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Anhui Conch Material Technology Co., Ltd.
安徽海螺材料科技股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 02560)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION THE DEEMED DISPOSAL IN RELATION TO THE CAPITAL INCREASE AND SHARE EXPANSION OF A SUBSIDIARY THROUGH PUBLIC TENDER

CAPITAL INCREASE AND SHARE EXPANSION AGREEMENT

Reference is made to the announcement of the Company dated 25 February 2026, regarding the proposed capital increase and share expansion of Ningbo Conch New Material, a subsidiary of the Company, by way of introducing investors through public tender on the Anhui Assets and Equity Exchange.

The Board is pleased to announce that on 8 April 2026, the Investor entered into the Capital Increase and Share Expansion Agreement with the Company, pursuant to which the Investor agreed to subscribe for the increased registered capital of RMB36.25 million in Ningbo Conch New Material at a consideration of RMB48.1255 million.

IMPLICATIONS UNDER THE LISTING RULES

Upon completion of the Capital Increase and Share Expansion, the Company's interest in Ningbo Conch New Material will be diluted from 90.0% to 80.0%. Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase and Share Expansion constitutes a deemed disposal of interest in a subsidiary of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Deemed Disposal exceed 5% but all such ratios are below 25%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements.

As at the date of this announcement, the Investor is a substantial shareholder of Ningbo Conch New Material, a non-wholly owned subsidiary of the Company. Therefore, the Investor is a connected person at the subsidiary level of the Company, and the Deemed Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Given that (i) the Capital Increase and Share Expansion is conducted with a connected person at the subsidiary level of the Company on normal commercial terms or better; (ii) the Board has approved the Capital Increase and Share Expansion Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Capital Increase and Share Expansion Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole, therefore, pursuant to Rule 14A.101 of the Listing Rules, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 25 February 2026, regarding the proposed capital increase and share expansion of Ningbo Conch New Material, a subsidiary of the Company, by way of introducing investors through public tender on the Anhui Assets and Equity Exchange.

The Board is pleased to announce that on 8 April 2026, the Investor entered into the Capital Increase and Share Expansion Agreement with the Company, pursuant to which the Investor agreed to subscribe for the increased registered capital of RMB36.25 million in Ningbo Conch New Material at a consideration of RMB48.1255 million.

2. CAPITAL INCREASE AND SHARE EXPANSION AGREEMENT

Set out below is a summary of the principal terms of the Capital Increase and Share Expansion Agreement and other relevant information:

2.1 Date

8 April 2026

2.2 Parties

(i) The Investor; and

(ii) The Company

2.3 Subject Matter

Pursuant to the Capital Increase and Share Expansion Agreement, the Investor shall subscribe for the increased registered capital of RMB36.25 million in Ningbo Conch New Material at the consideration of RMB48.1255 million.

2.4 Consideration

The consideration of RMB48.1255 million is the valid tender price determined in accordance with the relevant rules and procedures of Anhui Assets and Equity Exchange.

Payment of the consideration

The Investor has paid a deposit of RMB5 million to Anhui Assets and Equity Exchange, which shall be directly converted as part of the consideration after the Capital Increase and Share Expansion Agreement becomes effective.

The Investor agrees to pay the balance of the consideration in cash after deducting the paid deposit (being RMB43.1255 million) to the bank account designated by Anhui Assets and Equity Exchange in one lump sum within 10 working days from the effective date of the Capital Increase and Share Expansion Agreement.

Anhui Assets and Equity Exchange shall transfer the consideration to the designated account of Ningbo Conch New Material within 5 working days after the Capital Increase and Share Expansion Agreement takes effect and the Investor having paid the consideration.

Basis for determining the consideration

The consideration was determined having regard to the valuation of the entire shareholders' equity interests of the Ningbo Conch New Material undertaken by an independent Valuer as at the valuation benchmark date, and finalized by reference to the valid tender price determined in accordance with the relevant rules and procedures of Anhui Assets and Equity Exchange, equal to the valuation amount of RMB48,125,500.

