THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China Shanshui Cement Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

SUNNSY

CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 691)

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS;

(2) PROPOSED RE-ELECTION OF DIRECTORS;

AND

(3) NOTICE OF ANNUAL GENERAL MEETING

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

Giraffe 智富

A letter from the Board is set out on pages 1 to 42 of this circular.

A letter from the Independent Board Committee is set out on pages 43 to 44 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 110 of this circular.

A notice convening the annual general meeting of China Shanshui Cement Group Limited to be held at the Meeting Room, 6/F, Shandong Shanshui Cement Group Company Limited, Shanshui Industrial Park, Gushan Town, Changqing District, Jinan City, Shandong Province, PRC on Tuesday, 26 May 2026 at 9:30 a.m. is set out on pages 119 to 122 of this circular.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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 annual general meeting (i.e. not later than 9:30 a.m. on Sunday, 24 May 2026) or any adjourned meeting thereof (as the case may be). Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the meeting or at any adjournment (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

References to time and dates in this circular are to Hong Kong time and dates.

30 April 2026

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

"2025 Announcement"	the announcement of the Company dated 25 April 2025
"2025 Circular"	the circular of the Company dated 25 April 2025
"2025 Framework Agreements"	the mine development services framework agreement, the engineering and technical services framework agreement and the clinker and cement transactions framework agreements, each dated 25 April 2025, details of which are set out in the 2025 Announcement and 2025 Circular
"2026 Clinker and Cement Transactions Framework Agreements"	the 2026 CNBMG Clinker and Cement Transactions Framework Agreement, the 2026 Shandong Donghua Clinker and Cement Transactions Framework Agreement and the 2026 Shandong Quanxing Clinker and Cement Transactions Framework Agreement
"2026 CNBMG Clinker and Cement Transactions Framework Agreement"	the framework agreement with CNBMG in relation to the Clinker and Cement Transactions dated 30 April 2026
"2026 Engineering and Technical Services Framework Agreement"	the framework agreement in relation to the Engineering and Technical Services dated 30 April 2026
"2026 Framework Agreements"	the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements
"2026 Mine Development Services Framework Agreement"	the framework agreement in relation to the Mine Development Services dated 30 April 2026
"2026 Shandong Donghua Clinker and Cement Transactions Framework Agreement"	the framework agreement with Shandong Donghua in relation to the Clinker and Cement Transactions dated 30 April 2026
"2026 Shandong Quanxing Clinker and Cement Transactions Framework Agreement"	the framework agreement with Shandong Quanxing in relation to the Clinker and Cement Transactions dated 30 April 2026

"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held at the Meeting Room, 6/F, Shandong Shanshui Cement Group Company Limited, Shanshui Industrial Park, Gushan Town, Changqing District, Jinan City, Shandong Province, PRC on Tuesday, 26 May 2026 at 9:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 119 to 122 of this circular, or any adjournment thereof
"Articles of Association"	the amended and restated articles of association of the Company adopted by a special resolution of the Company passed on 31 May 2024
"Board"	the board of Directors
"Clinker and Cement Transactions"	the sale and purchase of clinker and cement between the Group and CNBMG Group, Shandong Donghua and/or Shandong Quanxing (as the case may be)
"CNBM"	China National Building Material Company Limited, a joint stock company incorporated in the PRC with limited liability with its shares listed on the Stock Exchange (stock code: 3323) and a substantial shareholder of the Company
"CNBMG"	China National Building Material Group Co., Ltd, a state-owned limited liability company incorporated in the PRC which is engaged in the business of building materials in the PRC, and is the controlling shareholder of CNBM
"CNBMG Group"	CNBMG and its subsidiaries
"Company"	China Shanshui Cement Group Limited (中國山水水泥集團有限公司), an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Engineering and Technical Services"	the provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by CNBMG Group to the Group

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising all of the independent non-executive directors of the Company formed to consider the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements and the transactions contemplated thereunder
"Independent Financial Adviser"	Giraffe Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than CNBM and its associates
"Latest Practicable Date"	Monday, 27 April 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
"Memorandum of Association"	the amended and restated memorandum of association of the Company adopted by a special resolution of the Company passed on 31 May 2024
"Mine Development Services"	the provision of mine development, maintenance and related engineering services by CNBMG Group to the Group

"PRC"	the People's Republic of China
"RMB"	the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
"Shandong Donghua"	Shandong Donghua Technology Co., Ltd., an associate of CNBM
"Shandong Quanxing"	Shandong Quanxing Jingshi Cement Co., Ltd., an associate of CNBM
"Shandong Shanshui"	Shandong Shanshui Cement Group Company Limited, the Company's operating entity and indirect wholly-owned subsidiary
"Share(s)"	ordinary share(s) with a par value of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong, as amended from time to time
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 691)

Executive Directors:
Mr. TENG Yongjun *(Chairman)*
Ms. WU Ling-ling
Ms. ZHENG Yingying

Independent Non-executive Directors:
Mr. CHANG Ming-cheng
Mr. LI Jianwei
Mr. HSU You-yuan

Registered Office:
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
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Cayman Islands

Principal Place of Business in Hong Kong:
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33 Hysan Avenue
Causeway Bay
Hong Kong

30 April 2026

To the Shareholders

Dear Sir/Madam,

(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS; (2) PROPOSED RE-ELECTION OF DIRECTORS; AND (3) NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions to be proposed at the AGM.

2. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS

2.1 BACKGROUND

The Company refers to the 2025 Announcement and the 2025 Circular in relation to the 2025 Framework Agreements.

As the 2025 Framework Agreements will expire on 31 May 2026 and it is currently expected that the transactions under the 2025 Framework Agreements will continue on a recurring basis, on 30 April 2026, the Group has entered into the 2026 Framework Agreements with CNBMG, Shandong Quanxing, and/or Shandong Donghua, to renew the 2025 Framework Agreements and the annual caps.

Details of the 2026 Framework Agreements are set out below.

2.2 PRINCIPAL TERMS OF THE 2026 FRAMEWORK AGREEMENTS

The principal terms of each of the 2026 Framework Agreements are summarised as follows:

(a) 2026 Mine Development Services Framework Agreement

Date:	30 April 2026
Parties:	(i) the Company (ii) CNBMG
Scope of transactions:	Provision of mine development, maintenance and related engineering services by CNBMG Group to the Group
Term:	From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

Basis of pricing:	The price of the services will be determined through a tender or quotation process, and will depend on the result of the tender or quotation (as the case may be) if CNBMG Group wins the tender or quotation (as the case may be). The Group will use (i) the method of public tender for projects that are commoditised and/or standardised, (ii) the method of selective tender for projects that are non-standardised, relatively specific, require detailed communications with the suppliers on technological aspects of the project, with fewer potential bidders and/or the project timetable is rather urgent, and (iii) the method of request for quotation for projects in which the supply requested is of a smaller scale and/or of a unique quality and there is a lack of competition, the Group has already used public tender recently and/or the market prices for the raw materials involved are relatively stable.

The pricing procedures are as follows:

- **Public tender:** When using the method of public tender, a tender committee will be established by the procurement and supply management department at Group level, comprising relevant experts from the requesting entity, the corresponding operating region, the production technology department, the legal compliance department at Group level and the audit department at Group level, to ensure that the evaluation of tenders will be fair and reasonable. The tender committee will review the tender documents and technical requirements and publish a tender notice via an online platform (e.g., Daqihui).

  The public tender process will need to have at least three valid tenders. Tenders will be considered valid if all required documents are submitted, the content of the tender fulfills all substantive requirements (such as technical specifications and service standards), the tenderer is legally qualified to submit a tender and does not have records of major illegal acts, the tender is submitted before the deadline, and the tender guarantee (if any) is valid.

  To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments.

If the number of valid tenders is less than three, a re-tendering will be conducted. If after the re-tendering, the number of valid tenders is still less than three, the tender committee will review and process the available tenders in the same manner as stated herein.

The tender committee will review each tender and provide its feedback based on a number of factors including the participant's quality, costs, timing and services. After the procurement and supply management department at Group level consolidates all relevant feedback, it will prepare a tender award request (including the relevant documents such as feedback on the tender, proposed tender participant to be awarded the tender, pricing comparison list and pricing quotation list) and submit it to the vice president of the procurement and supply management department at Group level for approval. Furthermore, if CNBMG Group wins the public tender, each and every Director who does not have a material interest in the 2026 Framework Agreements is required to approve the tender award request.

- **Selective tender:** The method of selective tender is similar to public tender, with the key difference being that there is no public tender via an online platform. Procurement and supply management departments at all levels may recommend participants who meet the qualification requirements of the tender (such as technical specifications and service standards). These participants will be further approved by the procurement and supply management department at Group level and the legal department. Once approved, the participants will join the selective tender by way of invitation, with the minimum number of tenders being at least three.

