* (墨玉堯柏建材有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the cost approach and market approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, PROPERTY RIGHT HOLDER AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

1. Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

(1) Brief information of the Client

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

* *For identification only*

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

2. Brief information of the property rights holder

Company name: Moyu Yaobai Building Materials Co., Ltd. ("**Moyu Yaobai Building Materials**")

Unified social credit code: 91653222MA78EUW174

Company type: Limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: No. 101, 102, Comprehensive Building, Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Ouyang Xiao

Registered capital: RMB35,000,000

Date of establishment: 11 July 2019

Business term: 11 July 2019 to no fixed term

Business scope

General items: manufacturing of non-metallic mineral products; sales of building materials; manufacturing of cement products; sales of cement products; manufacturing of lightweight building materials; sales of lightweight building materials; sales of concrete structural components; manufacturing of concrete structural components; repair and maintenance of motor vehicles; Sales of special chemical products (excluding hazardous chemicals); manufacturing of special chemical products (excluding hazardous chemicals); processing of building stones. (Except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: mining of non-coal mine mineral resources; road freight transportation (excluding hazardous goods). (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities. The specific business items shall be subject to the approval documents or licenses of relevant departments)

3. Relationship between the Client and the property rights holder

The Client and the property rights holder have a connected relation. Yaobai Special Cement Group Co., Ltd. directly holds 100% equity of the Client and indirectly holds 100% equity of the property rights holder.

II. PURPOSE OF THE APPRAISAL

The proposed asset transfer by the shareholders of Hetian Yaobai Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the asset group involved in the proposed asset transfer of Moyu Yaobai Building Materials Co., Ltd..

(II) The scope of appraisal includes the assets and liabilities that Moyu Yaobai Building Materials Co., Ltd. has declared for appraisal.

Details are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**4,906,752.20**
Receivables	2,084,421.57
Other receivables	2,087,885.52
Inventories	734,445.11
II. Total non-current assets	**14,452,349.95**
Fixed assets	14,452,349.95
III. Total assets	**19,359,102.15**
IV. Total current liabilities	**96,930.00**
Contract liabilities	84,361.11
Other payables	10,000.00
Other current liabilities	2,568.89
V. Total liabilities	**96,930.00**
VI. Asset group	**19,262,172.15**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The book value of asset group proposed to be transferred were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report「Tian Zhi Ye Zi No. [2025] 6498」.

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the current assets amounted to RMB4,906,752.20, of which RMB2,084,421.57 were receivables, RMB2,087,885.52 were other receivables, and RMB734,445.11 were inventories.

2. Inventories

The inventories had an original book value of RMB734,445.11, with no provision for depreciation, and a net book value of RMB734,445.11.

The book value of raw materials was RMB470,327.28, mainly cement, denso electronically controlled oil pumps, tyres.

The book value of finished products is RMB58,459.68, mainly including assembled prefabricated houses (rough), paving stones and other products.

The book value of products in progress is RMB165,345.79, which is C30 concrete.

The book value of working capital materials in use was RMB40,312.36, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. Fixed assets

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include structures.

The structures had an original book value of RMB5,936,956.54 and a net book value of RMB5,272,390.64, which include material sheds, field areas and assembled foundations, etc., mainly of concrete and steel structures, etc., totaling 9 items built from 2020 to 2022.

The buildings are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery equipment, vehicles and electronic office equipment.

The machinery equipment had an original book value of RMB5,723,294.67 and a net book value of RMB3,332,952.03. The company has declared 11 items of machinery equipment, mainly Moyu concrete mixing station, Luxin concrete mixing station, integrated house molds, etc. The machinery equipment are in normal use.

The vehicles had an original book value of RMB16,892,132.12 and a net book value of RMB5,787,362.66. The company has declared 22 transport equipment, mainly for office and production use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB285,432.96 and a net book value of RMB59,644.62. The company has declared 53 items of electronic office equipment, mainly computers, printers, air-conditioners, control panels and others. The electronic office equipment is in normal use.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

4. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

5. The ASBEs of the Ministry of Finance;

6. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35).

8. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]).

9. Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie[2017] No.38);

10. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

11. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

12. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

13. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

(III) Proof of ownership

1. Vehicle driving license;

2. Invoices and contracts for the purchase of major equipment;

3. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 6498";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the property rights holder;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the property rights holder;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the property rights holder.

VII. VALUATION METHODOLOGY

(I) Current Asset

1. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

2. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

3. The appraised values of inventories — products in process are determined by the verified book value.

4. The appraised values of inventories — finished products are determined by multiplying the quantity after inventory verification by the current market selling price.

5. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted in this case.

   Appraised value under the cost method = replacement cost × residue ratio

   (1) Replacement cost

   Replacement cost is determined by reference to the current market acquisition price.

   (2) Residue ratio

   Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

(II) Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the company.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method×weight

(III) Fixed assets — equipment are appraised using the cost method.

Cost method appraised value = replacement cost × residue ratio

(1) Replacement cost

According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

(IV) Fixed assets — vehicles are appraised using the cost approach and market approach.

1. Cost approach

For specific valuation methods, refer to the introduction of equipment cost approach.

2. Market approach

Based on the transaction cases of the same or similar equipment in the used vehicle market, various influencing factors are compared and adjusted to determine the appraisal value.

(V) Liabilities

The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the property rights holder after the appraised subjectives have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the property rights holder and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, and liabilities by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the property rights holder. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continuous use of assets in the original location: It refers to the assumption that the appraised assets will continue to be used in the original location according to their current purpose and usage pattern, scale, frequency, environment, etc., and the valuation methods, parameters and basis shall be determined accordingly.

(III) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(IV) It is assumed that the management of the property rights holder has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The property rights holder has not violated any national laws or regulations in the course of its operations.

(V) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

Under the cost approach and market approach, the valuation purpose, value type and assumptions stated in this valuation report, the appraised value of the asset group involved in the proposed asset transfer of Moyu Yaobai Building Materials Co., Ltd. as at the valuation date is RMB TWENTY-TWO MILLION AND SEVEN HUNDRED AND FIFTY THOUSAND (**RMB22,750,000**).

Summary of valuation conclusions

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	**Book value B**	**Appraised value C**	**Increase or decrease in value D=C-B**	**Appreciation rate % E=D/B x 100%**
Current Assets	490.68	486.50	–4.18	–0.85
Non-current assets	1,445.23	1,798.19	352.96	24.42
Fixed Assets	1,445.23	1,798.19	352.96	24.42
Of which: buildings	527.24	519.21	–8.03	–1.52
Equipment	918.00	1,278.98	360.98	39.32
Total assets	**1,935.91**	**2,284.69**	**348.78**	**18.02**
Current liabilities	9.69	9.69	—	—
Total liabilities	**9.69**	**9.69**	**—**	**—**
Asset group	**1,926.22**	**2,275.00**	**348.78**	**18.11**

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The land use rights occupied by the buildings within the valuation scope are owned by the related party Moyu Yaobai Cement Co., Ltd.. This valuation did not take into account the impact of the above matters on the valuation conclusions.

(II) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(III) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the property rights holder. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the property rights holder.

(IV) The book value of assets and liabilities within the scope of this valuation were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025]6498", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(V) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the property rights holder, and the Client and the property rights holder shall be responsible for the authenticity and completeness of the information provided.

(VI) The property rights holder shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the property rights holder.

(VII) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

The following is the translated text of extracted from the reports prepared for the purpose of incorporation into this circular received from Shenzhen Yitong Asset Assessment and Property Valuation Company Limited (深圳億通資產評估房地產土地估價有限公司) in connection with its opinion on the value of Assets D. In the event of any inconsistency, the Chinese versions of these valuation reports shall prevail over the English versions.*

(A) Extracts of the asset valuation report of Assets D held by 和田魯新建材有限公司 (Hetian Luxin Building Materials Co., Ltd*)

Asset Valuation Report
For the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Luxin Building Materials Co., Ltd.*
(和田魯新建材有限公司)

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal on the asset group declared by Hetian Luxin Cement Co., Ltd. for the proposed asset transfer.

Purpose of the appraisal: The proposed asset transfer by the shareholders of Hetian Luxin Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Luxin Building Materials Co., Ltd.. The scope of appraisal includes the assets and liabilities of the proposed transfer that Hetian Luxin Building Materials Co., Ltd. has declared for appraisal.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Cost approach, market approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the cost approach, the market value of the asset group involved in the proposed asset transfer of Hetian Lux in Building Materials Co., Ltd. as at the valuation date is TWO HUNDRED AND ONE MILLION SEVEN HUNDRED AND FIFTY ONE THOUSAND AND FOUR HUNDRED **(RMB201,751,400)** under the appraisal purpose, type of value and assumptions as set out in the appraisal report.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date.

Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

* *For identification only*

Asset Valuation Report
For the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Luxin Building Materials Co., Ltd.*
(和田魯新建材有限公司)

Shen Yitong Ping Bao Zi No. (2025) 1153

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited* (深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of declared asset group involved in the proposed asset transfer of Hetian Luxin Building Materials Co., Ltd.* (和田魯新建材有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the cost approach and market approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, PROPERTY RIGHT HOLDER AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

1. Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

(1) Brief information of the Client

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

* *For identification only*

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

2. Brief information of the property rights holder

Company name: Hetian Luxin Building Materials Co., Ltd. ("**Hetian Luxin Building Materials**")

Unified social credit code: 91653221754555993D

Company type: Limited liability company (natural person investment or holding legal person sole proprietorship)

Address: Hanerik, Hotan County, Hotan Prefecture, Xinjiang

Legal representative: Guo Feng

Registered capital: RMB200,000,000

Date of establishment: 08 September 2006

Business term: 08 September 2006 to 07 September 2056

Business scope: Licensed business items: Mining of limestone for cement (only for branches). General business items: Production and sales: cement and its products, limestone sales. Sales: building materials, agricultural and sideline products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

3. Relationship between the Client and the property rights holder

The Client and the property rights holder are both wholly-owned subsidiaries of Yaobai Special Cement Group Co., Ltd..

II. PURPOSE OF THE APPRAISAL

The proposed asset transfer by the shareholders of Hetian Luxin Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Luxin Building Materials Co., Ltd..

(II) The scope of appraisal includes the assets and liabilities that Hetian Luxin Building Materials Co., Ltd. has declared for appraisal.

Details are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**19,281,279.70**
Prepayment	332,988.38
Other receivables	103,648.97
Inventories	18,844,642.35
II. Total non-current assets	**129,049,552.66**
Fixed assets	72,110,757.18
Intangible assets	56,938,795.48
III. Total assets	**148,330,832.36**
IV. Total current liabilities	**14,761,201.05**
Accounts payable	13,794,509.60
Contract liabilities	701,618.76
Tax payables	91,322.69
Other payables	173,750.00
V. Total non-current liabilities	**33,683,500.00**
Long-term payables	33,683,500.00
VI. Total liabilities	**48,444,701.05**
VII. Asset group	**99,886,131.31**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The book value of asset group proposed to be transferred were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report ''Tian Zhi Ye Zi No. [2025] 7038''.

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the current assets amounted to RMB19,281,279.70, of which RMB332,988.38 were prepayment, RMB103,648.97 were other receivables, and RMB18,844,642.35 were inventories.

2. Inventories

The inventories had an original book value of RMB18,844,642.35, with no provision for depreciation, and a net book value of RMB18,844,642.35.

The book value of raw materials was RMB7,673,062.76, mainly clinker, packaging, natural gypsum.

The book value of finished products is RMB10,986,464.72, mainly including 42.5 bulk cement, limestone and other products.

The book value of working capital materials in use was RMB315,441.07, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. Fixed assets

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include buildings and structures.

The buildings had an original book value of RMB15,670,308.94 and a net book value of RMB10,184,821.65, which include staff dormitory, production room in the central control building, and clinker shed, etc., mainly of steel-concrete structures and concrete structures, etc., totaling 26 items built from 2007 to 2023.