The valuation report adopted the discounted cash flow method under the income approach, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). For the assumptions underlying such Profit Forecast and other details of the valuation report, please refer to Section 7 below (Valuation of the entire shareholders' equity interests of Ningbo Conch New Material).

2.5 Lock-up Period

Following the completion of the Capital Increase and Share Expansion, the equity interest in Ningbo Conch New Material newly held by the Investor pursuant to the Capital Increase and Share Expansion Agreement will be subject to a lock-up period of no less than 12 calendar months.

3. INFORMATION ON NINGBO CONCH NEW MATERIAL

Ningbo Conch New Material is a limited liability company established in PRC on 15 July 2019, principally engaged in the research and development, production and sale of fine chemicals derived from epoxy derivatives. As at the date of this announcement, Ningbo Conch New Material is held as to 90.0% and 10.0% by the Company and the Investor respectively.

Set out below is the key audited financial information of Ningbo Conch New Material prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC:

	Year ended 31 December 2024	**Year ended 31 December 2025**
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Revenue	1,500,972	1,486,713
Profit/(Loss) before income tax	(2,533)	40,797
Profit after income tax	2,756	32,210

	As at 31 December 2024	**As at 31 December 2025**
	RMB'000	*RMB'000*
	(Audited)	*(Audited)*
Total assets	1,300,601	1,470,313
Total liabilities	1,111,149	1,139,883
Total equity (net assets)	189,452	330,430

4. FINANCIAL EFFECTS OF THE CAPITAL INCREASE AND SHARE EXPANSION

As at the date of this announcement, Ningbo Conch New Material is a non-wholly owned subsidiary of the Company. The shareholding structures of Ningbo Conch New Material immediately before and upon completion of the Capital Increase and Share Expansion are set out below:

Shareholders	Before the Capital Increase and Share Expansion and as at the date of this announcement		Upon completion of the Capital Increase and Share Expansion	
	Registered capital contributed *(RMB0'000)*	Shareholding	Registered capital contributed *(RMB0'000)*	Shareholding
The Company	26,100	90.0%	26,100	80.0%
The Investor	2,900	10.0%	6,525	20.0%

Ningbo Conch New Material intends to use the proceeds from the Capital Increase and Share Expansion for project construction, debt repayment and working capital supplement.

Upon completion of the Capital Increase and Share Expansion, Ningbo Conch New Material will remain a subsidiary of the Company and there will be no change to the scope of the consolidated financial statements of the Company.

5. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE AND SHARE EXPANSION

The Group is principally engaged in the research and development, production and sale of cement additives, concrete additives and their respective process intermediates.

The Capital Increase and Share Expansion will enable Ningbo Conch New Material to optimise its capital structure, reduce its gearing level and enhance its operational quality. The Board considers that the Capital Increase and Share Expansion will provide a solid foundation for the Group to achieve overall stable operation and promote the sustainable development of the Group.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Capital Increase and Share Expansion Agreement and the transactions contemplated thereunder, though not conducted in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the Capital Increase and Share Expansion Agreement or is required to abstain from voting on the relevant Board resolutions.

6. INFORMATION ON PARTIES

The Company

The Company is principally engaged in the research and development, production and sale of cement additives, concrete additives and their respective process intermediates.

The Investor

The Investor is a limited liability company established in the PRC, principally engaged in industrial investment, equity investment and asset management. The Investor is approximately 89.9% and 10.1% owned by Ningbo Commerce Holdings Group Co., Ltd. (寧波通商控股集團有限公司) and Zhejiang Caikai Group Co., Ltd. (浙江省財開集團有限公司) respectively. Ningbo Commerce Holdings Group Co., Ltd. is wholly owned by the State-owned Assets Supervision and Administration Commission of Ningbo Municipal People's Government, which is a government authority.

7. VALUATION OF THE ENTIRE SHAREHOLDERS' EQUITY INTERESTS OF NINGBO CONCH NEW MATERIAL

Details of the Valuer's valuation of the entire shareholders' equity interests of Ningbo Conch New Material (the "**Valuation**") are set out below:

7.1 Valuation Benchmark Date

The valuation benchmark date of the Valuation is 30 November 2025.