  To ensure that the tendering process is fair and reasonable, the tenders will be evaluated by the tender committee, composed in the same way as public tender. To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments. Furthermore, as in the case of public tender, the tender award request is required to be approved by each and every Director who does not have a material interest in the 2026 Framework Agreements, if CNBMG Group wins the selective tender.

- **Request for quotation:** When using the method of request for quotation, the procurement and supply management department at Group level will shortlist suppliers, based on their quality, from the Group's supplier database and invite these suppliers to provide quotations, with the minimum number of quotations being at least three. After the production technology department and the legal compliance department at Group level review the quotation and provide their feedback, the procurement and supply management department at Group level will prepare an award request (including the relevant documents such as feedback on the quotation, pricing comparison list and pricing quotation list) to be submitted to the vice president of the procurement and supply management department at Group level for approval.

If CNBMG Group wins the tender or quotation (as the case may be), the exact price will be determined based on the specific work involved for the project, after the actual costs of CNBMG Group have been ascertained by the Group's technical personnel.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

(b) 2026 Engineering and Technical Services Framework Agreement

Date:	30 April 2026
Parties:	(i) the Company (ii) CNBMG
Scope of transactions:	Provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by CNBMG Group to the Group
Term:	From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

Basis of pricing:	The price of the services (other than inspection services) will be determined through a tender or quotation process, and will depend on the result of the tender or quotation (as the case may be) if CNBMG Group wins the tender or quotation (as the case may be). The Group will use (i) the method of public tender for projects that are commoditised and/or standardised, (ii) the method of selective tender for projects that are non-standardised, relatively specific, require detailed communications with the suppliers as on technological aspects of the project, with fewer potential bidders and/or the project timetable is rather urgent, and (iii) the method of request for quotation for projects in which the supply requested is of a smaller scale and/or of a unique quality and there is a lack of competition, the Group has already used public tender recently and/or the market prices for the raw materials involved are relatively stable.

In ensuring that the pricing is on normal commercial terms, the Group follows the following grid in determining its internal department that will run the pricing process and approve the final result:

Monetary amount involved	**Unit that will run tender /quotation process**	**Unit that will approve the final result**
Less than RMB1,000,000	Procurement and supply management department at subsidiary (or branch) level	General manager at subsidiary (or branch) level
RMB1,000,000 or above but below RMB2,000,000	Procurement and supply management office at operating region level	General manager at operating region level
RMB2,000,000 and above	Procurement and supply management department at Group level	Vice president of the procurement and supply management department at Group level

The pricing procedures are as follows:

- **Public tender:** When using the method of public tender, a tender committee will be established by the unit running the tender process (in accordance with the requisite levels as set out in the preceding sub-paragraph above), comprising experts from the production, technology, legal and audit departments at the corresponding corporate level, to ensure that the evaluation of tenders will be fair and reasonable. The tender committee will review the tender documents and technical requirements and publish a tender notice via an online platform (e.g., Daqihui).

  The public tender process will need to have at least three valid tenders. Tenders will be considered valid if all required documents are submitted, the content of tender fulfills all substantive requirements (such as technical specifications and service standards), the tenderer is legally qualified to submit a tender and does not have records of major illegal acts, the tender is submitted before the deadline, and the tender guarantee (if any) is valid.

  To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments.

If the number of valid tenders is less than three, a re-tendering will be conducted. If after the re-tendering, the number of valid tenders is still less than three, the tender committee will review and process the available tenders in the same manner as stated herein.

The tender committee will review each tender and provide its feedback based on a number of factors including the participant's quality, costs, timing and services. After the unit running the tender process (depending on the requisite levels as set out in the preceding sub-paragraph above) consolidates all relevant feedback, it will prepare a tender award request (including the relevant documents such as feedback on the tender, proposed tender participant to be awarded the tender, pricing comparison list and pricing quotation list) and submit it to the head of the corresponding unit for approval. Furthermore, if CNBMG Group wins the public tender, each and every Director who does not have a material interest in the 2026 Framework Agreements is required to approve the tender award request.

- **Selective tender:** The method of selective tender is similar to public tender, with the key difference being that there is no public tender via an online platform. Procurement and supply management departments at all levels may recommend participants who meet the qualification requirements of the tender (such as technical specifications and service standards). These participants will be further approved by the procurement and supply management department at the requisite levels (as set out in the preceding sub-paragraph above) and the legal department. Once approved, the participants will join the tender by way of invitation, with the minimum number of tenders being at least three.

  To ensure that the tendering process is fair and reasonable, the tenders will be evaluated by the tender committee, composed in the same way as public tender. To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments. Furthermore, as in the case of public tender, the tender award request is required to be approved by each and every Director who does not have a material interest in the 2026 Framework Agreements, if CNBMG Group wins the selective tender.

- **Request for quotation:** When using the method of request for quotation, the unit running the quotation process (in accordance with the requisite levels as set out in the preceding sub-paragraph above) will shortlist suppliers, based on their quality, from the Group's supplier database and invite these suppliers to provide quotations, with the minimum number of quotations being at least three. After the production, technology and legal departments at the corresponding corporate level review the quotation and provide their feedback, the unit running the quotation process (in accordance with the requisite levels as set out above) will prepare an award request (including the relevant documents such as feedback on the quotation, pricing comparison list and pricing quotation list) to be submitted to the head of the corresponding unit for approval.

- The price of the inspection services will be determined based on the prices prescribed by the National Quality Supervision and Testing Center for Cement from time to time. The National Quality Supervision and Testing Center for Cement was established in 1987, which is subordinate to China Building Material Test & Certification Group Co., Ltd.. It is one of the first batch of national product quality supervision and testing organizations, is the only cement quality inspection organization that has the qualification of traceability and transmission of measurement values with the international ISO organization, and is the highest traceability unit of cement quality inspection. In 1997, it was accredited with "three-in-one" examination and approval (organization accreditation, metrology certification and laboratory accreditation) by the China National Accreditation Board for Laboratories ("**CNAL**").

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

(c) 2026 CNBMG Clinker and Cement Transactions Framework Agreement

Date:	30 April 2026
Parties:	(i) the Company (ii) CNBMG
Scope of transactions:	Sale and purchase of clinker and cement (including aggregates and commercial concrete) between the Group and CNBMG Group
Term:	From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting
Basis of pricing – procurement:	The price of the clinker and cement (including aggregates and commercial concrete) purchased from CNBMG Group will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight. In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.
Basis of pricing – sales	The basis of pricing for selling clinker and cement (including aggregates and commercial concrete) to CNBMG Group is divided into two models.

Cement and clinker local sales business: The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

Key project supply: The contract price is based on the winning bid price at the time of tender. Due to the typically long duration of key projects, if market fluctuations occur, subsequent price adjustments will be settled based on the agreed sales price in the contract, following the price increase or decrease published by CCement.com or Digital Cement.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

(d) 2026 Shandong Quanxing Clinker and Cement Transactions Framework Agreement

Date:	30 April 2026
Parties:	(i) the Company (ii) Shandong Quanxing
Scope of transactions:	Sale and purchase of clinker and cement (including aggregates and commercial concrete) between the Group and Shandong Quanxing' s subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd.
Term:	From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

Basis of pricing –procurement: The price of the clinker and cement (including aggregates and commercial concrete) purchased from Shandong Quanxing's subsidiaries will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

Basis of pricing – sales

The sale of clinker and cement (including aggregates and commercial concrete) to Shandong Quanxing's subsidiaries is the local sales business. The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

(e) 2026 Shandong Donghua Clinker and Cement Transactions Framework Agreement

Date:	30 April 2026
Parties:	(i) the Company (ii) Shandong Donghua
Scope of transactions:	Sale and purchase of clinker and cement (including aggregates and commercial concrete) between the Group and the branches and subsidiaries of Shandong Donghua (namely Jinan Wanhua Cement Co., Ltd., Zibo Wanhua Branch of Shandong Donghua Technology Co., Ltd., and Shandong Donghua Technology Development Co., Ltd.)
Term:	From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting
Basis of pricing – procurement:	The price of the clinker and cement (including aggregates and commercial concrete) purchased from Shandong Donghua's branches and subsidiaries will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight. In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

Basis of pricing – sales

The sale of clinker and cement (including aggregates and commercial concrete) to Shandong Donghua's branches and subsidiaries is the local sales business. The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

Each of the 2026 Framework Agreements was entered into in the ordinary and usual course of business of the Company. The terms of the 2026 Framework Agreements were negotiated on an arm's length basis and on normal commercial terms.