The structures had an original book value of RMB76,536,053.16 and a net book value of RMB38,398,192.78, which include cement mill foundations, cement homogenizers, cement workshop buildings, cement steel plate warehouses, etc., mainly of steel-concrete structures, concrete and steel structures, etc., totaling 88 items built from 2007 to 2023.

The buildings are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include machinery equipment, vehicles, electronic office equipment.

The machinery and equipment had an original book value of RMB130,959,212.85 and a net book value of RMB33,363,646.10. The company has declared 348 items of machinery equipment, mainly rotary kiln, ball mill, kiln tail preheater, electrostatic precipitator, humidification tower and others. The machinery equipment are in normal use.

Vehicles had an original book value of RMB1,016,865.79 and a net book value of RMB383,750.73. The company has declared 6 vehicle for transportation, mainly for office and production use. The vehicles are in normal use.

The electronic office equipment had an original book value of RMB2,837,128.20 and a net book value of RMB767,542.02. The company has declared 164 items of electronic office equipment, mainly computers, printers, air-conditioners, office desks and chairs and others. The electronic office equipment is in normal use.

4. *Intangible assets — land use rights*

The land use right had an original book value of RMB886,254.05, and a net book value of RMB0.00, with staff dormitories, production rooms in the central control building, clinker greenhouses and other production facilities already built on the land. The details are as follows:

Land Title Certificate No.	Land location	Acquisition Date	Land use	Nature of land	Permitted years of use	Status of development	Total area (m^2)
Hotan County State-owned 2006 No. 06021	Hanerik Village, Hanerik Township Hotan County	2006/12/24	Industrial	State-owned transfer	50	Five utilities and ground leveling	177,249.93

5. Intangible assets-mining rights

The book value of intangible assets — mining rights is RMB56,701,220.20, which is the mining rights of the limestone mine in Daganqu District 1 (for cement) in Moyu County, Xinjiang, which was acquired by the company through the transfer of mining rights. The details are as follows:

On 23 September 2009, Hetian Luxin Building Materials Co., Ltd. signed the "Contract for the Transfer of Mining Rights of Limestone Mine in Area 1 (for Cement) in Daganqu, Moyu County, Xinjiang" with the Hetian District Natural Resources Bureau of Xinjiang Uygur Autonomous Region, with the contract number: 2019–02. The content of the contract is as follows: mining right holder: Hetian Luxin Building Materials Co., Ltd.; address: Hanerik Village, Hanerik Township, Hotan County, Hotan Prefecture, Xinjiang; mine name: Limestone Mine in Daganqu District 1 (for cement) in Moyu County, Xinjiang; mining type: limestone; mining area: 2.0547 square kilometers; mining depth: 1875 meters above sea level to 1580 meters above sea level; available reserves (resource reserves) are 330.8057 million tons, and the production scale is 3.5 million tons/year. The mining rights under the contract are transferred for 30 years. The resource reserves of the first mining area are 105 million tons. The transfer period is from 23 September 2019 to 23 September 2049. The area of the first mining area is 0.56 square kilometers. The coordinates of the turning points of the first mining area are shown in the following table:

Table Coordinate table of turning points in the first mining area

	National Geodetic Coordinate System 2000	
Turning point number	**X Coordinate**	**Y Coordinate**
1	4113330.910	26610781.940
2	4113427.248	26611247.173
3	4113238.492	26611845.920
4	4112760.909	26611741.882
5	4112751.635	26611565.538
6	4112837.837	26611371.768
7	4112764.374	26611043.722
8	4112827.659	26610843.804
9	4112806.433	26611643.678

During the transfer period, if the mining license for the mining rights transferred as agreed in the preceding paragraph expires, the transferee may apply for renewal in accordance with the law.

The registration content of the Mining License No. C6532002019107110148923 issued by the Natural Resources Bureau of Hotan Prefecture, Xinjiang Uygur Autonomous Region on 30 October 2021 is as follows: mining right holder: Hetian Luxin Building Materials Co., Ltd.; address: Hanerik Village, Hanerik Township, Hotan County, Hotan Prefecture, Xinjiang; mine name: limestone Mine in Daganqu District 1 (for cement) in Moyu County, Xinjiang; economic type: limited liability company; mining type: limestone for cement; mining method: open-pit mining; production scale: 3.5 million tons/year; mining area: 2.0547 square kilometers; the mining area is delineated by 4 turning points, and the mining depth is from 1875 meters to 1580 meters above sea level; validity period: five years, from 1 November 2021 to 1 November 2026. The coordinates of the turning points of the mining area are shown in the following table:

Table Coordinate table of turning points in the mining area

	National Geodetic Coordinate System 2000	
Turning point number	**X Coordinate**	**Y Coordinate**
1	4112539.29	26610777.82
2	4114389.10	26610753.52
3	4114403.76	26611863.99
4	4112553.95	26611888.54

Mining area: 2.0547 square kilometers
Mining depth: from 1,875 meters to 1,580 meters above sea level

Resource reserve type and quantity: According to the "Expert Opinion on the 2023 Annual Mine Reserve Report of the Limestone Mine in the Daganqu District 1 (for cement) in Moyu County, Xinjiang" and the "Expert Opinion on the 2024 Annual Reserve Report of the Limestone Mine in the Daganqu District 1 (for cement) in Moyu County, Xinjiang", as of 31 December 2024, the confirmed resources within the mining area are 326.5756 million tons. Of which: the confirmed resources are 69.4328 million tons, the controlled resources are 109.6894 million tons, and the inferred resources are 147.4534 million tons. The reserves within the mining area are 170.1661 million tons, of which the confirmed reserves are 65.9612 million tons and the credible reserves are 104.2049 million tons. From 31 December 2020 to 2024, a total of 6.17942 million tons of resources were mobilized, 5.9989 million tons of ore were mined, and 180,520 tons of ore were lost. According to the "Explanation on the Unused Resources of the Limestone Mine in January 2025" provided by the assessed enterprise, the assessed enterprise was on vacation and suspension of production for the entire month of January 2025, the mine was not in production, and the resources were not utilized. As of 31 January 2025, the remaining amount of resources to be transferred is 98.82058 million tons.

According to the information provided by the assessed enterprise, as of the assessment base date, no other mining rights had been established within the above-mentioned mining area, there were no disputes over the ownership of mining rights, and no mortgages had been established. According to on-site investigation, the mining area has officially started production and construction and has been mined and used normally.

6. *Intangible assets — other intangible assets*

Other intangible assets declared by the company is an outsourced system, which had a original book value of RMB306,637.17 and a book value of RMB237,575.28.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

4. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

5. Land Administration Law of the People's Republic of China (as amended at the Twelfth Meeting of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

6. Regulations on the Implementation of the Land Administration Law of the People's Republic of China (Revised by Decree No. 743 of the State Council of the People's Republic of China on 2 July 2021);

7. Law of the People's Republic of China on Urban Real Estate Administration (as amended at the Twelfth Session of the Standing Committee of the Thirteenth National People's Congress on 26 August 2019);

8. Mineral Resources Law of the People's Republic of China (promulgated with amendments on 29 August 1996); and

9. Rules for the Implementation of the Mineral Resources Law of the People's Republic of China (promulgated by Decree No. 152 of the State Council on 26 March 1994);

10. Measures for the Collection of Proceeds from the Granting of Mining Rights (Circular of the Ministry of Finance and the Ministry of Natural Resources and the State Administration of Taxation on the Issuance of the Circular (Cai Zong No. [2023] 10);

11. The ASBEs of the Ministry of Finance;

12. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35).

8. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]).

9. Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie [2017] No.38);

10. Asset Appraisal Practice Guidelines — Intangible Assets (Zhong Ping Xie [2017] No.37);

11. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

12. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

13. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

14. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48);

15. Appraisal Standards of Mining Rights of the PRC (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association);

16. Appraisal Standards of Mining Rights of the PRC (II) (Announcement No.2 (2007) of the China Mineral Rights Appraisers Association); and

17. Guidelines for Determining the Parameters for Mining Rights Appraisal (Compiled by the China Mineral Rights Appraisers Association, published by China Da Di Publishing House in October 2008).

(III) Proof of ownership

1. Land use right certificate and vehicle license;

2. Mining permit license;

3. Invoices and contracts for the purchase of major equipment and intangible assets;

4. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 7038";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the property rights holder;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the property rights holder;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the property rights holder.

VII. VALUATION METHODOLOGY

(I) Current Asset

1. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

2. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

3. The appraised values of inventories — finished products are determined by multiplying the quantity after inventory verification by the current market selling price.

4. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted in this case.

Appraised value under the cost approach = replacement cost × residue ratio

(1) Replacement cost

Replacement cost is determined by reference to the current market acquisition price.

(2) Residue ratio

Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

(II) Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the company. When the cost approach is adopted, the value of land use rights occupied by buildings is not included in the valuation, and the value of land use rights is separately reflected in the intangible assets account.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

(III) Fixed assets — equipment are appraised using the cost approach.

cost approach appraised value = replacement cost × residue ratio

(1) Replacement cost

According to the information provided by the company, it is a general taxpayer and can deduct input tax, therefore, the replacement cost in this appraisal is excluding tax.

Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.

(2) Residue ratio

The rate of reconditioning is mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.

(IV) Fixed assets — vehicles are appraised using the cost approach and market approach.

1. Cost approach

For specific valuation methods, refer to the introduction of equipment cost approach.

2. Market approach

Based on the transaction cases of the same or similar equipment in the used vehicle market, various influencing factors are compared and adjusted to determine the appraisal value.

(V) Intangible assets — land use rights

Appraised using the market approach.

1. Appraisal techniques of the market approach

The market approach is an appraisal method for arriving at the value of the parcel of land under appraisal as at the appraisal reference date by adjusting the transaction prices of similar properties.

2. Appraisal by the market approach should generally be conducted with the following steps:

(1) Gathering actual transactions;

(2) Determining comparable transactions;

(3) Establishing a basis for comparison;

(4) Adjustments to the comparable transactions (applying adjustments to the transaction, the date of the transaction, the condition of properties, etc.);

(5) Calculating the comparative prices and determining the value of the properties.

3. *Basic formula of the market method*

$$P = P' \times A \times B \times C \times D \times E$$

Where: P is the appraised value of the property under appraisal; P' is the comparable transaction price; A is the adjustment factor to the transaction; B is the adjustment factor for the transaction date; C is the location adjustment factor; D is the physical adjustment factor; and E is the rights adjustment factor.

(VI) Intangible assets — mining rights

For mining rights, this valuation adopts the market approach, which indirectly estimates the value of the valuation object by analyzing and comparing the similarities and differences between the valuation object and existing transaction cases in the market. The comparison cases are selected from recent mining rights transaction cases with similar transaction environments, the same main mineral species as the valuation object, the same or similar exploration degree, and comparable conditions.

(VII) Intangible assets — other intangible assets

For outsourced systems that are available in the market on the valuation benchmark date, the market price on the valuation benchmark date shall be used as the appraised value.

(VIII) Liabilities

The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the property rights holder after the appraised subjective have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the property rights holder and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, and liabilities by means of inquiry, verification, inventor observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the property rights holder. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continuous use of assets in the original location: It refers to the assumption that the appraised assets will continue to be used in the original location according to their current purpose and usage pattern, scale, frequency, environment, etc., and the valuation methods, parameters and basis shall be determined accordingly.

(III) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(IV) It is assumed that the management of the property rights holder has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The property rights holder has not violated any national laws or regulations in the course of its operations.

(V) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

Under the cost approach and market approach, the valuation purpose, value type and assumptions stated in this valuation report,, the appraised value of the asset group involved in the proposed asset transfer of Hetian Luxin Building Materials Co., Ltd. as at the valuation date is RMB TWO HUNDRED AND ONE MILLION SEVEN HUNDRED AND FIFTY ONE THOUSAND FOUR HUNDRED **(RMB201,751,400)**.