7.2 Valuation Methods

The basic approaches to asset valuation include the market approach, income approach and asset-based approach.

The market approach is a general term for valuation methods that determine the value of the asset by comparing the subject asset with comparable references, based on the market prices of such comparable references. Two commonly used methods under the market approach are the transaction comparable method and the listed company comparable method. The basic prerequisites for applying the market approach are the existence of an active public market for transactions of such assets, and the availability of necessary information relating to the transactions and the underlying assets.

The income approach is a valuation method that determines the value of an asset by estimating the present value of its expected future income. The fundamental principle of the income approach is that any prudent purchaser would not pay more for an asset than the future returns generated by the asset. The prerequisites for adopting the income approach are that the expected future income can be quantified, and the risks associated with such expected income, which are relevant to the discount rate, can be predicted.

The asset-based approach refers to a valuation method whereby the value of the appraised subject is determined by reasonably assessing the contributory value of all recognised assets and liabilities stated in the balance sheet and all identifiable off-balance sheet assets and liabilities of the enterprise, based on the balance sheet of the appraised entity as at the valuation benchmark date.

Upon reference to information on the domestic capital market and equity transactions, it is difficult to identify a sufficient number of listed companies that are fully similar or comparable to Ningbo Conch New Material in terms of industry, stage of development, asset scale, operating conditions and other aspects. It is also difficult to collect a sufficient number of comparable equity transaction cases of enterprises that occurred recently as at the valuation benchmark date. Accordingly, the market approach is not appropriate.

The future income and risks of the appraised entity can be estimated on a reasonable basis. Accordingly, the income approach has been adopted for the Valuation. The asset-based approach reflects the enterprise's value from the perspective of asset reconstruction, based on the assumption of replacing the relevant production elements. The valuation of the entire shareholders' equity interests is derived by separately valuing each category of assets using appropriate methods based on their specific conditions, aggregating the asset values, and then deducting the assessed value of the relevant liabilities. This approach provides a basis for the operation, management and performance assessment of the enterprise after the implementation of the relevant transaction. Therefore, the asset-based approach has also been adopted for the Valuation.

In summary, the Valuation has determined to adopt the asset-based approach and the income approach for the valuation.

7.3 Valuation Process

Discounted Cash Flow Method

(1) Basic model

The basic model adopted in the Valuation is as follows:

E = B – D

Where:

E: Value of shareholders' total equity in the appraised entity;
B: Enterprise value of the appraised entity;

B = P + C

P: Value of the operating assets of the appraised entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

Where,

Ri: Expected income of the appraised entity in the i-th year in the future (free cash flows of the enterprise);
R: Discount rate;
N: Forecast period of the appraised entity;
C: Value of surplus or non-operating assets (liabilities) of the appraised entity as at the valuation benchmark date;
D: Value of interest-bearing debt of the appraised entity.

(2) Income indicators

For the purpose of this valuation, free cash flow to the enterprise is adopted as the income indicator for the operating assets of the appraised entity, which is fundamentally defined as:

R = Net Profit + Depreciation and Amortization + After-tax interest on interest-bearing debt−Additional Capital

Based on the historical operation of the appraised entity, future market development and other factors, the free cash flows for the future operating period are estimated. The free cash flows for the future operating period are discounted and summed up to derive the value of the operating assets of the enterprise.

(3) Discount rate

In the Valuation, the discount rate "r" is determined using the Weighted Average Cost of Capital (WACC) model.

$$r = r_d \times w_d + r_e \times w_e$$

Where,

W_d:Industry debt ratio;

$$w_d = \frac{D}{(E+D)}$$

W_e:Industry equity ratio;

$$w_e = \frac{E}{(E+D)}$$

r_d: After-tax interest rate on interest-bearing debt;
r_e: Cost of equity capital. In the Valuation, the cost of equity capital "re" is determined using the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$

Where,

r_f: Risk-free rate of return;

r_m: Expected market rate of return;

ε: Specific risk adjustment factor for the appraised entity;

β_e: Expected market risk coefficient for the equity capital of the appraised entity.