2.3 EXISTING ANNUAL CAPS

The table below summarises the existing annual caps in respect of the transactions under the 2025 Framework Agreements:

Existing annual cap	**For the seven months ended 31 December 2025**	**For the five months ending 31 May 2026**
	(RMB '000)	
Mine Development Services	381,225	272,786
Engineering and Technical Services	221,254	99,236
Clinker and Cement Transactions		
Procurement of the Group	193,130	50,620
Sales of the Group	730,402	193,370

2.4 HISTORICAL TRANSACTION AMOUNTS

The table below summarises the actual historical transaction amounts in respect of the transactions under the 2025 Framework Agreements:

Historical transaction amounts	**For the seven months ended 31 December 2025**	**For the three months ended 31 March 2026**
	(RMB '000)	
Mine Development Services	379,724	63,837
Engineering and Technical Services	49,479	2,301
Clinker and Cement Transactions		
Procurement of the Group	0	0
Sales of the Group	74,155	17,604

In respect of the Mine Development Services, the actual transaction amount for the seven months ended 31 December 2025 was RMB379.7 million, being 99.61% of the annual cap of RMB381.2 million for the seven months ended 31 December 2025. The actual transaction amount for the three months ended 31 March 2026 was significantly lower than the annual cap of RMB272.8 million for the five months ending 31 May 2026, which was mainly due to the impact on off-peak production, where only individual kilns were in operation for the three months ended 31 March 2026, resulting in a lower demand for limestone and a consequent reduction in mining output. Meanwhile, a large number of the slope treatment and exploration projects were unable to commence due to the temperature conditions. It is expected that the actual transaction amount will gradually approach the cap amount with the successive operation of rotary kilns and the rising temperature after the first quarter of 2026.

In respect of the Engineering and Technical Services, the actual transaction amounts for the seven months ended 31 December 2025 and the three months ended 31 March 2026 were substantially lower than the annual caps of RMB221.3 million for the seven months ended 31 December 2025 and RMB99.2 million for the five months ending 31 May 2026, which were mainly due to the fact that the progress of certain projects varied considerably from expectations as a result of the impact of factors such as the overall economic situation, the industry condition, policies and the Company's development.

In respect of the Clinker and Cement Transactions, the Group did not procure any clinker and cement from the connected persons and the actual transaction amounts in respect of the sales of the Group for the seven months ended 31 December 2025 and the three months ended 31 March 2026 were substantially lower than the annual cap of RMB730.4 million for the seven months ended 31 December 2025 and RMB193.4 million for the five months ending 31 May 2026 due to the following reasons:

In respect of the procurement of the Group:

(i) due to the sluggish cement market and a sharp decline in sales, clinker was sourced from within the Group by the grinding enterprises as far as possible;

(ii) for the seven months ended 31 December 2025, when enquiring about market prices for externally purchased clinker, the prices quoted by connected persons were consistently higher than those of other industry suppliers. Consequently, purchases were made from lower-priced suppliers;

In respect of the sales of the Group:

(iii) the Group's operations are concentrated in northern regions in China, where demand in 2025 declined by a far greater percentage year-on-year than the national average;

(iv) to ensure the operation of its own clinker production lines, the CNBMG Group adopted a strategy of prioritising internal allocation over external procurement even in the event of a clinker shortage. In general, the overall volume of connected transactions decreased and prices failed to recover to the anticipated levels, resulting in a significant shortfall in the value of clinker-related transactions compared to the plan;

(v) in 2025, due to tight capital constraints, the construction progress of key projects supplied by the Group was generally slow; cement consumption fell short of expectations, and prices did not recover to the anticipated high levels, resulting in a significant shortfall in cement-related connected transaction value compared to the plan; and

(vi) the ready-mix concrete stations under Huadong New Materials, with which cooperation was originally planned, continued to be supplied primarily by another enterprise due to their strategic considerations. Consequently, a business partnership could not be established, and the connected transaction value for this part was not achieved.

2.5 PROPOSED ANNUAL CAPS

The proposed annual caps in respect of the transactions under the 2026 Framework Agreements are as follows:

	For the seven months ending 31 December 2026	**For the five months ending 31 May 2027**
	(RMB '000)	
Mine Development Services	387,802	216,453
Engineering and Technical Services	236,653	96,935
Clinker and Cement Transactions		
Procurement of the Group	34,300	21,230
Sales of the Group	117,460	77,707

Same as last year, the proposed annual caps are split into the seven months ending 31 December and the five months ending 31 May.

The arrangement is to align with the timing of the Company's annual general meetings, which are typically held around May every year, so that the Company can seek the approval of the annual caps together with all other resolutions at the relevant annual general meeting.

Moore CPA Limited, the auditors of the Company, have confirmed that they do not foresee any issues in reporting on the transactions contemplated under the 2026 Framework Agreements in accordance with Rules 14A.56 and 14A.71 of the Listing Rules. The relevant transaction amounts for the seven months ending 31 December 2026 will be disclosed in the Company's annual report for the year ending 31 December 2026, and the relevant transaction amounts for the five months ending 31 May 2027 will be disclosed in the Company's annual report for the year ending 31 December 2027.

2.6 BASIS OF DETERMINATION OF PROPOSED ANNUAL CAPS

The proposed annual caps in respect of the transactions under the 2026 Framework Agreements have been determined by reference to the following factors:

(a) 2026 Mine Development Services Framework Agreement

The proposed annual caps in respect of the transactions contemplated under the 2026 Mine Development Services Framework Agreement have been determined based on:

(i) the historical fees for the Mine Development Services paid by the Group to CNBMG Group since January 2025;

(ii) the Group' s corresponding demand for the Mine Development Services from CNBMG Group in 2026, in view of (x) mining and maintenance costs contributed by the six mining sites, i.e. Mayuanshan Mine in Yantai Company, Xidan Mine in Weishan Company, Yigeziya Mine in Yingjisha Company, Guangxia Mine in Taiyuan Company, Limestone Mine in Linfen Company, and Limestone Mine in Lvliang Company, which have commenced operation upon the completion of infrastructure construction or the application of mining licenses and safety certificates and the related costs for handling "exploration-

to-mining" procedures for Lianjiawa Mine in Kazuo Company (with the specific locations and scales of the seven mining sites set out below):

Name of company	Name of mining site	Location	Production scale *(10,000 tonnes/year)*
Yantai Company	Mayuanshan	500 meters west of the intersection of Provincial Road 802 and Jiangsu Road, Fushan District Economic Development Zone, Yantai, Shandong Province	380
Weishan Company	Xidan Mine	Section 104-176-9 of Provincial Road 104, Liangcheng Town, Weishan County, Jining, Shandong Province	172.60
Yingjisha Company	Yigeziya Mine	Village 3, Yigeziya Township, Yingjisha County, Kashgar, Xinjiang Uygur Autonomous Region	150
Taiyuan Company	Guangxia Mine	Xixingzhuang Village, Gaocun Township, Yangqu County, Taiyuan, Shanxi Province	90
Linfen Company	Limestone Mine	East Xingwangyu Village, Mingjiang Town, Hongdong County, Linfen, Shanxi Province	200
Lvliang Company	Limestone Mine	Chunshumao Village, Zaolin Township, Lishi District, Lvliang, Shanxi Province	150
Kazuo Company	Lianjiawa Mine	Zhongsanjia Town, Kazuo County, Chaoyang, Liaoning Province	150

and (y) restoration and maintenance on mine management of enterprises imposed by the governmental authorities; and

(iii) the estimated fee of consulting with third party vendors in relation to mine development, maintenance and related engineering services based on the mining area, the surrounding environment, geological conditions, the difficulty in mining and shipment distance of each mine. However, as the geology, mining difficulty and shipment distance vary from mine to mine, the price will be determined based on tenders.