Summary of valuation conclusions

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	**Book value B**	**Appraised value C**	**Increase or decrease in value D=C-B**	**Appreciation rate % E=D/B x 100%**
Current Assets	1,928.13	2,068.53	140.40	7.28
Non-current assets	12,904.96	22,951.08	10,046.12	77.85
Fixed Assets	7,211.08	10,350.20	3,139.12	43.53
Intangible assets	5,693.88	12,600.88	6,907.00	121.31
Total assets	**14,833.09**	**25,019.61**	**10,186.52**	**68.67**
Current liabilities	1,476.12	1,476.12	—	—
Non-current liabilities	3,368.35	3,368.35		—
Total liabilities	**4,844.47**	**4,844.47**		**—**
Asset group	**9,988.62**	**20,175.14**	**10,186.52**	**101.98**

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The building ownership certificates for certain buildings included in the scope of appraisal have not yet been obtained as at the valuation date. According to the declaration of title provided by the property rights holder, it has undertaken that the above assets are self-owned and there is no dispute over property rights.

(II) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(III) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the property rights holder. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the property rights holder.

(IV) The book value of assets and liabilities within the scope of this valuation were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025]7038", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(V) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the property rights holder, and the Client and the property rights holder shall be responsible for the authenticity and completeness of the information provided.

(VI) The property rights holder shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the property rights holder.

(VII) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

(B) Extracts of the asset valuation report of Assets D held by 和田堯柏建材有限公司 (Hetian Yaobai Building Materials Co., Ltd.*)

This report has been prepared in accordance with Asset Appraisal Standards of the PRC

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Yaobai Building Materials Co., Ltd.*
(和田堯柏建材有限公司)

Summary of the Asset Valuation Report

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited has been commissioned to conduct an appraisal on the asset group declared by Hetian Yaobai Cement Co., Ltd. for the proposed asset transfer.

Purpose of the appraisal: The proposed asset transfer by the shareholders of Hetian Yaobai Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

Subject and scope of appraisal: The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd.. The scope of appraisal includes the assets and liabilities of the proposed transfer that Hetian Yaobai Building Materials Co., Ltd. has declared for appraisal.

Type of value: Market value

Valuation date: 31 January 2025

Appraisal method: Cost approach

Valuation conclusion and validity period of its use:

Valuation conclusion: By adopting the cost approach, the market value of the asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd. as at the valuation date is RMB SEVEN MILLION AND THREE THOUSAND AND TWO HUNDRED **(RMB7,003,200)** under the appraisal purpose, type of value and assumptions as set out in the appraisal report.

The above valuation conclusion is valid for use within one year from the valuation date and is not valid for use after that date. Special matters affecting the valuation conclusion:

For details, please refer to "XI. REMARKS ON SPECIAL MATTERS" in the Asset Valuation Report.

* *For identification only*

Asset Valuation Report
for the Declared Asset Group of
the Proposed Asset Transfer of
Hetian Yaobai Building Materials Co., Ltd.*
(和田堯柏建材有限公司)

Shen Yitong Ping Bao Zi No. (2025) 1150

Moyu Yaobai Cement Co., Ltd.* (墨玉堯柏水泥有限公司)

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited *(深圳億通資產評估房地產土地估價有限公司) (hereinafter referred to as the "**Company**") was commissioned by your company to conduct a valuation of the market value as at 31 January 2025 of declared asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd.* (和田堯柏建材有限公司) in relation to the proposed equity transfer by shareholders of Yili Yaobai Cement Co., Ltd., by adopting the cost approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. CLIENT, PROPERTY RIGHT HOLDER AND OTHER USERS OF THE ASSET VALUATION REPORT AS AGREED IN THE ASSET APPRAISAL ENGAGEMENT CONTRACT

1. Client and other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

(1) Brief information of the Client

Company name: Moyu Yaobai Cement Co., Ltd. ("**Moyu Yaobai Cement**")

Unified social credit code: 91653222MA786DD75U

Company type: limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Beijing Industrial Park, Moyu County, Hotan, Xinjiang

Legal representative: Dang Liwen

Registered capital: RMB200,000,000

Date of establishment: 26 December 2018

Business term: since 26 December 2018 with no fixed term

Business scope: production and sale of cement, stone and related products. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

* *For identification only*

(2) Other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract

Pursuant to the asset appraisal engagement contract, the Asset Valuation Report is restricted to be used only by the Client, and there is no other user of the Asset Valuation Report except as otherwise provided by laws and administrative regulations. The appraisal institution shall not be responsible for any other entity or individual who becomes a user of the Asset Valuation Report by obtaining it.

2. Brief information of the property rights holder

Company name: Hetian Yaobai Building Materials Co., Ltd. ("**Hetian Yaobai Building Materials**")

Unified social credit code: 91653221MA78JJJ62G

Company type: Limited liability company (non-natural person investment or holding legal person sole proprietorship)

Address: Luxin Company Office Building, Hanerik, Hotan County, Hotan Prefecture, Xinjiang

Legal representative: Guo Feng

Registered capital: RMB35,000,000

Date of establishment: 21 October 2019

Business term: 21 October 2019 to no fixed term

Production, sale and installation of new building materials such as precast concrete components, concrete structural components, urban integrated pipe corridors and municipal facilities components; production and sale of aggregates, cement components, power cement products, prestressed concrete components, concrete products, commercial concrete, concrete admixtures, concrete additives and building materials; production and sale of prestressed concrete simply supported beams for railway bridges, prestressed concrete earth pillows, and water pipes; general cargo transportation; automobile repair. (For items subject to approval in accordance with the law, business operations can only be carried out after approval by relevant authorities)

3. Relationship between the Client and the property rights holder

The Client and the property rights holder have a connected relation. Yaobai Special Cement Group Co., Ltd. directly holds 100% equity of the Client and indirectly holds 100% equity of the property rights holder.

II. PURPOSE OF THE APPRAISAL

The proposed asset transfer by the shareholders of Hetian Yaobai Building Materials Co., Ltd. requires the appraisal of the asset group declared in order to provide a value reference for the aforesaid economic act.

III. SUBJECT AND SCOPE OF APPRAISAL

(I) The subject of appraisal is the asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd..

(II) The scope of appraisal includes the assets and liabilities that Hetian Yaobai Building Materials Co., Ltd. has declared for appraisal.

Details are set out in the table below:

Unit: RMB

Item	**Book value**
I. Total current assets	**2,802,111.39**
Receivables	2,660,239.33
Other receivables	12,137.43
Inventories	129,734.63
II. Total non-current assets	**3,961,774.38**
Fixed assets	3,961,774.38
III. Total assets	**6,763,885.77**
IV. Total current liabilities	**517,775.87**
Accounts payable	439,222.90
Contract liabilities	76,265.04
Other current liabilities	2,287.93
V. Total liabilities	**517,775.87**
VI. Asset group	**6,246,109.90**

All assets and liabilities included in the scope of appraisal are consistent with the appraisal subject and scope involved in the economic activities. The book value of asset group proposed to be transferred were audited by Baker Tilly International CPAs (Special Ordinary Partnership), which issued a standard unqualified auditor's report ''Tian Zhi Ye Zi No. [2025] 6360''.

(III) Overview of major assets within the scope of appraisal

1. Current assets

As at the valuation date, the book value of the current assets amounted to RMB19,281,279.70, of which RMB2,660,239.33 were receivables, RMB12,137.43 were other receivables, and RMB129,734.63 were inventories.

2. *Inventories*

The inventories had an original book value of RMB129,734.63, with no provision for depreciation, and a net book value of RMB129,734.63.

The book value of raw materials was RMB83,724.64, mainly lubricating oil and washed sand. The book value of finished products is RMB22,799.34, mainly including isolation pier and other products.

The book value of working capital materials in use was RMB23,210.64, mainly chairs, office desks and filing cabinets.

After on-site inspection and consulting with the company, there was no failure, deterioration, mutilation or uselessness of inventories in stock.

3. *Fixed assets*

Fixed assets include buildings and equipment.

(1) Building assets

Building assets include structures.

The structures had an original book value of RMB4,480,515.46 and a net book value of RMB3,937,100.24, which include cement mobile houses, material sheds, main building enclosures, etc., mainly of steel-concrete structures and concrete structures, etc., totaling 4 items built from 2020 to 2023.

The structures are currently in normal use and are for self-use.

(2) Equipment assets

Equipment assets include electronic office equipment.

The electronic office equipment had an original book value of RMB85,405.00 and a net book value of RMB24,674.14. The company has declared 22 items of electronic office equipment, mainly computers, printers, air-conditioners, control panels and others. The electronic office equipment is in normal use.

(IV) Overview of assets citing valuation conclusions of other institutions

N/A.

IV. TYPE OF VALUE

The type of value in this valuation conclusion is market value.

The type of value in this valuation conclusion is market value, which was determined based on the purpose of the appraisal, market conditions, the conditions of the appraised subject and other factors.

Market value refers to the estimated amount at which the appraised subject would be worth in a normal arm's length transaction on the valuation date between a willing buyer and a willing seller acting rationally and without coercion.

V. VALUATION REFERENCE DATE

The valuation date of this project is 31 January 2025.

The reasons for selecting the above date as the reference date are:

(I) The valuation date is determined by the Client in accordance with the purpose of the appraisal. The main consideration is to make the valuation date as close as possible to the date on which the purpose of the appraisal is to be realized, so that the valuation conclusions can reasonably serve the purpose of the appraisal.

(II) The selection of the month-end accounting date as the valuation date reflects the overall situation of the assets and liabilities under appraisal in a more comprehensive manner and facilitates the conduct of asset inventory and verification.

The valuation criteria adopted in this appraisal are those in force at the valuation date.

VI. BASIS OF APPRAISAL

(I) Legal and regulatory basis

1. The Asset Appraisal Law of the People's Republic of China (Order of the President of the PRC No. 46 of 2016);

2. Measures for Financial Supervision and Management of the Asset Appraisal Industry (Decision of the Ministry of Finance on Amending 2 Departmental Regulations, including the Measures for Licensing and Supervision of the Practice of Accounting Firms, on 2 January 2019);

3. Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax (issued by Decree No. 50 of the Ministry of Finance and the State Administration of Taxation on 18 December 2008; amended in accordance with Decision on Amending the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-Added Tax and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax by Decree No. 65 of the Ministry of Finance and the State Administration of Taxation on 28 October 2011);

4. The Civil Code of the People's Republic of China (Decree of the President of the People's Republic of China No. 45 of 28 May 2020);

5. The ASBEs of the Ministry of Finance;

6. Other relevant laws, regulations and rules.

(II) Basis of standards

1. Basic Guidelines for Asset Appraisal (Cai Zi No. [2017] 43);

2. Guidelines on Professional Ethics in Asset Appraisal (Zhong Ping Xie No. [2017] 30);

3. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Procedures (Zhong Ping Xie No. [2018] 36);

4. Guidelines for the Practice of Asset Appraisal — Asset Valuation Reports (Zhong Ping Xie No. [2018] 35);

5. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Engagement Contracts (Zhong Ping Xie No. [2017] 33);

6. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Files (Zhong Ping Xie No. [2018] 37);

7. Guidelines for the Practice of Asset Appraisal — Asset Appraisal Methods (Zhong Ping Xie No. [2019] 35);

8. Guidelines for the Practice of Asset Appraisal — Utilization of Expert Work and Related Reports (Zhong Ping Xie No. 35 [2017]);

9. Asset Appraisal Practice Guidelines — Real Estate (Zhong Ping Xie [2017] No. 38);

10. Asset Appraisal Practice Guidelines — Intangible Assets (Zhong Ping Xie [2017] No. 37);

11. Practice Guidelines for Asset Appraisal — Machinery and Equipment (Zhong Ping Xie No. [2017] 39);

12. Guidelines for Asset Appraisal Organizations on Business Quality Control (Zhong Ping Xie No. [2017] 46);

13. Guidelines on Types of Asset Appraised values (Zhong Ping Xie No. [2017] 47);

14. Guidance on Legal Ownership of Asset Appraisal Subjects (Zhong Ping Xie No. [2017] 48).

(III) Proof of ownership

1. Invoices and contracts for the purchase of major equipment and structures;

2. Other documents proving ownership.

(IV) Basis for pricing

1. "Handbook of Commonly Used Methods and Parameters for Asset Appraisal", Machinery Industry Press (2011);

2. The audit report issued by Baker Tilly International Accountants (Special General Partnership) "Tian Zhi Ye Zi No. [2025] 6360";

3. Information on market prices as at the valuation date;

4. Contracts, accounting proofs, books and other accounting information relating to the acquisition and use of the assets of the property rights holder;

5. Detailed list of assets and liabilities for the appraisal engagement;

6. A list of assets for the appraisal engagement completed after on-site inspection and verification;

7. Other appraisal-related information provided by the Client and the property rights holder;

8. Various types of appraisal-related supporting information collected by the appraisal personnel;

9. "The Company's Explanation of Matters Relating to the Appraisal of Assets" jointly compiled by the Client and the property rights holder.