Asset-based Approach

The valuation methods for various types of assets and liabilities are as follows:

(1) Current assets

Current assets include monetary funds, notes receivable, accounts receivable, accounts receivable financing, prepayments, other accounts receivable, inventories, and other current assets.

Monetary funds include bank deposits and bank certificates of large amount deposit. The valuation is verified and confirmed by means of checking bank statements and bank reconciliation statements, obtaining bank confirmation letters, and other procedures.

Notes receivable, accounts receivable, accounts receivable financing, prepayments and other accounts receivable are verified and confirmed by reviewing and checking the general ledger and subsidiary ledgers, selecting samples of original vouchers for inspection, obtaining bank confirmation letters and other procedures.

Inventories include raw materials and finished goods. The Valuer noted that the turnover of raw materials is relatively stable, the purchase dates are close to the valuation benchmark date, and there has been little change in market prices. Accordingly, the carrying amount is adopted as the valuation for raw materials. For finished goods with short storage period, good condition and normal turnover, the valuation is determined based on the tax-exclusive selling price, less selling expenses, all taxes and an appropriate portion of product profit.

Other current assets represent input tax credits to be deducted and prepaid income tax. Having reviewed the relevant supporting documents and vouchers and verified the amounts with the accounting personnel of the evaluated entity, the Valuer adopted the verified carrying amounts as their valuation.

(2) Non-current assets

Non-current assets include fixed assets, construction in progress, right-of-use assets, intangible assets and deferred income tax assets.

Fixed assets mainly consist of buildings and equipment. Fixed assets are valued using the cost approach. The cost approach is a valuation method of assets whereby the valuation is determined by deducting from the total cost required to reacquire or reconstruct a brand-new asset under current conditions, the physical depreciation, functional depreciation and economic depreciation that the asset has incurred. Alternatively, the remaining useful life ratio of the asset relative to its brand-new condition is estimated first, and the valuation is then derived by multiplying the total replacement cost by such ratio.

The commencement date of the construction in progress was more than half a year ago. For the purpose of this valuation, the valuation is determined based on the carrying amount after verification and inventory, plus a reasonable amount of financing costs.

Right-of-use assets relate to the leases of staff quarters and electrolyte facilities. Having inspected the relevant contracts on a sample basis and understood the measurement process, the Valuer adopted the verified carrying amount as the valuation.

Intangible assets include land use rights and other intangible assets. Land use rights are valued using the market comparison approach and the cost approach. The market comparison approach involves selecting three or more comparable transactions of land use rights. The Valuer compares the land use rights being valued with similar land use rights recently transacted in the market, take into account the differences in factors affecting the value of land use rights between the subject property and each comparable, and make comparative adjustments to the transaction prices of the comparable accordingly to derive multiple approved reference values. The valuation of the subject land use rights is then determined through comprehensive analysis and further adjustments. The cost approach is a valuation method whereby the land value is determined based mainly on the aggregate costs incurred in acquiring and developing the land, plus reasonable interest, profit, taxes payable and land appreciation income. Other intangible assets include emission rights and technology-based intangible assets. The appraiser inspected the original recording vouchers, contracts, invoices and other documents in respect of the emission rights on a sample basis to verify the authenticity and completeness of the accounting records. The valuation

is determined based on the beneficial period of the asset for the purpose of this valuation. Technology-based intangible assets include invention patents, utility model patents and software copyrights. Such technology-based intangible assets do not generate excess earnings for the appraised entity. Accordingly, they are valued based on a series of patent application fees (i.e., Valuation of patents = Application fee + Additional application fee + Publication and printing fee + Priority claim fee + Substantive examination fee for invention patent application + Re-examination fee). The valuation of software copyrights is determined based on the agency fees required for registration.

The deferred income tax assets of Ningbo Conch New Material arise from discrepancies between the the provisions of accounting standards for enterprises and tax regulations, resulting in differences between the carrying amount of assets and their tax base, which give rise to deferred income tax assets. The Valuer has reviewed the basis and process for generating deferred income tax assets and verified the amounts. Upon review and verification, for deferred income tax assets arising from credit impairment losses, lease liabilities and deferred income, the appraisal value is determined as the deferred tax amount calculated based on the appraised credit impairment losses, lease liabilities and deferred income.