The proposed annual caps mainly consist of the following breakdown of estimated transaction amounts, which are based on estimates of (ii) and (iii) above and taking into account the factor as set out in (i) above:

	For the seven months ending 31 December 2026	For the five months ending 31 May 2027
	(RMB '000)	
Mining, stripping, clamping stone for aggregates (including infrastructure)	348,699	208,730
Green-mining construction	1,705	956
Restoration and maintenance	27,857	4,944
Exploration and technical services	9,541	1,823
Total	387,802	216,453

(b) 2026 Engineering and Technical Services Framework Agreement

The proposed annual caps in respect of the transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement have been determined based on:

(i) the historical fees for the Engineering and Technical Services paid by the Group to CNBMG Group since January 2025;

(ii) the Group's corresponding demand for the Engineering and Technical Services from CNBMG Group, in view of the construction, relocation and productivity replacement of multiple significant infrastructure projects by the Group (detailed below) in response to development in industry policies and the 14th Five Year Plan of the PRC, of which the construction period will be expanded to continue into 2026 and 2027, as well as the development pace of these significant technological transformation projects:

- key projects, including civil engineering, mechanical and electrical installation, slope treatment, and raw coal shed projects for relocation for clinker production line and cement grinding production line, and equipment for relocation and grate cooler modification projects (14 projects committed);

- ultra-low emissions, including ultra-low emission assessments, SCR denitration retrofit, ultra-low emission modification on-site assessment and data upgrades, and group integrated platform construction (14 projects committed, 11 projects under planning); and

- other projects, including hazardous waste co-processing project, safety intelligent construction projects and technical service fees (4 projects under planning);

(iii) based on the 2% increase in CPI in 2026 as proposed in the Government Work Report for 2026 and taking into account the gradual increase in environmental protection requirements, it is expected that the corporate environmental protection costs and labour costs will increase by 1%; and

(iv) the prevailing market prices for the provision of similar engineering and technical services.

The proposed annual caps mainly consist of the following breakdown of estimated transaction amounts, which are based on estimates of (ii) above and taking into account the factors as set out in (i), (iii) and (iv) above:

	For the seven months ending 31 December 2026	**For the five months ending 31 May 2027**
	(RMB '000)	
Key projects	100,739	61,341
Ultra-low emissions	107,914	17,094
Other projects	28,000	18,500
Total	236,653	96,935

(c) 2026 Clinker and Cement Transactions Framework Agreements

The proposed annual caps in respect of the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements have been determined based on:

Procurement by the Group from Connected Persons

(i) since January 2025, the historical expenditures paid by the Group for purchasing clinker and cement of CNBMG Group and its affiliates;

(ii) based on the current market conditions in the Group's operating regions and an assessment of future market trends, the Group expects the demand will continue to decline, and there will be high uncertainty regarding the coopetition between large enterprises, significantly reducing its demand for clinker and cement procurement in 2026. The primary reasons for this decrease are the sluggish cement market and a sharp drop in sales, with clinker being allocated from within the Group as much as possible; at the same time, when enquiring about market prices for externally purchased clinker, the prices quoted by connected persons were consistently higher than those of other industry suppliers, hence purchases were made from lower-priced suppliers;

(iii) the Group's latest annual budget and internal allocation plan for clinker, forecasting a demand of around 155,000 tonnes of clinker to be purchased from external parties in the seven months ending 31 December 2026, subject to market conditions;

(iv) the cost of raw materials and prevailing market prices for the provision of similar clinker and cement. Based on current market research and price forecasts, the price of clinker for the seven months ending 31 December 2026 is estimated to be approximately RMB200 to RMB240 per tonne, taking into account the quotations from both connected persons and other external parties, subject to future market developments; and

(v) in relation to the proposed cap for the five months ending 31 May 2027, the annual forecast of 2026 and the market conditions described in (ii) above.

Sales by the Group to Connected Persons

(i) since January 2025, the historical expenditures paid by CNBMG Group and its affiliates for purchasing clinker and cement of the Group;

(ii) due to the imbalance in the production capacity distribution of enterprises, the Group has clinker surplus in some regions; and due to the overlapping effects of multiple factors such as the imbalance in the production capacity distribution of enterprises and the withdrawal of some inefficient production capacity, the clinker gap will continue to exist for certain enterprises within the connected persons. It is expected that the clinker sales volume sold by the Group to the connected persons will be approximately 290,000 tonnes. At the same time, since 2024, China National Building Material International Products Co., Ltd. (中建材國際物產有限公司) has become the cement procurement party for multiple key projects. In 2026, these projects supplied by the Group will remain in a critical construction phase, leading to a continuation in the volume of cement-related transactions, with an expected sales volume of 137,000 tonnes;

(iii) due to the pressure of rising production costs in the cement industry and the expectation that the industry's ecology will gradually improve, market prices are expected to slightly increase compared to 2025; and

(iv) the cost of raw materials and prevailing market prices for the provision of similar clinker and cement.

2.7 REASONS FOR AND BENEFITS OF ENTERING INTO 2026 FRAMEWORK AGREEMENTS

The Board considers that the 2026 Framework Agreements will bring the following benefits to the Company:

(a) 2026 Mine Development Services Framework Agreement

To support the Company's day-to-day operations, the Company will need to extract limestones to serve as raw materials for its cement production. To ensure safe and proper extraction of limestones, mine development, maintenance and related engineering services are necessary. Local environmental laws also require the land conditions of the extraction sites to be restored during the extraction process.

Compared to other companies the Company has previously cooperated with, CNBMG possesses competitive advantages on its mining technology, management standards and infrastructure construction qualities in terms of its (i) market profile, (ii) technological capabilities, (iii) compliance with state environmental laws and (iv) cost efficiency, as evidenced by the following qualities and achievements of its subsidiary and engineering services provider unit, CNBM:

- CNBM is a tier-one service provider in the mining construction in the Chinese mining industry measured by aggregate contracted project value, an industry standard established by the Ministry of Housing and Urban-Rural Development of the PRC. CNBM has been engaged in limestone development and extraction projects for (i) an overwhelming majority of the cement corporations in China and (ii) various other overseas cement corporations;

- CNBM has the technology and expertise in mining to utilise limestones of both superior and sub-par qualities, thereby maximising the utilisation rate of limestones extracted. In addition, CNBM meets the requirements of the local governments and authorities, thereby avoiding the risk of suspension and rectification in production as a result of non-compliant mining; and

- CNBM has established and implemented a strict policy and adheres to the concept of "Simultaneous Mining, Maintenance and Green-mining Construction" (「邊開採、邊治理、邊進行綠色礦山建設」) to ensure the land conditions of the extraction sites are restored simultaneously during the extraction process, thereby reducing the risk of suspension and rectification in production as a result of non-compliant mining and reducing the need for investment in "green-mining" projects and minimising the overall restoration costs for extraction sites.

In light of the above, the Board believes that the Company can leverage on CNBMG's strengths to:

- enhance the mine development, maintenance and related engineering services quality of the Company;

- ensure (i) compliance with local environmental laws for simultaneous restoration of the land conditions of extraction sites and (ii) minimal restoration costs as a result of CNBM's strict policy for simultaneous restoration; and

- lower its overall production cost as a result of the mixed utilisation of limestones of both superior and sub-par qualities.

(b) 2026 Engineering and Technical Services Framework Agreement

From time to time, the Company requires (i) design services when it establishes new production lines, (ii) technical upgrade services when it decides to improve the quality and scale of its cement production and (iii) technical services in compliance with environmental and safety regulations and for purposes of participating in routine specification comparison inspections conducted by state authorities in accordance with cement industry regulations.

Compared to other service providers, CNBMG possesses competitive advantages in the provision of engineering and technical services in terms of its (i) scale, (ii) technological capabilities and (iii) cost-to-performance ratio of its upgrade services, as evidenced by the following qualities and achievements of CNBMG:

- CNBMG is a well-known and market-leading integrated building materials developer and service provider in the world in terms of scale;

- CNBMG Group has 26 national scientific research and design institutes, 38,000 scientific research and development and technical engineering employees, 55 national industrial quality inspection centres and authoritative inspection and certification organisations in the industry, 28,000 patents, 3 national key laboratories, 8 national engineering (technology) research centres and 17 national standardisation technical committees;

- CNBMG Group owns 7 first class State Science and Technology Progress Awards and 4 China Grand Awards for Industry; and

- CNBMG is able to provide engineering services at a higher cost-to-performance ratio compared with its competitors.

In light of the above, the Board believes that the Company can leverage on CNBMG's strength to ensure its engineering quality, increase production quality and volume, ensure stable operations, thereby increasing overall revenue for the Group.

(c) 2026 Clinker and Cement Transactions Framework Agreements

Purchase of clinker and cement from CNBMG Group's companies and its affiliates

From time to time, various clinker and cement companies in the Group in the western and southern regions of Shandong Province (collectively, the "**Deficit Regions**") experienced deficit in clinker and cement supply. In addition, for some of the Group's operations, the closest clinker and cement production unit within the Group are still distant. This means for such operations, it will not be cost-efficient to rely on internal supply of clinker and cement, as this will result in higher transportation costs which may take up a significant portion of the overall cement production cost. Meanwhile, some of the CNBMG Group's companies and its affiliates are geographically close to the clinker and cement companies in the Group within the Deficit Regions.

The Board believes that purchasing clinker and cement from such CNBMG Group and its affiliates can bring the following benefits to the Company:

- reducing the overall procurement and transportation costs for the Group in the Deficit Regions; and

- the clinker and cement produced by CNBMG Group and its affiliates are reliable and of high quality, as evidenced by CNBMG Group and its affiliates being consistently named as one of the designated clinker and cement suppliers for large scale projects in the cement industry and key national cement projects.