VII. VALUATION METHODOLOGY

(I) Current Asset

1. The appraised values of various accounts receivable are determined on the basis of the amount that can be recovered from each payment after verification of the accuracy of the information. The appraised values of prepayments are determined on the basis of the value of the assets or rights formed by the corresponding goods or services received that can be recovered.

2. The appraised values of inventories — raw materials are determined by multiplying the inventoried and verified quantities by the current market purchase price plus reasonable expenses.

3. The appraised values of inventories — finished products have been unsalable for many years, and the valuation is determined based on the book value with a certain percentage discount.

4. The appraised values of inventories — working capital materials in use are generally determined by reference to the appraisal method for fixed assets, and the cost approach is adopted in this case.

Appraised value under the cost method = replacement cost × residue ratio

(1) Replacement cost

Replacement cost is determined by reference to the current market acquisition price.

(2) Residue ratio

Residue ratio is determined based primarily on the economic useful life of the working capital material in use by applying the ageing rate.

(II) Fixed assets — buildings and structures

Based on the architectural features, scope of use and performance of buildings, the appraisal adopted the cost approach for the building assets declared by the company.

The cost approach is based on the principle of substitution, i.e., as an alternative to purchasing a particular asset, one can build an asset that is identical to or has the same function as that asset. It is a method of appraisal in which the difference between the total cost of acquiring the appraised asset in new condition under current conditions and the physical, functional and economic obsolescence of the appraised asset is subtracted from the appraised value of the home. The formula is

Appraised value = Replacement cost × Comprehensive residue ratio

Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost

Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight

(III) Fixed assets — equipment are appraised using the cost method.

Cost method appraised value = replacement cost×residue ratio

(1) Replacement cost

The electronic equipment within the scope of the valuation has a smaller value, thus does not require installation (or the installation is the responsibility of the seller) and has lower transportation costs. Its replacement cost is determined by reference to the current market purchase price.

(2) Residue ratio

The ageing rate is used as the rate of reconditioning of the equipment.

(IV) Liabilities

The appraised value of liabilities is determined on the basis of the actual liabilities to be assumed by the property rights holder after the appraised subjectives have been achieved and the amounts after review.

VIII. VALUATION PROCESS AND PROCEDURE

(I) Preliminary preparation and acceptance of engagement

First, we learned about the Client, the property rights holder and the users of the Asset Valuation Report other than the Client, the purpose of the appraisal, the appraised subject and scope of the appraisal, type of value, the valuation date, the scope of use of the Asset Valuation Report, the deadline for filing the Report, commission fees and the method of payment, and the need for clarification as to cooperation and assistance in the work between the Client, the other relevant parties, the asset appraisal institution and its appraisal professionals. We clarified important points for cooperation and assistance and made comprehensive analysis and review of the fundamental matters of the engagement as well as professional capacity, independence and operating risks. Then we signed the asset appraisal engagement contract with the Client. We consulted relevant parties from the appraised entity about corporate information and the historical and current conditions of the appraised assets, and formulated an asset appraisal plan and set up a project team specifically catering to the appraised business.

(II) On-site inspection and information collection

The asset appraisal project team conducted on-site inspection of the appraised subject, its assets, and liabilities by means of inquiry, verification, inventory observation, survey and inspection, taking into account the details of the assets and liabilities inventory and asset balance sheets filed by the property rights holder. We collected information required for the asset appraisal business in accordance with the specific circumstances of the appraised subject, and verifying and validating the collected information through observation, inquiry, written examination, on-site inspection, enquiry and review. Then, after on-site inspection of the appraised subject and with information collected, the current status of the appraised subject was understood. In addition, we also paid attention to the legal ownership of the appraised subject and the assets involved in the appraisal.

(III) Consolidation of information and determination of estimates

The asset appraisal team conducted independent market research in accordance with the specific circumstances of the asset appraisal business, collected relevant information, selected, analyzed, summarized and consolidated the appraisal information as necessary, and formed an appraisal estimate and prepared an asset valuation. Based on the purpose of the appraisal, the appraised subject, the type of value and the information collected, the applicability of the three basic asset appraisal methods, namely the market approach, income approach and cost approach, we chose the valuation method. Then the project team analyzed, calculated and made judgments on the basis of the appropriate formulas and parameters according to the valuation method adopted and came up with the final estimations.

(IV) Formation of conclusion and submission of report

The appraisers conducted a comprehensive analysis of the measurement results and formed valuation conclusions, and prepared a preliminary valuation report after assessing and estimating the valuation conclusions. The preliminary report was then internally audited in accordance with laws, administrative regulations, asset appraisal standards and the internal quality control system of the asset appraisal firm. Without prejudice to the exercise of independent judgment on the valuation conclusions, the formal Asset Valuation Report was issued and submitted to the Client after necessary communication with them or other relevant parties as agreed by the Client in respect of the relevant parts of the Report.

IX. VALUATION ASSUMPTIONS

(I) Open market assumption: Open market refers to fully developed and perfect market conditions. The open market assumption assumes that both parties to an asset traded or to be traded in the market are on an equal footing with each other and that they have access to sufficient market information and time to make rational judgments about the purpose and use of the asset and its transaction price.

(II) Assumption of continuous use of assets in the original location: It refers to the assumption that the appraised assets will continue to be used in the original location according to their current purpose and usage pattern, scale, frequency, environment, etc., and the valuation methods, parameters and basis shall be determined accordingly.

(III) Assumptions on the external environment: There will be no significant changes in the relevant national laws, regulations and policies in force; there will be no significant changes in the political, economic and social environments in the regions where the parties to the transaction are located; and there will be no significant changes in the relevant interest rates, exchange rates, tax benchmarks, tax rates and policy levies and fees.

(IV) It is assumed that the management of the property rights holder has responsibly fulfilled its obligations in respect of the operation of the business and has competently and effectively managed the relevant assets. The property rights holder has not violated any national laws or regulations in the course of its operations.

(V) No consideration has been given to the impact on the valuation conclusions of possible collateral and guarantees to be assumed in the future, or additional prices that may be paid in special transactions.

The valuation conclusions in this Asset Valuation Report have been established as at the valuation date under the above assumptions, and the engaged appraisers and we shall not be liable for any difference in the valuation conclusions arising from any change in the assumptions if the above assumptions are changed substantially.

X. VALUATION CONCLUSION

Under the cost approach, the valuation purpose, value type and assumptions stated in this valuation report,, the appraised value of the asset group involved in the proposed asset transfer of Hetian Yaobai Building Materials Co., Ltd. as at the valuation date is RMB SEVEN MILLION AND THREE THOUSAND AND TWO HUNDRED (**RMB7,003,200**).

Summary of valuation conclusions

Valuation date: 31 January 2025 **Unit: RMB0'000**

Item	Book value B	Appraised value C	Increase or decrease in value D=C-B	Appreciation rate % E=D/B x 100%
Current Assets	280.21	278.77	-1.44	-0.51
Non-current assets	396.18	473.33	77.15	19.47
Fixed Assets	396.18	473.33	77.15	19.47
Of which: buildings	393.71	470.60	76.89	19.53
Equipment	2.47	2.73	0.26	10.53
Total assets	**676.39**	**752.10**	**75.71**	**11.19**
Current liabilities	51.78	51.78	—	
Total liabilities	**51.78**	**51.78**	**—**	**—**
Asset group	**624.61**	**700.32**	**75.71**	**12.12**

The above valuation conclusion is valid for one year from the valuation date.

XI. REMARKS ON SPECIAL MATTERS

(I) The land use rights occupied by the buildings within the valuation scope are owned by the related party Luxin Building Materials Co., Ltd.. This valuation did not take into account the impact of the above matters on the valuation conclusions.

(II) The appraisers' objective in performing the asset appraisal is to estimate the value of the appraised subject and to express a professional opinion, and do not assume responsibility for the decision-making of the relevant parties.

(III) The legal responsibility of the appraisers and the appraisal institution is to make a professional judgment on the amount of the value of the assets for the purpose of the appraisal as stated in the Report, and it does not involve the appraisers and the appraisal institution in making any judgment on the economic behaviors corresponding to the purpose of the engagement. The appraisal work relies to a large extent on the information provided by the Client and the property rights holder. Therefore, the appraisal engagement is premised on the authenticity and legality of the relevant documents of economic acts, proofs of asset ownership, certificates and accounting records and relevant legal documents provided by the Client and the property rights holder.

(IV) The book value of assets and liabilities within the scope of this valuation were audited by Baker Tilly International CPAs (Special Ordinary Partnership), with the report number "Tian Zhi Ye Zi No. [2025] 6360", the type of which was standard unqualified opinion, and which have been cited in this appraisal.

(V) Under the scope of the appraisal, the adopted data, statements and relevant information were provided by the property rights holder, and the Client and the property rights holder shall be responsible for the authenticity and completeness of the information provided.

(VI) The property rights holder shall be responsible for the authenticity and legality of the relevant ownership documents and related information provided by the property rights holder.

(VII) Any changes in the quantity of assets and valuation criteria during the validity period after the valuation date shall be dealt with in accordance with the following principles:

1. Where there is a change in the quantity of assets, the amount of assets shall be adjusted accordingly in accordance with the original valuation method;

2. Where there is a change in the price standard of an asset and it has a significant impact on the results of the asset appraisal, the Client shall promptly engage a qualified asset appraisal institution to re-determine the appraised value.

The user of the Asset Valuation Report shall pay attention to the impact of the above special matters on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

(I) Scope of use of this Asset Valuation Report includes:

1. This Asset Valuation Report may only be used by the Client or other users of the Asset Valuation Report as set out therein.

2. This Asset Valuation Report shall only be used for the purposes and uses as set out therein.

3. The whole or part of the contents of this Asset Valuation Report shall not be extracted, quoted or disclosed in the public media, except as provided by laws and regulations and as otherwise agreed between the Client and the asset appraisal institution or the relevant parties.

4. The validity period for the use of the valuation conclusions in this Asset Valuation Report shall be from the valuation date to 30 January 2026, unless otherwise agreed between the Client and the asset appraisal institution or the relevant parties. The valuation conclusions disclosed in this Asset Valuation Report are valid only for the economic acts described therein. Generally, the Asset Valuation Report may be used only if the period between the valuation date and the date of realization of the economic act does not exceed one year.

(II) The asset appraisal institution and the appraisal personnel shall not be liable for the use of the Asset Valuation Report by the Client or other user of the Report who fail to use the Report in accordance with the provisions of the laws and administrative regulations and the scope of use set out therein.