(3) Liabilities

The Valuer has verified and confirmed the actual debtor and liability amount for each liability after the realization of the appraisal purpose, so as to determine the liability items and amounts that the property rights owner actually needs to bear upon the realization of the appraisal purpose, thereby determining the appraisal value.

7.4 Valuation Assumptions

(1) General assumptions

Transaction assumption

The transaction assumption is assuming that all assets under valuation are already the subject of the transaction, and the Valuer will make estimation based on a simulated market according to the transaction conditions of assets under valuation. The transaction assumption is a fundamental premise for asset valuation to be carried out.

Open market assumption

The open market assumption assumes that in respect of assets traded in the market, or assets to be traded in the market, both parties to the asset transaction have equal status, and have the opportunity and time to obtain sufficient market information in order to make rational judgment on the functions, uses and transaction prices. The open market assumption is based on the fact that assets can be publicly traded on the market.

Asset continuity assumption

Asset continuity assumption means that the assets under valuation will continue to be used according to the current usage, method, scale, frequency, environment and other conditions. Otherwise, if the assets are used in a different manner, the method, parameter and basis of the valuation would be changed accordingly.

(2) Special assumptions

1. This valuation assumes that the external economic environment remains unchanged on the valuation benchmark date, and there are no material changes to the current macroeconomic and fiscal policies in the PRC;

2. There are no material changes in the social and economic environment in which the enterprise operates, as well as the tax and tax rate policies implemented;

3. The future operation and management team of the enterprise will be diligent and will maintain the existing operation and management models;

4. The assets under valuation are in a normal, reasonable and lawful state of operation, use and maintenance to the extent permitted by foreseeable legal, economic and technical conditions;

5. The accounting policies to be adopted by the appraised entity in the future are substantially the same in material respects as those adopted in the preparation of this report;

6. During the future operating period, the composition of the enterprise's principal business, the composition of its revenues and costs, as well as the cost control and operation mode of its future business are basically consistent with the management's plan without material changes. Profits and losses arising from the changes in the principal business as a result of changes in the management, business strategies and business environment in the future are not taken into account;

7. This valuation assumes that the underlying information and financial information provided by the principal and the appraised enterprise are true, accurate and complete;

8. Each of the assets under valuation is premised on the actual inventory as at the valuation benchmark date, and the current market value of the relevant assets is based on the effective domestic prices as at the valuation benchmark date;

9. The scope of the valuation is based solely on the valuation return provided by the principal and the appraised enterprise. Contingent assets and contingent liabilities that may exist outside the list provided by the principal and the appraised enterprise have not been considered;

10. It is assumed that the cash inflow of the appraised entity subsequent to the valuation benchmark date is inflow evenly and cash outflow subsequent to the valuation benchmark date is outflow evenly;

11. There are no force majeure and unforeseen factors that would have a material adverse impact on the appraised entity or appraised enterprise.

When the above conditions change, the valuation conclusions may usually become invalid.

7.5 Valuation Conclusion

(1) Valuation conclusion by using the income approach

Using the income approach, the market value of the entire shareholders' equity interests of Ningbo Conch New Material as of the valuation benchmark date, i.e. 30 November 2025, was determined to be RMB385.00 million.

(2) Valuation conclusion by using the asset-based approach

Using the asset-based approach, the market value of the entire shareholders' equity interests of Ningbo Conch New Material as of the valuation benchmark date, i.e. 30 November 2025, was determined to be RMB353.5947 million.

(3) Analysis of the valuation conclusions and final conclusion

In the valuation of Ningbo Conch New Material, the value of the entire shareholders' equity interests calculated with the income approach was RMB385.00 million, which was RMB31.4053 million or 8.88% higher than that of RMB353.5947 million calculated with the asset-based approach.

In the Valuation, the asset-based approach reflects the value of assets from the perspective of replacement assets. It refers to the appraisal method that reasonably determines the value of the appraised target by appraising the value of various assets and liabilities on and off the balance sheets, based on the balance sheet of the appraised enterprise as at the valuation benchmark date.

