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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)

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

Reference is made to the announcement of Anhui Conch Material Technology Co., Ltd. (the "**Company**") dated 8 April 2026 (the "**Announcement**") in relation to the capital increase and share expansion of Ningbo Conch New Material, a subsidiary of the Company. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information regarding the key quantitative inputs adopted in the valuation of entire shareholders' equity interests of Ningbo Conch New Material (the "**Valuation**"), and the Board's assessment on how the inputs and assumptions adopted in the Valuation using the income approach are fair and reasonable.

KEY QUANTITATIVE INPUTS

As disclosed in the Announcement, the consideration of RMB48.1255 million for subscription of the increased registered capital of RMB36.25 million in Ningbo Conch New Material to be paid by the Investor was determined having regard to the Valuation undertaken by the independent Valuer. 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. Set out below are the key quantitative inputs in the Valuation:

Discount Rate

As disclosed in the Announcement, in the Valuation, the discount rate "r" is determined using the Weighted Average Cost of Capital (WACC) model, which is 7.59%.

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

Where,

W_d: Industry debt ratio, 0.3772;

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

W_e: Industry equity ratio, 0.6228;

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

r_d: After-tax interest rate on interest-bearing debt, 2.63%, which is based on 5-year-plus Loan Prime Rate (LPR) of 3.5% after considering income tax rate;

r_e: Cost of equity capital. In the Valuation, the cost of equity capital "r_e" is determined using the Capital Asset Pricing Model (CAPM), which is 0.1060;

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

Where,

r_f: Risk-free rate of return, 1.84%, which is based on ten-year government bond yield;

r_m: Expected market rate of return, 9.42%, which is based on representative Shanghai Composite Index;

ε : Specific risk adjustment factor for the appraised entity, 1.00%, which is based on the evaluation of Ningbo Conch New Material's size, development stage, core competitiveness, dependence on major customers and key suppliers, financing ability, financial costs and financial condition;

β_e: Expected market risk coefficient for the equity capital of the appraised entity, 1.0242;

$$\beta_e = \beta \times (1+(1-T)\times W_d/W_e)$$

Where,

β : market risk factor of comparable companies, 0.7043;

T: income tax rate, 25%.

Terminal Growth Rate

Consistent with normal practice, the terminal growth rate adopted in the Valuation is 0.

OPINION OF THE BOARD

The Board has reviewed and discussed the valuation report with the independent Valuer, including the inputs and assumptions adopted in the Valuation using the income approach. The Board has also reviewed the valuation process, as well as the selection of comparable companies by the Valuer in determining the key quantitative inputs. Furthermore, the Board has considered the report from KPMG, the reporting accountants of the Company, in relation to the arithmetic accuracy of the discounted future cash flow calculations used in the Valuation. Based on the foregoing, the Board is of the opinion that the inputs and assumptions adopted in the Valuation using the income approach are fair and reasonable.

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
17 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.