(III) Except for the Client, other users of the Asset Valuation Report as agreed in the asset appraisal engagement contract and users of the Report as provided for in laws and administrative regulations, no other institution or individual is allowed to use the Asset Valuation Report.

(IV) Users of the Report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the appraised subject, and the valuation conclusion shall not be regarded as a guarantee of the realizable price of the appraised subject.

XIII. DATE OF THE ASSET VALUATION REPORT

Date of this Asset Valuation Report is 6 June 2025.

Shenzhen Yitong Asset Appraisal Real Estate and Land Valuation Co. Limited

Address: 1705 Lian Tai Building, Futian District, Shenzhen

Tel: 0755–83225773

Zip code: 518040

Asset Appraiser: Tang Jianwen

Asset Appraiser: Han Xiaozhe

6 June 2025

Set forth below is the explanatory notes to the valuation reports prepared for the purpose of incorporation into this circular received from Shenzhen Yi Tong Asset Assessment and Property Valuation Company Limited (深圳億通資產評估房地產土地估價有限公司) in connection with its opinion on the value of the Target Companies and Target Assets. In the event of any inconsistency, the Chinese versions of these explanatory notes shall prevail over the English versions.*

I. YILI YAOBAI CEMENT CO., LTD. (TARGET COMPANY A)

The book value of the entire shareholding interests of Yili Yaobai Cement Co., Ltd. as at the valuation date is RMB148,167,609.82 and the appraised value is RMB180,353,901.15, with an appraised value increase of RMB32,186,291.33. The reasons for the increase in value are analyzed as follows:

1. Long-term equity investment

Unit: RMB

Type of Asset	Long-term equity investment
Book value	20,000,000.00
Asset Introduction	Hochan Nangang Xixin Mining Co., Ltd.
Appraisal method	Asset-based approach
Replacement value	3,265,372.90
How is replacement value determined	Asset-based approach
How is residue ratio determined	Not involved
Appraised value	3,265,372.90
Increase (decrease) in value	–16,734,627.10
Analysis of reasons for increase (decrease) in value	The Company accounted for the investee unit using the cost approach, and its book value was confirmed based on the investment cost. The Company did not make an impairment provision for the investee unit, and the book value remained unchanged. However, the investee unit has been operating at a loss in recent years, and the value of its total equity has decreased, resulting in an impaired valuation.

2. Buildings

Unit: RMB

Type of Asset	Buildings
Book value	28,431,362.34
Asset Introduction	Mainly comprehensive office buildings, new dormitory buildings, staff dormitory buildings etc.. A total of 21 projects were built between 2015 and 2024 and are in normal use.
Appraisal method	cost approach
Replacement value	48,429,700.00
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	38,142,200.00
Increase (decrease) in value	9,710,837.66
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the buildings. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and the tax law, and is lower than the service life of the building, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the building, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the building as the economic service life when calculating the residue ratio.

3. Structures

Unit: RMB

Type of Asset	**Structures**
Book value	132,455,878.14
Asset Introduction	Mainly clinker homogenizer, cement homogenizer, factory ground, roads and others. A total of 42 projects were built between 2015 and 2023 and are in normal use.
Appraisal method	Cost approach
Replacement value	256,383,000.00
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	145,610,900.00
Increase (decrease) in value	13,155,021.86
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the structures. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the structure, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the structure, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the structure as the economic service life when calculating the residue ratio.

4. Machinery equipment

Unit: RMB

Type of Asset	Machinery equipment
Book value	65,855,577.03
Asset Introduction	Mainly rotary kilns, raw material roller presses, preheaters, cement mills, cables
Appraisal method	Cost approach
Replacement value	247,381,200.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	83,634,750.00
Increase (decrease) in value	17,779,172.97
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the machinery equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the machinery equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the machinery equipment as the economic service life when calculating the residue ratio.

5. Vehicles

Unit: RMB

Type of Asset	**Vehicles**
Book value	251,529.88
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Cost approach
Replacement value	804,200.00
How is replacement value determined	Replacement cost = purchase price excluding tax + purchase surtax + license fee for new vehicle registration
How is residue ratio determined	Determined based on a combination of the mileage rate, the useful life rate and the inspection residue ratio
Appraised value	445,060.00
Increase (decrease) in value	193,530.12
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the vehicle, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the vehicle, which is mainly determined by reference to the Regulations on Compulsory Scrap Standard for Motor Vehicles. It is more reasonable to adopt the service life of the vehicle as the economic service life when calculating the residue ratio.

6. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	1,855,520.11
Asset Introduction	Mainly computers, printers, air conditioners and water heaters

Appraisal method	Cost approach
Replacement value	8,032,500.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	2,696,980.00
Increase (decrease) in value	841,459.89
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

7. Land

Unit: RMB

Type of Asset	**Land use rights**
Book value (RMB)	22,233,358.93
Asset Introduction	Two industrial lands at Jieliangzi Ranch, Yingyir Township, Yining City. The acquisition dates are September 2013 and January 2024 respectively, with two items in total and in normal use.

Appraisal method	Land market approach
Prices of comparable cases	The sample prices of comparables are: — Land parcel 2024-45: 120.19 RMB/m^2; — Land parcel 2024-43: 120.85 RMB/m^2; and — Land parcel 2024-51: 120.86 RMB/m^2.
Case introduction	Case 1: Located east of Chengxi Jingyi Road, Yining City, north of Chengxi Weisan Road, industrial land, 1 ≤ plot ratio, land area 20,467 m^2 Case 2: Located north of Dunmaili Street, east of Xi'an South Road, industrial land, 0.7 ≤ plot ratio, land area 4,551.05 m^2 Case 3: Located in Xintian Coal Chemical Industry Park, Yining City, industrial land, plot ratio ≤ 1, land area 10,508.36 m^2
Main modification factors	Land parcel 1: Adjustments for Case 1 include: locational factor premium (due to industrial concentration, road access, and external transport being superior to the valuation subject), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Adjustments for Case 2 include: location premium (due to industrial concentration, road accessibility, external transport being better than the valuation subject), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Case 3 adjustments include: location premium (due to poor road frontage), individual factor premium (due to the size of the site and the condition of the neighbouring land affecting the development and utilisation of the site). The consolidated adjustment items include: tenure correction (reverting to the value under the remaining service life of the land)

	Land parcel 2: Adjustments for Case 1 include: locational factor premium (due to industrial concentration, road access, and external transport being superior to the valuation subject), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Adjustments for Case 2 include: location premium (due to industrial concentration, road accessibility, external transport being better than the valuation subject), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Case 3 adjustments include: location premium (due to poor road frontage), individual factor premium (due to the size of the site and the condition of the neighbouring land affecting the development and utilisation of the site). The consolidated adjustment items include: tenure correction (reverting to the value under the remaining service life of the land)
Appraised value	25,579,809.00
Increase (decrease) in value	3,346,450.07
Analysis of reasons for increase (decrease) in value	The book value represents the amortised residual value of the original purchase cost of the land, whereas the increase in land prices in recent years has resulted in an appreciation in valuation.

II. XINJIANG BAIHANG ENVIRONMENTAL TECHNOLOGY CO., LTD. (TARGET COMPANY C)

The book value of the entire shareholding interests of Xinjiang Baihang Environmental Technology Co., Ltd. as at the valuation date is RMB79,518,998.34 and the appraised value is RMB81,294,220.77, with an appraised value increase of RMB1,775,222.43. The reasons for the increase in value are analyzed as follows:

1. Buildings

Unit: RMB

Type of Asset	**Buildings**
Book value	23,439,378.20
Asset Introduction	Mainly industrial waste pretreatment workshop, hazardous waste storage and others, totaling 6 items built in 2022. All are in normal use.
Appraisal method	Cost approach
Replacement value	26,840,400.00
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	25,230,000.00
Increase (decrease) in value	1,790,621.80
Analysis of reasons for increase (decrease) in value	1. labour costs have risen in recent years; 2. The depreciation period adopted by the enterprise is lower than the economic service life of the building.

2. Structures

Unit: RMB

Type of Asset	**Structures**
Book value	11,747,931.27
Asset Introduction	Mainly HVAC exhaust pipes, concrete pavement and others, totaling 7 items built in 2022, all of which are in normal use.
Appraisal method	Cost approach
Replacement value	12,050,300.00
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	11,447,700.00
Increase (decrease) in value	–300,231.27
Analysis of reasons for increase (decrease) in value	In recent years, the cost of building materials has decreased, and materials of structures account for a higher proportion.

3. Machinery equipment

Unit: RMB

Type of Asset	**Machinery equipment**
Book value	31,168,544.36
Asset Introduction	Mainly crushers, mixers, plunger pumps, fire fighting equipment and fire alarms, grab cranes
Appraisal method	Cost approach
Replacement value	41,999,200.00

How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	31,462,830.00
Increase (decrease) in value	294,285.64
Analysis of reasons for increase (decrease) in value	The depreciation period adopted by the enterprise is lower than the economic service life of the equipment.

4. Vehicles for transportation

Unit: RMB

Type of Asset	**Vehicles**
Book value (RMB)	125,406.19
Asset Introduction	Vehicles mainly for office use
Appraisal method	Market approach
Prices of comparable cases	Example of market approach valuation case (the first valuation case, a Buick commercial vehicle with a license plate number of new F49040), the transaction prices of comparable items are: — Case A RMB112,800; — Case B RMB115,000; and — Case C RMB108,300 respectively.

Case introduction	The selected transaction cases are consistent with the model of the appraised vehicle. Case A was activated in April 2020 with a mileage of 130,000 km. Case B was activated in April 2019 with a mileage of 115,000 km. Case C was activated in July 2019 with a mileage of 131,700 km.
Main modification factors	Case A: Year and month of activation (because the activation time is later than the valuation target) and mileage (because the mileage is slightly lower than the valuation target); Case B: Year and month of activation (because the activation time is earlier than the valuation target) and mileage (because the mileage is slightly lower than the valuation target); Case C: Year and month of activation (because the activation time is earlier than the valuation target) and mileage (because the mileage is slightly lower than the valuation target)
Appraised value	120,400.00
Increase (decrease) in value	–5,006.19
Analysis of reasons for increase (decrease) in value	The market transaction case price is low, and the valuation is impaired

5. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	22,400.82
Asset Introduction	Mainly computers, printers and projectors
Appraisal method	Cost approach
Replacement value	67,800.00

How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.
How is residue ratio determined	Determined mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	20,590.00
Increase (decrease) in value	–1,810.82
Analysis of reasons for increase (decrease) in value	The depreciation period adopted by the enterprise is lower than the economic service life of the equipment.

III. HETIAN YAOBAI CEMENT CO., LTD. (VENDOR B)

The book value of the proposed transaction asset group of Hetian Yaobai Cement Co., Ltd. as at the valuation date is RMB140,279,146.00 and the appraised value is RMB209,758,596.59, with an appraised value increase of RMB69,479,450.59. The reasons for the increase in value are analyzed as follows:

1. Buildings

Unit: RMB

Type of Asset	Buildings
Book value	8,595,240.5
Asset Introduction	Includes the dormitory building, general office building, steam engine workshop and others, mainly of brick and concrete structure, totaling 20 items built from 2013 to 2022. All are in normal use.
Appraisal method	Cost approach
Replacement value	18,775,700
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	12,392,000
Increase (decrease) in value	3,796,759.5
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the building, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the building, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the building as the economic service life when calculating the residue ratio.

2. Structures

Unit: RMB

Type of Asset	**Structures**
Book value	114,095,175.4
Asset Introduction	Includes storage warehouse transportation, gypsum mixed material storage shed transportation, clinker storage and transportation, factory ground, roads and others, mainly of brick and concrete structures, totaling 50 items built from 2013 to 2022.
Appraisal method	Cost approach
Replacement value	196,670,400
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	109,366,800
Increase (decrease) in value	–4,728,375.37
Analysis of reasons for increase (decrease) in value	In recent years, the cost of building materials has decreased, and materials of structures account for a higher proportion.