In the Valuation, the income approach is an appraisal method that takes the future income to be realised by the appraised entity's existing assets, and the present value after discounting for risks, as the value of the appraised target from the perspective of future income. The income approach reflects the operating capability (profitability) of the assets. Compared with the asset-based approach, the income approach reflects the value of other intangible assets that cannot be specifically identified, such as human resources, customer relationships, and management capabilities possessed by the appraised entity.

For the appraised entity, the valuation conclusion by using the income approach can more comprehensively reflect the value of its business operation capabilities, human resources, market channels and brand effects. Compared with the asset-based approach, it can more fully and comprehensively reflect the overall intrinsic value of the appraised entity. Moreover, the income approach quantifies and discounts the expected future earnings of the enterprise as a whole, emphasizing the enterprise's overall expected profitability. As investors are more concerned with the future profitability of the appraised entity, the valuation conclusion by using the income approach better reflects the true value of the appraised entity.

Based on the above analysis, the Valuer has selected the income approach as the reference for the appraisal of the entire shareholders' equity interests of Ningbo Conch New Material. Accordingly, the value of the entire shareholders' equity interests of Ningbo Conch New Material at the valuation benchmark date was RMB385.00 million.

8. DIRECTORS' AND REPORTING ACCOUNTANTS' REPORTS

Pursuant to Rule 14.60A(2) of the Listing Rules, the Company has appointed KPMG as reporting accountants to report on the arithmetic accuracy of the discounted future cash flow calculations used in the Valuation Report. The Board of the Company confirms that the Profit Forecast contained in the Valuation Report has been made after due and careful enquiry. Pursuant to Rule 14.60A of the Listing Rules, the letter from the Board and the letter from the reporting accountants are set out in Appendix I and Appendix II to this announcement, respectively.

9. IMPLICATIONS UNDER THE LISTING RULES

Upon completion of the Capital Increase and Share Expansion, the Company's interest in Ningbo Conch New Material will be diluted from 90.0% to 80.0%. Pursuant to Rule 14.29 of the Listing Rules, the Capital Increase and Share Expansion constitutes a deemed disposal of interest in a subsidiary of the Company.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Deemed Disposal exceed 5% but all such ratios are below 25%, the Deemed Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but is exempt from the circular and shareholders' approval requirements.

As at the date of this announcement, the Investor is a substantial shareholder of Ningbo Conch New Material, a non-wholly owned subsidiary of the Company. Therefore, the Investor is a connected person at the subsidiary level of the Company, and the Deemed Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Given that (i) the Capital Increase and Share Expansion is conducted with a connected person at the subsidiary level of the Company on normal commercial terms or better; (ii) the Board has approved the Capital Increase and Share Expansion Agreement; and (iii) the independent non-executive Directors have confirmed that the terms of the Capital Increase and Share Expansion Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole, therefore, pursuant

to Rule 14A.101 of the Listing Rules, the Deemed Disposal is subject to the reporting and announcement requirements but is exempt from the circular, independent financial advice and shareholders' approval requirements.

10. DEFINITIONS

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

"Anhui Assets and Equity Exchange"	the assets and equity exchange center of Anhui Province* (安徽省產權交易中心)
"Board"	the board of Directors
"Capital Increase and Share Expansion"	the capital increase and share expansion of Ningbo Conch New Material as contemplated under the Capital Increase and Share Expansion Agreement
"Capital Increase and Share Expansion Agreement"	the Capital Increase and Share Expansion Agreement entered into between the Investor and the Company on 8 April 2026 in respect of this Capital Increase and Share Expansion
"Company"	Anhui Conch Material Technology Co., Ltd.* (安徽海螺材料科技股份有限公司), a joint stock limited liability company established under the laws of the PRC, with its H Shares listed on the main board of the Stock Exchange (stock code: 2560)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deemed Disposal"	the deemed disposal of 10.0% equity interest in Ningbo Conch New Material pursuant to the Capital Increase and Share Expansion Agreement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Independent Third Party"	has the meaning ascribed to it under the Listing Rules