Sale of clinker and cement to CNBMG Group companies and its affiliates

CNBMG Group and its affiliates have similar transportation costs concerns due to the lack of geographical proximity among certain of their clinker and cement production units and clinker and cement companies, and therefore would need to purchase clinker and cement from suppliers in closer proximity from time to time.

The Group owns clinker and cement production units that are close to quite a few clinker and cement companies within CNBMG Group and by selling clinker and cement to CNBMG Group and its affiliates, the Board believes that the Company can increase its overall sales volume, thereby effectively generating higher revenue and profits.

Based on the abovementioned reasons, the Company believes that entering into such transactions with CNBMG Group and its affiliates will be beneficial to the Group.

2.8 MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole, the Group has implemented the following internal approval and monitoring procedures in relation to the transactions contemplated under the 2026 Framework Agreements:

(a) before confirming the pricing and the terms of the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be), the Group will review and consider the basis of pricing in accordance with the pricing principles set out in the section headed "Principal Terms of the 2026 Framework Agreements" in this circular;

(b) the Group has adopted internal guidelines which provide that:

(i) the procurement and supply management department at Group level and the finance department of the Company will collate and monitor the transaction amounts of the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) and any relevant information requiring disclosure from the relevant business unit, and report to the Company's management on a monthly basis;

(ii) Shandong Shanshui's management team is also required to report connected transaction issues to the Board and the Board' s Audit Committee on a regular basis, including the categories, transaction amount and rationale of continuing connected transactions conducted during the covered period; and

(iii) if the value of any Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) is expected to exceed the annual cap in the next three months, the procurement and supply management department at Group level, finance department and legal compliance department of the Company must (i) follow up and report to the Company's management after discussion with the relevant business unit and (ii) commence the necessary additional assessment and approval procedures to ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules in relation to annual cap; and

(c) the Company will provide information and supporting documents to its independent non-executive Directors and auditors in order for them to conduct an annual review of the continuing connected transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the Company will procure that its auditors will provide confirmation to the Board on an annual basis as to whether anything has come to their attention that causes them to believe that the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) have not been approved by the Board, or are not conducted in accordance with the pricing policies of the Group in all material respects, or are not entered into in accordance with the relevant agreement governing the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) in all material respects or have exceeded the annual caps applicable to these services.

2.9 INFORMATION OF THE PARTIES

(a) The Company

The Company is a public limited company incorporated in Cayman Islands. It engages in the production of clinker, cement and concrete in the PRC.

(b) Shandong Shanshui

Shandong Shanshui is a limited liability company incorporated in the PRC and is engaged in investment holding. It is the Company's main operating entity and indirect wholly-owned subsidiary.

(c) CNBMG

CNBMG is a state-owned limited liability company incorporated in the PRC and is engaged in the business of building materials in the PRC. It is the controlling shareholder of CNBM.

(d) CNBM

CNBM is a company incorporated in the PRC. It implemented a restructuring with the former China National Building Material Company Limited in May 2018 and is a world leader in the materials sector with influential positions in the fields of cement, commercial concrete, glass fibre, electronic cloth, gypsum board, light steel keel, wind turbine blades and cement technology and equipment engineering system integration services. Its shares are listed on the Stock Exchange (stock code: 3323). It is a substantial shareholder of the Company. Its controlling shareholder and ultimate beneficial owner is CNBMG.

(e) Shandong Quanxing

Shandong Quanxing is a limited liability company incorporated in the PRC, and is engaged in the business of the operations of cement, sandstone and aggregate products under the "Shenfeng" and "Quanxing" brands, the production and processing of cement products, and provision of cement technology services.

As at the Latest Practicable Date, Shandong Quanxing is owned as to 51% by Shandong Quanxing Energy Group Co., Ltd. and 49% by China United Cement Corporation.

Shandong Quanxing Energy Group Co., Ltd., a state-owned company incorporated in the PRC, is owned as to 91.20% by State-owned Assets Supervision and Administration Commission of Zaozhuang Municipal People' s Government and 8.80% by Shandong Province Caixin Asset Management Co., Ltd. As China United Cement Corporation is an 81.14% indirect subsidiary of CNBM, Shandong Quanxing is regarded as a 30%-controlled company of CNBM, the Company's substantial shareholder, for the purpose of Chapter 14A of the Listing Rules and therefore a connected person of the Company.

(f) Shandong Donghua

Shandong Donghua is a company incorporated in the PRC and is engaged in the business of producing cement, clinker, functional powder materials, and calcium based new materials.

As at the Latest Practicable Date, Shandong Donghua is owned as to 50% by Shandong Energy Group New Material Co., Ltd. and 50% by China United Cement Corporation.

Shandong Energy Group New Material Co., Ltd. is a wholly-owned subsidiary of Shandong Energy Group Co., Ltd., which is indirectly wholly owned by Shandong Provincial Department of Finance. As China United Cement Corporation is an 81.14% indirect subsidiary of CNBM, Shandong Donghua is regarded as a 30%-controlled company of CNBM, the Company's substantial shareholder, for the purpose of Chapter 14A of the Listing Rules and therefore a connected person of the Company.

2.10 LISTING RULES IMPLICATIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS

As at the Latest Practicable Date, CNBMG is the controlling shareholder of CNBM, which is a substantial shareholder holding approximately 12.94% of the issued Shares, hence CNBMG is a connected person of the Company under Chapter 14A of the Listing Rules. In addition, as disclosed in the section headed "2.9 Information of the Parties" in this circular above, Shandong Quanxing and Shandong Donghua are each a 30%-controlled company of CNBM and hence connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under each of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the 2026 Clinker and Cement Transactions Framework Agreements were entered into by the Group with parties who are connected with one another within a 12-month period, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements are required to be aggregated as if they were one transaction.

As one or more of the applicable percentage ratios in respect of the proposed annual caps of the transactions contemplated under each of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements exceeds 5%, the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As (1) the Company's tender and quotation procedures ensure that the Group is not obligated to enter into transactions with the CNBMG Group if there are other counterparties offering better terms; (2) the annual caps for each of the framework agreements are determined with reference to, amongst others, the Company's estimated demand (and related costs) for the services and materials under each of the framework agreements, with reference to the quantitative information set out in the section "Basis of Determination of Proposed Annual Caps" of this circular; and (3) the Company will be able to leverage CNBMG's strengths with regard to the factors disclosed in the section "Reasons For and Benefits of Entering into the 2026 Framework Agreements" in this circular, the Directors (including the independent non-executive Directors) are of the view that the terms (including the annual caps) of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements, and the transactions contemplated thereunder (including the proposed annual caps) are (i) fair and reasonable; and (ii) are on normal commercial terms or better, in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

Mr. TENG Yongjun, the Chairman of the Board, abstained from voting on the 2026 Framework Agreements and the transactions contemplated thereunder due to his concurrent role as a senior management of CNBM (details of which have been set out in page 56 of the annual report of the Company for the financial year ended 31 December 2025).

Ms. WU Ling-ling, an executive Director, abstained from voting on the 2026 Framework Agreements and the transactions contemplated thereunder in view of the fact that she is involved in an ongoing litigation involving the Company, CNBM and Asia Cement Corporation (details of which have been set out in pages 96 to 99 of the annual report of the Company for the financial year ended 31 December 2025).

Save for the above, none of the Directors has a material interest in the 2026 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) nor is any of them required to abstain from voting on the relevant board resolutions.

As at the Latest Practicable Date, CNBM is interested in approximately 12.94% of the issued Shares. Since CNBM and its associates are considered to have a material interest in respect of each of the 2026 Framework Agreements, CNBM and its associates shall abstain from voting on the relevant resolutions to approve the same pursuant to the Listing Rules. Save as disclosed above, to the best of the information and knowledge of the Directors after making reasonable enquiries, no other existing Shareholder is required to, or otherwise will, abstain from voting on the relevant resolutions to approve the 2026 Framework Agreements for the purpose of the Listing Rules.

2.11 INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all the independent non-executive Directors to advise the Independent Shareholders in connection with the entering into of the 2026 Framework Agreements, the transactions contemplated thereunder and the annual cap related thereto. Giraffe Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice and recommendation of the Independent Financial Adviser, considers that the entering into of the 2026 Framework Agreements and the transactions contemplated thereunder to be in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, the terms of the 2026 Framework Agreements, the transactions contemplated thereunder and the annual caps related thereto are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM.

The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 43 to 44 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 110 of this circular.

3. PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to Article 16.18 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Accordingly, Mr. LI Jianwei and Mr. HSU You-yuan shall retire from office as independent non-executive Directors respectively by rotation at the AGM. The above Directors, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board Diversity Policy and Director Nomination Policy and the Company's corporate strategy, and the independence of all independent non-executive Directors. The Nomination Committee has recommended to the Board on re-election of all the retiring Directors including the aforesaid independent non-executive Directors who are due to retire at the AGM. The Company considers that the retiring independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

Details of the above retiring Directors are set out in Appendix II to this circular.

4. PROPOSED RE-APPOINTMENT OF AUDITORS

The Audit Committee has recommended to the Board that Moore CPA Limited, Certified Public Accountants, be nominated for re-appointment as external auditors of the Company. Their proposed audit fee for the year ending 31 December 2026 will amount to around RMB5.2 million to RMB5.8 million. The fees have been determined based on factors including the complexity and business plan of the Company, the expected audit scope, audit timetable, and auditors' resources required.

The actual audit fee for the year ending 31 December 2026 will be determined in conjunction with any changes in the audit scope. It is proposed that a mandate be granted to the Board to authorise the Board to make determinations on the actual audit fee for the year ending 31 December 2026.

5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice convening the AGM to be held at the Meeting Room, 6/F, Shandong Shanshui Cement Group Company Limited, Shanshui Industrial Park, Gushan Town, Changqing District, Jinan City, Shandong Province, PRC on Tuesday, 26 May 2026 at 9:30 a.m. is set out on pages 119 to 122 of this circular.

Enclosed with this circular is the form of proxy for use at the AGM. Such form is also available at the websites of Hong Kong Exchanges and Clearing Limited at http://www.hkexnews.hk and the Company at http://www.sdsunnsygroup.com. Whether or not you are able to attend the AGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M 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 AGM (i.e. not later than 9:30 a.m. on Sunday, 24 May 2026) or any adjourned meeting thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

6. VOTE BY POLL

Any vote in respect of the resolutions to be put forward for consideration at the AGM will be taken by poll except where the chairman of the AGM decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands in accordance with Rule 13.39(4) of the Listing Rules. An announcement on the poll results will be published by the Company after the AGM in the manner prescribed under the Listing Rules.

To the best information of the Directors after making reasonable enquiries, and save as disclosed on page 39 above, no Shareholder is required to abstain from voting on any resolutions proposed to be adopted at the AGM.

7. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar and transfer office 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 by no later than 4:30 p.m. on Tuesday, 19 May 2026.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the proposed resolutions set out in the notice of AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of the proposed resolutions.

9. GENERAL

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and other additional information set out in Appendices to this circular.

By Order of the Board
China Shanshui Cement Group Limited
TENG Yongjun
Chairman

CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 691)

30 April 2026

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS

We refer to the circular of the Company dated 30 April 2026 (the "**Circular**") despatched to the Shareholders, of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as those defined in the Circular. We have been appointed by the Board as the Independent Board Committee to consider the terms of the 2026 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) and to advise the Independent Shareholders in connection therewith.

We wish to draw your attention to:

(i) the letter from the Board set out on pages 1 to 42 of the Circular; and

(ii) the letter from the Independent Financial Adviser set out on pages 45 to 110 of the Circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders, together with the principal factors and reasons it has taken into consideration.

Having taken into account the opinion of the Independent Financial Adviser as set out in its letter of advice, we consider that (i) each of the 2026 Framework Agreements is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of each of the 2026 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to approve each of the 2026 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) at the AGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee
China Shanshui Cement Group Limited

Mr. CHANG Ming-cheng	Mr. LI Jianwei	Mr. HSU You-yuan
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter received from Giraffe Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



Giraffe Capital Limited

30 April 2026

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2026 FRAMEWORK AGREEMENTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the 2026 Mine Development Services Framework Agreement, (ii) the 2026 Engineering and Technical Services Framework Agreement and (iii) the 2026 Clinker and Cement Transactions Framework Agreements (together with the proposed annual caps) and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular issued by the Company dated 30 April 2026 (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.

According to the Letter from the Board, as the 2025 Framework Agreements will expire on 31 May 2026 and it is currently expected that the transactions under the 2025 Framework Agreements will continue on a recurring basis, on 30 April 2026, the Group has entered into the 2026 Framework Agreements with CNBMG, Shandong Quanxing, and/or Shandong Donghua, to renew the 2025 Framework Agreements and the annual caps.

As at the Latest Practicable Date, CNBMG is the controlling shareholder of CNBM, which is a substantial shareholder holding approximately 12.94% of the issued Shares, hence CNBMG is a connected person of the Company under Chapter 14A of the Listing Rules. In addition, as disclosed in the Circular, Shandong Quanxing and Shandong Donghua are each a 30%-controlled company of CNBMG and hence connected persons of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under each of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the 2026 Clinker and Cement Transactions Framework Agreements were entered into by the Group with parties who are connected with one another within a 12-month period, according to Rule 14A.81 of the Listing Rules, the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements are required to be aggregated as if they were one transaction.

As one or more of the applicable percentage ratios in respect of the proposed annual caps of the transactions contemplated under each of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements exceeds 5%, the transactions contemplated thereunder are subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Mr. TENG Yongjun, the Chairman of the Board, abstained from voting on the 2026 Framework Agreements and the transactions contemplated thereunder due to his concurrent role as a senior management of CNBM (details of which have been set out in pages 56 of the annual report of the Company for the financial year ended 31 December 2025); Ms. Wu Ling-ling, an executive Director, abstained from voting on the 2026 Framework Agreements and the transactions contemplated thereunder in view of the fact that she is involved in an ongoing litigation involving the Company, CNBM and Asia Cement Corporation (details of which have been set out in pages 96 to 99 of the annual report of the Company for the financial year ended 31 December 2025). Save for the above, none of the Directors has a material interest in the 2026 Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) nor is any of them required to abstain from voting on the relevant board resolutions.

As at the Latest Practicable Date, CNBM is interested in approximately 12.94% of the issued Shares. Since CNBM and its associates are considered to have a material interest in respect of each of the 2026 Framework Agreements, CNBM and its associates shall abstain from voting on the relevant resolutions to approve the same pursuant to the Listing Rules. Save as disclosed above, to the best of the information and knowledge of the Directors after making reasonable enquiries, no other existing Shareholder is required to, or otherwise will, abstain from voting on the relevant resolutions to approve the 2026 Framework Agreements for the purpose of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Chang Ming-cheng, Mr. Li Jianwei, and Mr. Hsu You-yuan, has been formed to consider and advise to the Independent Shareholders in connection with the entering into of the 2026 Framework Agreements, the transactions contemplated thereunder and the annual caps related thereto. We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

OUR INDEPENDENCE

During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, we have acted as the independent financial adviser to the Independent Board Committee and Independent Shareholders of the Company in respect of the 2024 framework agreements and 2025 framework agreements including (i) the mine development services framework agreement, (ii) the engineering and technical services framework agreement, and (iii) the clinker and cement transactions framework agreements (together with the proposed annual caps) and the transactions contemplated thereunder as detailed in the circulars of the Company dated 30 April 2024 and 25 April 2025.

Notwithstanding the above engagement, as at the Latest Practicable Date, we were independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules, and accordingly, are qualified to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders considering that (i) our independent roles in the aforesaid engagements (the "**Previous Engagements**"), (ii) each of the engagement team members was independent from and not connected with the Group in accordance with Rule 13.84 of the Listing Rules despite their participation in the Previous Engagements; (iii) the aggregate professional fees paid/to be paid by the Company to us represent an insignificant portion of our revenue during the relevant period, (iv) the professional fees in connection with the Previous Engagements have been fully settled, and (v) we have maintained our independence from the Company since the Previous Engagements, and our independence from the Company has not been compromised because of the Previous Engagements.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among others, (i) the announcement of the Company dated 30 April 2026 for renewal of continuing connected transactions in relation to the 2026 Framework Agreements (together with the proposed annual caps) and the transactions contemplated thereunder, and 2025 Circular; (ii) the terms of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements; (iii) the annual results announcement of the Company for the year ended 31 December 2025 ("**FY2025**") (the "**Result Announcement 2025**"), and the annual report of the Company for the year ended 31 December 2024 ("**FY2024**") (the "**Annual Report 2024**"); (iv) the information and facts supplied by the Group; (v) the opinions expressed by and the representations of the Directors and management of the Group (the "**Management**"); and (vi) certain relevant public information, and have assumed that all such information and facts provided and any opinions and representations made to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the AGM.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its Management and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular and the information, opinions and representations provided to us by the Group and/or its Management and/or the Directors were true and accurate at the time when they are made and continue to be true up to the Latest Practicable Date. Where applicable, we have also conducted our own desktop search, as well as cross-checking against underlying agreements, public filings or other contemporaneous records, and we are not aware of material deviation between our search results and/or work done, and the information and facts supplied, opinions expressed, statements and representations made to us by the management of the Group. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have no reason to believe that any statements, information, opinions and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent verification and in-depth investigation into the information provided by the Company as well as the business and affairs of the Group, the substantial shareholders of the Group, CNBM, CNBMG, Shandong Quanxing, Shandong Donghua, or their respective subsidiaries or associates (if applicable), nor have we considered the taxation implication on the Group or its shareholders. Our opinion is necessarily based on the financial, economic, market, industry-specific and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

The Directors collectively and individually accept full responsibility, including 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 the 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the terms of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements (together with the proposed annual caps) and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the 2026 Framework Agreements (together with the proposed annual caps) and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information on the Group

1.1 Business of the Group

As disclosed in the Letter from the Board, the Company is a public limited company incorporated in Cayman Islands. It engages in the production of clinker, cement and concrete in the PRC. Shandong Shanshui is a limited liability company incorporated in the PRC and is engaged in investment holding. It is the Company's main operating entity and indirect wholly-owned subsidiary.