3. Machinery equipment

Unit: RMB

Type of Asset	**Machinery equipment**
Book value	7,584,371.20
Asset Introduction	Mainly cement mills, cable materials, Cement vertical mill reducer, bag filter, DCS system and raw material quality control system and others. Some of the machinery equipment are to be scrapped while the rest are in normal use.
Appraisal method	Cost approach

Replacement value	60,748,110.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	12,927,890.00
Increase (decrease) in value	5,343,518.80
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the machinery equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the machinery equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the machinery equipment as the economic service life when calculating the residue ratio.

4. Vehicles for transportation

(1) Cost approach

Unit: RMB

Type of Asset	**Vehicles**
Book value	89,806.77
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Cost approach
Replacement value	244,778.00

How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	160,191.80
Increase (decrease) in value	70,385.03
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the vehicle, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the vehicle, which is mainly determined by reference to the Regulations on Compulsory Scrap Standard for Motor Vehicles. It is more reasonable to adopt the service life of the vehicle as the economic service life when calculating the residue ratio.

(2) Market approach

Unit: RMB

Type of Asset	**Vehicles**
Book value (RMB)	244,235.44
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Market approach

Prices of comparable cases	Example of Market Approach Valuation Case (Valuation Case No. 4, Honda Allison with vehicle licence plate No. New R-A8C66), the transaction prices of comparable items are: Case A RMB138,000, Case B RMB113,800 and Case C RMB148,000 respectively.
Case introduction	The selected transaction cases are of the same model as the appraised vehicle. Case A was put into use in March 2017 and has a mileage of 75,000 km, Case B was put into use in January 2017 and has a mileage of 80,000 km, and Case C was put into use in February 2019 and has a mileage of 90,000 km.
Main modification factors	Case A: Year and month of activation (because the activation time is earlier than the valuation target) and mileage (because the mileage is slightly better than the valuation target); Case B: Year and month of activation (because the activation time is earlier than the valuation target) and mileage (because the mileage is slightly better than the valuation target); Case C: Year and month of activation (because the activation time is later than the valuation target) and mileage (because the mileage is slightly better than the valuation target)
Appraised value	327,800.00
Increase (decrease) in value	83,564.56
Analysis of reasons for increase (decrease) in value	The book value represents the depreciated residual value of the original purchase cost of the vehicle, and the depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, which is lower than the useful life of the vehicle. The price of similar second-hand vehicles in the market is higher than the book value of the Company, so the appraisal-based appreciation is recorded.

5. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	794,068.07
Asset Introduction	Mainly computers, printers, monitoring equipment, unattended systems and digital control platform backend management system and others
Appraisal method	Cost approach
Replacement value	2,545,300.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	1,319,710.00
Increase (decrease) in value	525,641.93
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

6. Land

Unit: RMB

Type of Asset	**Land use rights**
Book value	566,427.06
Asset Introduction	It is an allocated industrial land in Oytograk, Yutian County Industrial Park, with a total of 1 item, which is in normal use.
Appraisal method	Cost approach
Replacement value	40,192,400.00
How is replacement value determined	Land price = (land acquisition fee + related taxes + land development fee + investment interest + investment profit) × individual factors modification
How is residue ratio determined	Not involved
Appraised value	40,192,400.00
Increase (decrease) in value	39,625,972.94
Analysis of reasons for increase (decrease) in value	The book value represents the amortised residual value of the original purchase cost of the land, and the increase in land acquisition costs in recent years has resulted in an appreciation in valuation.

7. Mining rights

Unit: RMB

Type of Asset	**Mining rights**
Book value	1,052,267.06
Asset Introduction	The mining right of the Yutian County Oytograk Baisha Mine. The designed recoverable ore volume is 1.132 million cubic meters.
Appraisal method	Cost approach
Replacement value	1,450,077.97

How is replacement value determined	The main basis is the sum of various expenses spent on obtaining mining rights, including mining rights transfer fees, transaction service fees, detailed survey fees, soil and water conservation compensation fees, etc.
How is residue ratio determined	Not involved
Appraised value	1,052,267.06
Increase (decrease) in value	—
Analysis of reasons for increase (decrease) in value	There was no increase (decrease) in value of mining rights within the scope of valuation.

IV. MOYU YAOBAI CEMENT CO., LTD. (ONE OF VENDORS C)

The book value of the proposed transaction asset group of Moyu Yaobai Cement Co., Ltd. as at the valuation date is RMB856,108,119.24, and the appraised value is RMB898,870,054.00, with an appraised value increase of RMB42,761,934.76. The reasons for the increase in value are analyzed as follows:

1. Buildings

Unit: RMB

Type of Asset	**Buildings**
Book value	163,468,941.24
Asset Introduction	Mainly dormitory buildings, activity centers and others, totaling 42 items built from 2021 to 2023. All are in normal use
Appraisal method	Cost approach
Replacement value	195,616,200.00
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	170,701,200.00

Increase (decrease) in value	7,232,258.76
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the buildings. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the building, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the building, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the building as the economic service life when calculating the residue ratio.

2. Structures

Unit: RMB

Type of Asset	**Structure**
Book value	281,699,309.63
Asset Introduction	Mainly mining roads, clinker storage base and transportation, totaling 49 items built from 2021 to 2022, all of which are in normal use
Appraisal method	Cost approach
Replacement value	344,340,054.80
How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	288,216,720.00
Increase (decrease) in value	6,517,410.37

Analysis of reasons for increase (decrease) in value	1. labour costs have risen in recent years; 2. The depreciation period adopted by the enterprise is lower than the economic service life of the building.

3. Machinery equipment

Unit: RMB

Type of Asset	**Machinery equipment**
Book value	382,610,081.48
Asset Introduction	Mainly rotary kiln, kiln head boiler, steam turbine generator set, preheater, fourth generation grate cooler
Appraisal method	Cost approach
Replacement value	529,178,266.15
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	391,258,790.00
Increase (decrease) in value	8,648,708.52

Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the machinery equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the machinery equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the machinery equipment as the economic service life when calculating the residue ratio.

4. Vehicles for transportation

Unit: RMB

Type of Asset	**Vehicles**
Book value	1,174,282.85
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Cost approach
Replacement value	2,022,700.00
How is replacement value determined	Replacement cost = purchase price excluding tax + purchase surtax + license fee for new vehicle registration
How is residue ratio determined	Determined based on a combination of the mileage rate, the useful life rate and the inspection residue ratio
Appraised value	1,418,460.00
Increase (decrease) in value	244,177.15

Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the vehicle, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the vehicle, which is mainly determined by reference to the Regulations on Compulsory Scrap Standard for Motor Vehicles. It is more reasonable to adopt the service life of the vehicle as the economic service life when calculating the residue ratio.

5. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	612,969.29
Asset Introduction	Mainly computers, printers, air-conditioners, office desks and chairs
Appraisal method	Cost approach
Replacement value	2,234,700.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	936,290.00
Increase (decrease) in value	323,320.71

Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

6. Land

Unit: RMB

Type of Asset	**Land use rights**
Book value (RMB)	992,082.08
Asset Introduction	An industrial land at Bostankule Building Materials Industrial Park, Moyu County. The acquisition date is December 2020, with 1 item in total, which is in normal use.
Appraisal method	Market approach
Prices of comparable cases	The sample prices of comparables are: — Land parcel MY2024008: RMB119.00/m^2; — Land parcel MY2024011: RMB92.65/m^2; — Land parcel MY2024009: RMB83.39/m^2.
Case introduction	Case 1: Located north of No. 0 Road, Moyu County Modern Agricultural Industrial Park, industrial land, plot ratio > 1, land area 51,542.88 m^2 Case 2: Located in Moyu County Modern Agricultural Industrial Park, industrial land, plot ratio > 1, land area 8,366 m^2 Case 3: Located north of No. 0 Road, Moyu County Modern Agricultural Industrial Park, industrial land, plot ratio > 1, land area 20,309 m^2

Main modification factors	Adjustments in Case 1 include: location premium (due to slightly better clustering of industries and public transport facilities than the assessed bid), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Adjustments to Case 2 include: location premium (due to slightly better clustering of industries and public transport facilities than the assessed bids), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Case 3 adjustments include: locational premium (due to slightly better clustering of industries and public transport facilities than the assessed bids), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). The consolidated adjustment items include: tenure correction (reduced to the value of the remaining service life of the land)
Appraised value	29,069,800.00
Increase (decrease) in value	28,077,717.92
Analysis of reasons for increase (decrease) in value	The book value is the amortized residual value of the original purchase cost of the land, while the increase in land price in Moyu County in recent years has resulted in an appreciation in valuation.

7. Mining rights

Unit: RMB

Type of Asset	**Mining rights**
Book value	21,581,339.90
Asset Introduction	The mining rights of the No. 2 cement gypsum mine in the Daganqu mining area of Moyu County, Xinjiang have a recoverable resource volume of 837,100 tons of ore.
Appraisal method	Cost approach

Replacement value	8,620,900.00
How is replacement value determined	The main basis is the sum of various expenses spent on obtaining mining rights, including prospecting rights transfer fees, transaction service fees, detailed survey fees, soil and water conservation compensation fees, etc.
How is residue ratio determined	Not involved
Appraised value	8,620,900.00
Increase (decrease) in value	–12,960,439.90
Analysis of reasons for increase (decrease) in value	The book value includes the sum of various expenses incurred in acquiring 1#, 2# and 4# gypsum mines. As only 2# gypsum mine has completed the conversion of prospecting rights to mining rights and obtained a mining license, this valuation has excluded various expenses incurred in acquiring 1# and 4# gypsum mines. As such, the appraisal value is more significantly impaired than the book value.

V. MOYU YAOBAI BUILDING MATERIALS CO., LTD. (ONE OF VENDORS C)

The book value of the proposed transaction asset group of Moyu Yaobai Building Materials Co., Ltd. as at the valuation date is RMB19,262,172.15, and the appraised value is RMB22,749,908.07, with an appraised value increase of RMB3,487,735.92. The reasons for the increase in value are analyzed as follows:

1. Structures

Unit: RMB

Type of Asset	**Structures**
Book value	5,272,390.64
Asset Introduction	Mainly material sheds, field areas and others, totaling 9 items built from 2020 to 2022, all of which are in normal use.
Appraisal method	Cost approach
Replacement value	5,521,800.00

How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio = residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	5,192,100.00
Increase (decrease) in value	–80,290.64
Analysis of reasons for increase (decrease) in value	In recent years, the cost of building materials has decreased, and the materials of structures account for a higher proportion.

2. Machinery equipment

Unit: RMB

Type of Asset	**Machinery equipment**
Book value	3,332,952.03
Asset Introduction	Mainly Moyu concrete mixing station, Luxin concrete mixing station, integrated house molds, etc.
Appraisal method	Cost approach
Replacement value	5,514,400.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	3,326,050.00
Increase (decrease) in value	–6,902.03

Analysis of reasons for increase (decrease) in value	Low equipment replacement cost

3. Vehicle for transportation

(1) Cost approach

Unit: RMB

Type of Asset	**Vehicle**
Book value	5,774,648.78
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Cost approach
Replacement value	16,612,986.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	9,235,520.00
Increase (decrease) in value	3,460,871.22

Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the vehicle, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the vehicle, which is mainly determined by reference to the Regulations on Compulsory Scrap Standard for Motor Vehicles. It is more reasonable to adopt the service life of the vehicle as the economic service life when calculating the residue ratio.