"Investor"	Ningbo Industrial Investment Group Co., Ltd.* (寧波工業投資集團有限公司), a limited liability company established under the laws of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Ningbo Conch New Material"	Ningbo Conch New Material Technology Co., Ltd.* (寧波海螺新材料科技有限公司), a limited liability company established under the laws of the PRC
"RMB"	Renminbi yuan, the lawful currency of the PRC
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"Valuation Report"	the Valuation Report dated 31 December 2025 with the valuation benchmark date of 30 November 2025 prepared by the Valuer concerning the appraisal of the value of the entire shareholders' equity interests of Ningbo Conch New Material
"Valuer"	Anhui Zhonglian Guoxin Assets Valuation Company Limited, an Independent Third Party of the Company
"%"	per cent

By order of the Board
Anhui Conch Material Technology Co., Ltd.
Ding Feng
Chairman of the Board and non-executive Director

Anhui Province, the People's Republic of China
8 April 2026

As at the date of this announcement, the Board comprises Mr. Ding Feng as the Chairman of the Board and non-executive Director; Mr. Chen Feng and Mr. Bai Lin as executive Directors; Mr. Feng Fangbo, Mr. Zhao Hongyi, Mr. Jin Feng and Mr. Fan Haibin as non-executive Directors; and Mr. Li Jiang, Mr. Chen Jiemiao, Ms. Xu Xu and Ms. Zeng Xiangfei as independent non-executive Directors.

* *For identification purpose only*

Listing Department
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION — DEEMED DISPOSAL OF CAPITAL INCREASE AND SHARE EXPANSION OF SUBSIDIARIES THROUGH PUBLIC TENDER

Reference is made to the announcement of Anhui Conch Material Technology Co., Ltd. (the "**Company**") dated 25 February 2026 and 8 April 2026, regarding the proposed capital increase and share expansion of Ningbo Conch New Material, a subsidiary of the Company, by way of introducing investors through public tender on the Anhui Assets and Equity Exchange (the "**Announcements**"). Unless the context otherwise requires, terms used in this announcement shall have the same meanings as defined in the Announcements.

We refer to the valuation report prepared by Anhui Zhonglian Guoxin Assets Valuation Company Limited (the "**Valuer**") in connection with the valuation of the entire shareholders' equity interest of Ningbo Conch New Materials as at the valuation benchmark date (the "**Valuation**"). The Valuation was determined using the discounted cash flow method under the income approach, which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed various aspects with the Valuer, including the basis and assumptions used in preparing the Valuation, and have reviewed the Valuation concluded by the Valuer. We have also considered the report from the Company's reporting accountants, KPMG, for the purpose of reporting under Rule 14.60A(2) of the Listing Rules.

Based on the foregoing, the Board of the Company confirms that the Valuation was prepared by the Valuer after due and careful enquiry.

Yours faithfully,

By order of the Board
Anhui Conch Material Technology Co., Ltd.
Ding Feng
Chairman of the Board and non-executive Director

Anhui Province, the People's Republic of China
8 April 2026

The following is the text of a report received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF NINGBO CONCH NEW MATERIAL TECHNOLOGY CO., LTD.* (寧波海螺新材料科技有限公司)

TO THE BOARD OF DIRECTORS OF ANHUI CONCH MATERIAL TECHNOLOGY CO., LTD.* (安徽海螺材料科技股份有限公司)

We refer to the discounted future cash flows on which the business valuation ("**the Valuation**") dated 31 December 2025 prepared by Anhui Zhonglian Guoxin Assets Valuation Company Limited* (安徽中聯國信資產評估有限責任公司) in respect of the appraisal of the fair value of Ningbo Conch New Material Technology Co., Ltd.* (寧波海螺新材料科技有限公司) ("**the Target Company**") as at 30 November 2025 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of Anhui Conch Material Technology Co., Ltd.* (安徽海螺材料科技股份有限公司) (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

* *For identification purpose only*

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results, and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relate to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG

Certified Public Accountants
Hong Kong
8 April 2026