According to the Annual Report 2024, Shandong Shanshui is a large enterprise group with the production of cement and clinker as the main industry, integrating the production and sales of commercial concrete, aggregate, plastic weaving, machinery manufacturing and maintenance, and new-type wall materials. As of the date of the Annual Report 2024, Shandong Shanshui had 114 subsidiaries in ten provinces (municipalities, autonomous regions) including Shandong, Liaoning, Shanxi, Inner Mongolia and Xinjiang.

According to the Result Announcement 2025, the Group had a total production capacity of 96.55 million tonnes of cement, 51.43 million tonnes of clinker and 18.11 million cubic meters of concrete as at 31 December 2025. During FY2025, the Group's total sales volume of cement and clinker was 42,968,000 tonnes, representing a decrease of approximately 17.0% as compared to that of FY2024.

1.2 Financial performance of the Group

Set out below is a summary of the Group's operating results as extracted from the Annual Report 2024 and the Result Announcement 2025:

	For the year ended 31 December	
	2024	**2025**
	RMB'000	*RMB'000*
Revenue		
– Sales of cement	11,773,070	9,510,657
– Sales of clinker	1,501,593	1,038,898
– Sales of concrete	678,275	425,299
– Sales of other products	556,928	585,847
	14,509,866	**11,560,701**
Gross profit	**2,093,842**	**1,624,043**
Gross profit margin	*14.4%*	*14.0%*
Loss attributable to equity shareholders of the Company	**(140,608)**	**(983,007)**

For the years ended 31 December 2024 and 2025, the Group mainly generated revenue from the manufacturing and sales of cement, clinker, and concrete. According to the Annual Report 2024 and Result Announcement 2025, the sales revenue in Shandong Region was approximately RMB6,691.0 million for FY2025, accounting for approximately 57.9% of the Group's total sales revenue and representing a decrease of approximately 20.0% as compared to that of FY2024.

Comparison of financial performance between the year ended 31 December 2024 and 2025

According to the Result Announcement 2025, the Group's revenue decreased from approximately RMB14,509.9 million in FY2024 to approximately RMB11,560.7 million in FY2025, which was mainly attributable to the decrease in revenue generated from the sales of cement, clinker, and concrete. During FY2025, the Group's total sales of cement and clinker were 42,968,000 tonnes and the sales volume of concrete was 1,695,000 cubic meters, representing a decrease of 17.0% and 25.4% as compared to that of FY2024, respectively.

The Group's gross profit decreased from approximately RMB2,093.8 million in FY2024 to approximately RMB1,624.0 million in FY2025, and gross profit margin decreased from approximately 14.4% in FY2024 to approximately 14.0% in FY2025, mainly attributable to the decrease in sales volume of cement and clinker during the year and the slightly larger decline in cement selling prices than the decline in unit costs.

Loss attributable to equity shareholders of the Company increased from approximately RMB140.6 million in FY2024 to approximately RMB983.0 million in FY2025 mainly due to (i) the decrease in gross profit in FY2025; (ii) the increase in impairment losses on property, plant and equipment; and (iii) the increase in income tax expenses due to the increase in withholding tax on distributed profit of PRC subsidiaries.

1.3 Business outlook

Demands for cement and clinker are highly correlated to the level of construction activities in China. According to the National Bureau of Statistics (the "**NBS**"), investment in property development amounted to approximately RMB8.3 trillion in 2025, representing a year-over-year ("**YoY**") decline of approximately 17.2%, while investment in infrastructure decreased by approximately 2.2% compared with that of 2024. The newly constructed area in the real estate sector decreased by approximately 20.4% in 2025. According to the Statistical Communique of the People's Republic of China on the 2024 National Economic and Social Development* (《中華人民共和國2025年國民經濟和社會發展統計公報》) published by the NBS in February 2026, the national cement output amounted to approximately 1.69 billion tonnes in 2025, representing a YoY decrease of 6.9%. Furthermore, according to the China's Cement Economy Report in 2025* (《2025年度中國水泥行業經濟運行報告》) published by Digital Cement, an information provider for the cement industry in China, in January 2026, the average transaction price of cement was RMB367 per tonne in 2025, representing a YoY decline of 4.4%. Overall, the cement industry experienced a few challenges in 2025, burdened with the continued decrease in demand for cement, slump in the property market, high national cement inventory level etc. Accordingly, the cement industry profit was estimated to remain at low level of approximately RMB29 billion in 2025.

* *For identification purpose only*

According to the website of CCement.com* (中國水泥網), which is an information provider for the cement industry in China, the national cement price index (CEMPI, computed based on the weighted average cement market price collected from 148 major suppliers of the cement industry in China) decreased from approximately 130 points in January 2025 to 102 points in December 2025, representing decrease of approximately 21.5%.

Pursuant to the Measures for the Implementation of Capacity Replacement in the Cement and Glass Industries* (《水泥玻璃行業產能置換實施辦法》) published in July 2021 by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部), to further mitigate the problem of excess production capacity of the cement industry, cement manufacturers would be required to alleviate outdated or excess capacity or to replace it with effective and legitimate new capacity. At the same time, restriction on new capacity has become more stringent. Furthermore in November 2022, four central government agencies of the PRC jointly released the Action Plan to the Construction Materials Industry* (《建材行業碳達峰實施方案》), strengthening control of overcapacity, promoting staggered production of cement, cutting carbon dioxide emission, supporting harmless processing of waste, and reducing the energy consumption of cement clinker production by more than 3% during the 14th five-year plan period (i.e. 2021–2025). In addition, in order to promote ultra-low emission transformation of cement clinker production enterprises, independent grinding stations, and coking firms, the Ministry of Ecology and Environment of the PRC together with the other four governmental ministries released the Notice on the Issuance of the Opinions on Promoting the Implementation of Ultra-Low Emissions in the Cement Industry and Opinions on Promoting the Implementation of Ultra-Low Emissions in the Coking Industry* (關於印發《關於推動實施水泥產業超低排放的意見》《關於推動實施焦化產業超低排放的意見》的通知) in January 2024.

According to the report titled China's Cement Economy Report in 2025* (《2025年度中國水泥行業經濟運行報告》) published by the Digital Cement in January 2026, the demand for cement is anticipated to continue declining in 2026 due to the downturn in the property market. Nevertheless, potential improvements in the cement industry may arise from government policies focusing on continued supervision and reducing production capacity, and implementing off-peak production strategies.

2. Information of CNBM, CNBMG, Shandong Quanxing, and Shandong Donghua

According to the Letter from the Board, CNBM is a company incorporated in the PRC. It implemented a restructuring with the former China National Building Material Company Limited in May 2018 and is a world leader in the materials sector with influential positions in the fields of cement, commercial concrete, glass fibre, electronic cloth, gypsum board, light steel keel, wind turbine blades and cement technology and equipment engineering system integration services. Its shares are listed on the Stock Exchange (stock code: 3323). It is a substantial shareholder of the Company. Its controlling shareholder and ultimate beneficial owner is CNBMG, which is a state-owned limited liability company incorporated in the PRC and is engaged in the business of building materials in the PRC.