(2) Market approach

Unit: RMB

Type of Asset	**Vehicle**
Book value (RMB)	12,713.88
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Market approach
Prices of comparable cases	Examples of market approach valuation cases (Valuation Case No. 1, Kia Sportage car with vehicle registration number New RB0V06), the transaction prices of comparable items are: Case A RMB79,800, Case B RMB84,000 and Case C RMB79,000 respectively.
Case introduction	The selected transaction cases are the same as the appraised vehicle model, with Case A having an activation date of March 2020 and a mileage of 70,000 km, Case B having an activation date of January 2020 and a mileage of 69,000 km, and Case C having an activation date of March 2021 and a mileage of 69,000 km.
Main modification factors	Case A: Year and month of activation (because the activation time is later than the valuation target) and mileage (because the mileage is slightly better than the valuation target);

	Case B: Year and month of activation (because the activation time is later than the valuation target) and mileage (because the mileage is slightly better than the valuation target);
	Case C: Year and month of activation (because the activation time is later than the valuation target) and mileage (because the mileage is slightly better than the valuation target)
Appraised value	116,800.00
Increase (decrease) in value	104,086.12
Analysis of reasons for increase (decrease) in value	The book value represents the depreciated residual value of the original purchase cost of the vehicle, and the depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, which is lower than the useful life of the vehicle. The price of similar second-hand vehicles in the market is higher than the book value of the Company, so the appraisal-based appreciation is recorded.

4. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	59,644.62
Asset Introduction	Mainly computers, printers, air-conditioners, and control panels
Appraisal method	Cost approach
Replacement value	288,200.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment

How is residue ratio determined	Mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	111,400.00
Increase (decrease) in value	51,755.38
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

VI. HETIAN LUXIN BUILDING MATERIALS CO., LTD. (ONE OF VENDORS D)

The book value of the proposed transaction asset group of Hetian Luxin Building Materials Co., Ltd. as at the valuation date is RMB99,886,131.31, and the appraised value is RMB201,751,390.12, with an appraised value increase of RMB101,865,258.81. The reasons for the increase in value are analyzed as follows:

1. Buildings

Unit: RMB

Type of Asset	**Buildings**
Book value	10,184,821.65
Asset Introduction	Mainly the central control building, clinker shed etc., totaling 26 items built from 2007 to 2023, all of which are in normal use.
Appraisal method	Cost approach
Replacement value	17,736,000.00

How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	14,040,400.00
Increase (decrease) in value	3,855,578.35
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the buildings. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the building, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the building, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the building as the economic service life when calculating the residue ratio.

2. Structures

Unit: RMB

Type of Asset	**Structures**
Book value	38,398,192.78
Asset Introduction	mainly cement mills base, clinker homogenizer, totaling 87 items built from 2007 to 2023, all of which are in normal use.
Appraisal method	Cost approach
Replacement value	87,768,981.26

How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	46,620,499.01
Increase (decrease) in value	8,222,306.23
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the structures. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the structure, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the structure, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the structure as the economic service life when calculating the residue ratio.

3. Machinery equipment

Unit: RMB

Type of Asset	**Machinery equipment**
Book value	33,363,646.10
Asset Introduction	Mainly rotary kiln, ball mill, kiln tail preheater, electrostatic precipitator, humidification tower
Appraisal method	Cost approach
Replacement value	138,139,300.00

How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	41,152,680.00
Increase (decrease) in value	7,789,033.90
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the machinery equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the machinery equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the machinery equipment as the economic service life when calculating the residue ratio.

4. Vehicle for transportation

(1) Cost approach

Unit: RMB

Type of Asset	**Vehicle**
Book value	237,314.46
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Cost approach
Replacement value	587,500.00

How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment
How is residue ratio determined	Mainly based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	373,800.00
Increase (decrease) in value	136,485.54
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the vehicle, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the vehicle, which is mainly determined by reference to the Regulations on Compulsory Scrap Standard for Motor Vehicles. It is more reasonable to adopt the service life of the vehicle as the economic service life when calculating the residue ratio.

(2) Market approach

Unit: RMB

Type of Asset	**Vehicle**
Book value (RMB)	146,436.27
Asset Introduction	Vehicles mainly for office and production use
Appraisal method	Market approach

Prices of comparable cases	Example of market approach valuation case (Valuation Case No. 5, Volkswagen Passat with Vehicle Registration No. New R61088), the transaction prices of the comparable items are: Case A RMB112,800, Case B RMB108,300 and Case C RMB112,100 respectively.
Case introduction	The selected transaction cases are the same as the appraised vehicle models, with Case A having an activation date of July 2020 and a mileage of 109,000 km, Case B having an activation date of October 2020 and a mileage of 105,800 km, and Case C having an activation date of October 2020 and a mileage of 96,000 km.
Main modification factors	Case A: Year and month of activation (because the activation time is earlier than the valuation target) mileage + (because the mileage is slightly better than the valuation target); Case B: Year and month of activation without correction, mileage (because the mileage is slightly better than the valuation target); Case C: Year and month of activation without correction, mileage (because the mileage is slightly better than the valuation target)
Appraised value	175,400.00
Increase (decrease) in value	28,963.73
Analysis of reasons for increase (decrease) in value	The book value represents depreciated residual value of the original purchase cost of the vehicle, and the depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, which is lower than the useful life of the vehicle. The price of similar second-hand vehicles in the market is higher than the book value of the Company, so the appraisal-based appreciation is recorded.

5. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	767,542.02
Asset Introduction	Mainly computers, printers, air-conditioners, office desks and chairs
Appraisal method	Cost approach
Replacement value	2,742,600.00
How is replacement value determined	Replacement cost = purchase price (including tax) + transportation and miscellaneous fees + installation and commissioning fees + basic fees + capital costs – deductible VAT on the purchase price of the equipment – deductible VAT on the transportation fees, installation and commissioning fees and basic fees of the equipment.
How is residue ratio determined	Based on the economic service life of the equipment, and on this basis, it is determined by taking into account factors such as the use of the equipment, the maintenance status, and the working environment, etc.
Appraised value	1,139,250.00
Increase (decrease) in value	371,707.98
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

6. Land

Unit: RMB

Type of Asset	**Land use rights**
Book value (RMB)	—
Asset Introduction	An industrial land at Hanerik Township Hotan County. The acquisition date is December 2006, with a total of 1 item, which is in normal use.
Appraisal method	Market approach
Prices of comparable cases	The sample prices of comparables are: — Land parcel MY2024008: RMB90.00/m^2 — Land parcel MY2024011: RMB87.00/m^2; and — Land parcel MY2024009: RMB71.00/m^2.
Case introduction	Case A: Located in Kunlun Industrial Park, Hotan County, industrial land, plot ratio = 1, land area 40,000 m^2 Case B: Located in Kunlun Industrial Park, Hotan County, industrial land, 0.8 ≤ plot ratio, land area 10,646 m^2 Case C: Located in Bazaboyi Village, Bagqi Town, Hotan County, industrial land, plot ratio = 1, land area 101,077 m^2
Main modification factors	Case A adjustments include: locational premium (due to road frontage conditions slightly favourable to the assessed bid), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). Case B adjustments include: locational premium (due to slightly better road frontage than the assessed bid), and individual factor premium (due to the size of the site affecting the development and utilisation of the site).

	Case C adjustments include: locational premium (due to slightly worse road frontage than the valuation subject), and individual factor premium (due to the size of the site affecting the development and utilisation of the site). The consolidated adjustment items include: tenure correction (reduced to the value of the remaining service life of the land)
Appraised value	13,293,745.00
Increase (decrease) in value	13,293,745.00
Analysis of reasons for increase (decrease) in value	The book value is the amortized residual value of the original purchase cost of the land. By the valuation date, the entire original book value of the land had been fully amortized, resulting in a book value of zero. However, the increase in land prices in recent years has resulted in an appreciation in valuation.

7. Mining rights

Unit: RMB

Type of Asset	**Mining rights**
Book value (RMB)	56,701,220.20
Asset Introduction	The mining rights of the limestone mine in Daganqu District 1 (for cement) in Moyu County, Xinjiang. As of the reference date, the remaining transferred resources are 98.82058 million tons
Appraisal method	Market approach
Prices of comparable cases	Case I: RMB1.31/tonne. Case II: RMB1.16/tonne. Case III: RMB1.1/tonne. Case IV: RMB0.98/tonne.
Case introduction	The comparables are located in Xinjiang Uygur Autonomous Region and are supplied by way of auction and transfer with limestone as the mining type. Sources of information on the selected comparables: Tulufan Regional Bureau of Land and Resources, Tacheng Regional Bureau of Land and Resources and Kashgar Regional Bureau of Natural Resources.

	(1) Limestone Mine No. 2 (for cement) in Aragou South, Toxun County, Xinjiang; (2) Limestone Mine for Cement Use in Bustunge Ranch, Hebuksel County, Xinjiang; (3) Cement Limestone Mine No. I in Beletag, Chalbag Township, Batshu County, Xinjiang; and (4) Limestone Mine of Hebuksel Aketes, Xinjiang Tunxin Energy Development Co.
Main modification factors	Scope of mining, resource reserves, scale of production, type of products, etc.
Appraised value	112,408,409.75
Increase (decrease) in value	55,707,189.55
Analysis of reasons for increase (decrease) in value	The book value represents the amortized residual value of the original recorded cost of the mining right, which has not been adjusted according to the market price. However, the increase in market prices of mining rights for cement-grade limestone in Xinjiang in recent years has resulted in an appreciation in valuation.

VII. HETIAN YAOBAI BUILDING MATERIALS CO., LTD. (ONE OF VENDORS D)

The book value of the proposed transaction asset group of Hetian Yaobai Building Materials Co., Ltd. as at the valuation date is RMB6,246,109.90, and the appraised value is RMB7,003,255.33, with an appraised value increase of RMB757,145.43. The reasons for the increase in value are analyzed as follows:

1. Structures

Unit: RMB

Type of Asset	Structures
Book value	3,937,100.24
Asset Introduction	Mainly material sheds, mixing station base and others, totaling 4 items built from 2020 to 2023, all of which are in normal use.
Appraisal method	Cost approach
Replacement value	4,908,300.00

How is replacement value determined	Replacement cost = preliminary cost + comprehensive construction cost + other costs + capital cost
How is residue ratio determined	Comprehensive residue ratio= residue ratio under the useful life method × weight + residue ratio under the on-site inspection method × weight
Appraised value	4,705,700.00
Increase (decrease) in value	768,599.76
Analysis of reasons for increase (decrease) in value	1. This appraisal adopts the cost method to evaluate the structures. Replacement cost mainly includes material costs, labour costs, machinery shifts, etc. The increase in labour costs in recent years has led to an increase in replacement cost; 2. The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the structure, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the structure, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the structure as the economic service life when calculating the residue ratio.

2. Electronic equipment

Unit: RMB

Type of Asset	**Electronic equipment**
Book value	24,674.14
Asset Introduction	Mainly computers, printers, air-conditioners, control panels and others. The electronic office equipment is in normal use.
Appraisal method	Cost approach
Replacement value	71,000
How is replacement value determined	Its replacement cost is determined by reference to the current market purchase price.
How is residue ratio determined	The ageing rate is used as the rate of reconditioning of the equipment.
Appraised value	27,310
Increase (decrease) in value	2,635.86
Analysis of reasons for increase (decrease) in value	The depreciable life adopted by the Company is determined in accordance with the accounting standards and tax law, and is lower than the service life of the electronic equipment, whereas the economic service life adopted for the valuation is determined on the basis of the service life of the electronic equipment, which is mainly determined by reference to the Manual of Asset Valuation Methods and Parameters. It is more reasonable to adopt the service life of the electronic equipment as the economic service life when calculating the residue ratio.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Based on the register kept by the Company, as at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules, were as follows:

Interests in the Shares of the Company

Name of Directors	**Nature of interests**	**Number of Shares** *(Note 1)*	**Approximate percentage of the issued share capital of the Company** *(Note 4)*
Zhang Jimin	Beneficial owner	6,175,000 (L)	0.11%
	Interest in a controlled corporation	1,756,469,000 (L) *(Note 2)*	32.15%
Ma Zhaoyang	Interest in a controlled corporation	221,587,950 (L) *(Note 3)*	4.06%

Notes:

1. The letter "L" denotes the person's long position in such securities.

2. These shares were held by Asia Gain Investments Limited ("**Asia Gain**") which was beneficially and wholly-owned by Zhang Jimin as at the Latest Practicable Date.

3. These shares were held by Techno Faith Investment Limited and Red Day Limited which were beneficially and wholly-owned by Ma Zhaoyang as at the Latest Practicable Date.

4. The calculation is based on the total number of 5,462,532,820 issued Shares of the Company as at the Latest Practicable Date.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at the Latest Practicable Date which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange under the Model Code.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

Based on the register kept by the Company, as at the Latest Practicable Date, so far as known to the Directors or chief executive of the Company, the persons or corporations (other than Directors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follow:

Long positions in Shares and underlying Shares

Name of shareholders	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company *(Note 3)*
Asia Gain *(Note 1)*	Beneficial owner	1,756,469,000	32.15%
Conch International *(Note 2)*	Beneficial owner	1,584,849,970	29.01%
Anhui Conch Cement Company Limited (Purchaser A) *(Note 2)*	Interest in a controlled corporation	1,584,849,970	29.01%

Name of shareholders	Nature of interest	Number of Shares held	Approximate percentage of issued share capital of the Company *(Note 3)*
Anhui Conch Holdings Co., Ltd.* (安徽海螺集團有限責任公司) ("**Conch Holdings**") *(Note 2)*	Interest in a controlled corporation	1,584,849,970	29.01%
Wuhu Conch Venture Enterprise Limited (蕪湖海創實業有限責任公司) ("**Wuhu Conch**") *(Note 2)*	Interest in a controlled corporation	1,584,849,970	29.01%
China Conch Venture Holdings Limited (中國海螺創業控股有限公司) ("**China Conch**") *(Note 2)*	Interest in a controlled corporation	1,584,849,970	29.01%

Notes:

1. Asia Gain is beneficially and wholly-owned by Zhang Jimin as at the Latest Practicable Date.

2. Conch International is beneficially and wholly-owned by Purchaser A, which was owned as to 36.40% by Conch Holdings. Conch Holdings was owned as to approximately 49.00% by Wuhu Conch. Wuhu Conch is wholly-owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (安徽海創新型節能建築材料有限責任公司), which is in turn wholly-owned by China Conch Venture Holdings (HK) Limited ("**Conch Venture HK**"). Conch Venture HK was ultimately wholly-owned by China Conch as at the Latest Practicable Date.

3. The calculation is based on the total number of 5,462,532,820 issued Shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or chief executive of the Company as discussed above) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

As at the Latest Practicable Date, save for (i) Mr. Zhang Jimin, an executive Director, being a director of Asia Gain; and (ii) Mr. Wang Zhixin and Mr. Wang Manbo, each a non-executive Director, being employees of Purchaser A, none of the Directors was a director or an employee of a company who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

So far as the Directors are aware, none of the Directors or their respective close associates had interest in any business which compete or is likely to compete, either directly or indirectly, with the business of the Group as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS OR ASSETS

As at the Latest Practicable Date, save as the Equity Transfer Agreement, each of the APAs and the transactions contemplated thereunder,

(i) there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significant in relation to any business of the Group; and

(ii) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERTS

(a) The following is the qualification of the expert who has given its opinion or advice for the inclusion in this circular:

Name	Qualification
CMBC International Capital Limited	Licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
Shenzhen Yitong	Qualified independent valuer

(b) As at the Latest Practicable Date, the above expert had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

(c) As at the Latest Practicable Date, the above expert had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2024 (the date to which the latest published audited consolidated financial statements of the Group were made up) or proposed to be so acquired, disposed of or leased to any member of the Group.

(d) As at the Latest Practicable Date, the above expert had given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports or letter or its name and logo in the form and context in which it appear.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material change in the financial or trading position of the Company since 31 December 2024, the date to which the latest published audited financial statements of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

9. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two year immediately preceding the date of this circular, and are or may be material:

(a) the Equity Transfer Agreement;

(b) APA B;

(c) APA C;

(d) APA D;

(e) the share purchase agreement dated 27 January 2025 entered into between (i) WIH Cement Developing Co., Limited ("**WIH Cement**"), a company incorporated in Mauritius with limited liability and a wholly-owned subsidiary of the Company, as purchaser; (ii) 4 companies incorporated in Sweden with limited liability and being indirect non-wholly owned subsidiaries of Heidelberg Materials AG (ISIN: DE006047004) ("**HM AG**"), a company incorporated in Germany and whose shares are listed for trading on the Prime Standard stock market segment of the Frankfurt stock exchange and in the German benchmark index DAX, as sellers (the "**HM Sellers**"); (iii) HM AG as the guarantor of the HM Sellers; and (iv) the Company as the guarantor of WIH Cement, for the sale and purchase of 1,574,904 shares of Cimenterie de Lukala SA ("**CILU**"), a limited liability company incorporated in the DRC under the laws of DRC, at a consideration of USD3,700,069, subject to customary closing adjustments for cash, debt and net working capital of CILU (the "**HM Share Purchaser Price**");

(f) the intra-group transfer agreement dated 27 January 2025 entered into between (i) HM AG; (ii) Scancem International DA ("**Scancem International**"), a Norwegian general partnership with shared liability and an indirect wholly-owned subsidiary of HM AG; (iii) WIH Cement; and (iv) the Company, pursuant to which WIH Cement conditionally agreed to acquire, and HM AG and Scancem International, as the case may be, conditionally agreed to assign CILU's outstanding liabilities vis-à-vis, HM AG and Scancem International, to WIH Cement at a consideration of USD115,950,000, subject to agreed closing adjustments, including to deduct the total amount by which the purchase price per CILU share under the IFC SPA (as defined below) exceeds the purchase price per CILU share under the HM Share Purchase Price (or vice versa, in which case it will be an addition) multiplied by the number of shares being sold by IFC (as defined below); and

(g) the share purchase agreement dated 7 May 2025 entered into between (i) WIH Cement, as purchaser, (ii) International Finance Corporation ("**IFC**"), a member of the World Bank Group, as seller; and (iii) the Company, as guarantor of WIH Cement, for the sale and purchase of 134,105 shares of CILU, representing 7.75% of CILU's issued share capital, at a consideration of USD6,000,000 (the "**IFC SPA**").

For further details in respect of the material contracts (e) to (g), please refer to the announcements of the Company dated 27 January 2025 and 8 May 2025.

10. MISCELLANEOUS

(a) The registered office of the Company is located at 13 Castle Street, St Helier, Jersey JE1 1ES, Channel Islands.

(b) The headquarters and principal place of business of the Company in the PRC is Yaobai R&D Training Center, No. 336 4th Shenzhou Road, Aerospace Industrial Base, Chang'an District, Xi'an, Shaanxi Province, PRC.

(c) The principal place of business of the Company in Hong Kong is Unit 3705, 37/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Mr. Chan King Sau, a member of the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

(f) In the event of any inconsistency, the English version of this circular (save for the extracts of and explanatory notes to valuation reports set out in Appendix II to Appendix VI to this circular) shall prevail over the Chinese version.

11. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.westchinacement.com) for a period of not less than 14 days from the date of this circular (both days inclusive):

(a) the Equity Transfer Agreement;

(b) APA B;

(c) APA C;

(d) APA D;

(e) the letter from the Independent Financial Adviser, the text of which is set out on pages 34 to 75 of this circular;

(f) the asset valuation report on the equity interest of 伊犁堯柏水泥有限公司 (Yili Yaobai Cement Co., Ltd.*) as set out in Appendix II to this circular;

(g) the asset valuation report on the equity interest of 新疆柏航環保科技有限公司 (Xinjiang Baihang Environmental Protection Technology Co. Ltd.*) as set out in Appendix II to this circular;

(h) the asset valuation report on the assets of 和田堯柏水泥有限公司 (Hetian Yaobai Cement Co., Ltd.*) underlying APA B as set out in Appendix III to this circular;

(i) the asset valuation report on the assets of 墨玉堯柏水泥有限公司 (Moyu Yaobai Cement Co., Ltd.*) underlying APA C as set out in Appendix IV to this circular;

(j) the asset valuation report on the assets of 墨玉堯柏建材有限公司 (Moyu Yaobai Building Materials Co., Ltd.*) underlying APA C as set out in Appendix IV to this circular;

(k) the asset valuation report on the assets of 和田魯新建材有限公司 (Hetian Luxin Building Materials Co., Ltd.*) underlying APA D as set out in Appendix V to this circular;

(l) the asset valuation report on the assets of 和田堯柏建材有限公司 (Hetian Yaobai Building Materials Co., Ltd.*) underlying APA D as set out in Appendix V to this circular; and

(m) the written consent of each of the experts as referred to in the paragraphs headed "6. Qualification and consent of experts" in this Appendix VII.

西部水泥

WEST CHINA CEMENT LIMITED

中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of West China Cement Limited (the "**Company**") will be held at 5/F, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Thursday, 14 August 2025 at 10:00 a.m. to consider and, if thought fit, pass the following ordinary resolution (with or without modification):

Capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 25 July 2025 to the Shareholders (the "**Circular**") unless otherwise specified.

ORDINARY RESOLUTION

"**THAT**:

(a) the Equity Transfer Agreement (a copy of the Equity Transfer Agreement marked "**A**" and signed by the chairman of this meeting for identification purpose is produced to this meeting) and all transactions contemplated thereunder and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and ratified;

(b) the APA B (a copy of the APA B marked "**B**" and signed by the chairman of this meeting for identification purpose is produced to this meeting) and all transactions contemplated thereunder and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and ratified;

(c) the APA C (a copy of the APA C marked "**C**" and signed by the chairman of this meeting for identification purpose is produced to this meeting) and all transactions contemplated thereunder and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and ratified;

(d) the APA D (a copy of the APA D marked "**D**" and signed by the chairman of this meeting for identification purpose is produced to this meeting) and all transactions contemplated thereunder and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and ratified; and

(e) the Directors be and are hereby authorised for and on behalf of the Company to do all such acts, deeds and things and to sign, execute and deliver all such documents (including the affixation of the common seal of the Company where required) as he/she may, in his/her absolute discretion, consider necessary, desirable or appropriate to give effect, implement and complete any matters relating to or in connection with paragraphs (a), (b), (c) and (d) of this resolution."

Yours faithfully,
By order of the Board
West China Cement Limited
Mr. ZHANG Jimin
Chairman

Hong Kong, 25 July 2025

Notes:

1. A member entitled to attend and vote at the above meeting may appoint one or, if he holds two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

2. In the case of joint holders of any Shares such persons shall not have the right of voting individually in respect of such shares but shall elect one of their number to represent them and to vote whether personally or by proxy in their name. In default of such election the person whose name appears first in order in the register of members of the Company in respect of such share shall be the only person entitled to vote in respect thereof.

3. In order to be valid, a form of proxy together with the power of attorney (if any) or other authority (if any) under which it is signed or a certified copy thereof shall be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. The proxy form will be published on the website of the Stock Exchange.

4. The register of members of the Company will be closed from Monday, 11 August 2025 to Thursday, 14 August 2025 (both days inclusive) during which period no transfer of shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the EGM will be Thursday, 14 August 2025. In order to qualify for the entitlement to attend and vote at the forthcoming EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 8 August 2025.

5. If typhoon signal No. 8 or above, or a black rainstorm warning is in effect at 9:00 a.m. on the date of the EGM, the meeting will be postponed. The Company will post an announcement on its website (www.westchinacement.com) and designated website of the Stock Exchange (www.hkexnews.hk) to notify Shareholders of the date, time and place of the rescheduled meeting.