Shandong Quanxing is a limited liability company incorporated in the PRC, and is engaged in the business of the operations of cement, sandstone and aggregate products under the "Shenfeng" and "Quanxing" brands, the production and processing of cement products, and provision of cement technology services. As at the date of this announcement, Shandong Quanxing is owned as to 51% by Shandong Quanxing Energy Group Co., Ltd. and 49% by China United Cement Corporation. Shandong Quanxing Energy Group Co., Ltd., a state-owned company incorporated in the PRC and is owned as to 91.20% by State-owned Assets Supervision and Administration Commission of Zaozhuang Municipal People's Government and 8.80% by Shandong Province Caixin Asset Management Co., Ltd. As China United Cement Corporation is an 81.14% indirect subsidiary of CNBM, Shandong Quanxing is regarded as a 30%-controlled company of CNBM, the Company's substantial shareholder, for the purpose of Chapter 14A of the Listing Rules and therefore a connected person of the Company.

Shandong Donghua is a company incorporated in the PRC and is engaged in the business of producing cement, clinker, functional powder materials, and calcium based new materials. As at the date of this announcement, Shandong Donghua is owned as to 50% by Shandong Energy Group New Material Co., Ltd. and 50% by China United Cement Corporation. Shandong Energy Group New Material Co., Ltd. is a wholly-owned subsidiary of Shandong Energy Group Co., Ltd., which is indirectly wholly owned by Shandong Provincial Department of Finance. As China United Cement Corporation is an 81.14% indirect subsidiary of CNBM, Shandong Donghua is regarded as a 30%-controlled company of CNBM, the Company's substantial shareholder, for the purpose of Chapter 14A of the Listing Rules and therefore a connected person of the Company.

3. Principal terms of the 2026 Framework Agreements

3.1 2026 Mine Development Services Framework Agreement

Details of the 2026 Mine Development Services Framework Agreement are set out in the Letter from the Board. The principal terms and conditions of the 2026 Mine Development Services Framework Agreement are as follows:

3.1.1 Date

30 April 2026

3.1.2 Parties

(i) the Company

(ii) CNBMG

3.1.3 Scope of transactions

Provision of mine development, maintenance and related engineering services by CNBMG Group to the Group

3.1.4 Term

From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

3.1.5 Basis of pricing

The price of the services will be determined through a tender or quotation process, and will depend on the result of the tender or quotation (as the case may be) if CNBMG Group wins the tender or quotation (as the case may be). The Group will use (i) the method of public tender for projects that are commoditised and/or standardised, (ii) the method of selective tender for projects that are non-standardised, relatively specific, require detailed communications with the suppliers on technological aspects of the project, with fewer potential bidders and/or the project timetable is rather urgent, and (iii) the method of request for quotation for projects in which the supply requested is of a smaller scale and/or of a unique quality and there is a lack of competition, the Group has already used public tender recently and/or the market prices for the raw materials involved are relatively stable.

The pricing procedures are as follows:

- **Public tender:** When using the method of public tender, a tender committee will be established by the procurement and supply management department at Group level, comprising relevant experts from the requesting entity, the corresponding operating region, the production technology department, the legal compliance department and the audit department at Group level, to ensure that the evaluation of tenders will be fair and reasonable. The tender committee will review the tender documents and technical requirements and publish a tender notice via an online platform (e.g., Daqihui).

  The public tender process will need to have at least three valid tenders. Tenders will be considered valid if all required documents are submitted, the content of the tender fulfills all substantive requirements (such as technical specifications and service standards), the tenderer is legally qualified to submit a tender and does not have records of major illegal acts, the tender is submitted before the deadline, and the tender guarantee (if any) is valid.

  To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments.

  If the number of valid tenders is less than three, a re-tendering will be conducted. If after the re-tendering, the number of valid tenders is still less than three, the tender committee will review and process the available tenders in the same manner as stated herein.

  The tender committee will review each tender and provide its feedback based on a number of factors including the participant's quality, costs, timing and services. After the procurement and supply management department at Group level consolidates all relevant feedback, it will prepare a tender award request (including the relevant documents such as feedback on the tender, proposed tender participant to be awarded the tender, pricing comparison list and pricing quotation list) and submit it to the vice president of the procurement and supply management department at Group level for approval. Furthermore, if CNBMG Group wins the public tender, each and every Director who does not have a material interest in the 2026 Framework Agreements is required to approve the tender award request.

- **Selective tender:** The method of selective tender is similar to public tender, with the key difference being that there is no public tender via an online platform. Procurement and supply management departments at all levels may recommend participants who meet the qualification requirements of the tender (such as technical specifications and service standards). These participants will be further approved by the procurement and supply management department at Group level and the legal department. Once approved, the participants will join the selective tender by way of invitation, with the minimum number of tenders being at least three.

  To ensure that the tendering process is fair and reasonable, the tenders will be evaluated by the tender committee, composed in the same way as public tender. To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments. Furthermore, as in the case of public tender, the tender award request is required to be approved by each and every Director who does not have a material interest in the 2026 Framework Agreements, if CNBMG Group wins the selective tender.

- **Request for quotation:** When using the method of request for quotation, the procurement and supply management department at Group level will shortlist suppliers, based on their quality, from the Group's supplier database and invite these suppliers to provide quotations, with the minimum number of quotations being at least three. After the production technology department and the legal compliance department at Group level review the quotation and provide their feedback, the procurement and supply management department at Group level will prepare an award request (including the relevant documents such as feedback on the quotation, pricing comparison list and pricing quotation list) to be submitted to the vice president of the procurement and supply management department at Group level for approval.

If CNBMG Group wins the tender or quotation (as the case may be), the exact price will be determined based on the specific work involved for the project, after the actual costs of CNBMG Group have been ascertained by the Group's technical personnel.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

We have obtained and reviewed the Supply Management Measure (Trial)* (《採供管理辦法(試行)》) (the "**Measure**") adopted by the Group in July 2020 and noted that (i) the procedures of determination of pricing by public and selective tender was included detailly in the Measure; (ii) roles of each tender committee member were included in the Measure, where (a) the procurement and supply management department at Group level would be responsible for organising the whole tendering process, (b) audit department at Group level would be responsible for monitoring the whole tendering process, (c) the legal department at Group level would be responsible for reviewing the bidders' qualifications, and (d) other relevant parties such as representatives from operating regions would be responsible for technical and operational review; (iii) the tender documents would be collected and consolidated by the procurement and supply management department at Group level and submitted to the tender committee for review and comments; and (iv) a tender award request, together with relevant documents, would be prepared by the procurement and supply management department at Group level after consolidating feedbacks and comments from different department, and submitted to the vice president of the procurement and supply management department at Group level for approval.

We have obtained and reviewed sample tender documents and noted that (i) at least three valid tenders were collected during the tender process; (ii) the tendering process was organized by the procurement and supply management department at Group level, and monitored and reviewed by relevant departments including legal department; and (iii) the tender result was approved by both the head of the procurement and supply management department at Group level and the Group's management. Further, we have obtained and reviewed samples of the proposals submitted to and approved by the management at Group level and noted that (i) the background of the potential suppliers and details of price inquiry process including but not limited to the composition of prices quoted and the basis of price determination are included in the proposals; (ii) comments from different departments or business units were consolidated and included in the proposals and (iii) major terms were included in the proposal for review and approval. We noted that (i) details including but not limited to specification and scope of work, criteria and qualification requirements, procedures, time and venue of evaluation of tenders, are stipulated in the tender documents, which provide a clear and objective criteria for evaluating the tenders; (ii) prices and terms offered by each tenderer, as well as the qualifications and experience of each tenderer are detailed and documented in the proposals, which were compared against each other to select the best offer from all quotations received; (iii) the minimum requirement of three valid tenders for each tender process could promote competition and provide fair basis for selection of suppliers; (iv) tender committee comprises experts from different levels, namely the requesting entity, the corresponding operating region, the production technology department, the legal compliance department at Group level

and the audit department at Group level, which could enable professional opinions from different perspective and mitigate the risk of fraudulent acts, which in turns ensure the evaluation of tenders to be fair and reasonable; (v) the tender documents are required to be processed by representatives from two or more departments in order to avoid tampering or alternation of the tender documents, (vi) legal department would evaluate the tenderers on technical specifications, service standards as well as whether they have records of major illegal acts, and make final approval on the proposals; and (vii) for selective tender, we understood from the Management that the procurement and supply management department at Group level would conduct preliminary screening from the Group's approved list of suppliers based on the scale and technical requirements of projects. Such shortlisted potential suppliers are required to be approved by legal department before being invited to join the selective tender. We obtained the record of shortlisting potential suppliers conducted by the procurement and supply management department at Group level and noted that the potential suppliers were shortlisted from the Group's approved list of suppliers for mine development services based on their qualifications. The procurement and supply management department at Group level would contact the potential suppliers which fulfill the preliminary screening to inquire about their interest in participating in the tender. Formal tender invitation would be provided to interested potential suppliers who fulfill the Group's requirement. Based on the above, we are of the view that the public tendering and selective tendering processes are fair and reasonable, and are effective ways to ensure the prices and terms offered by CNBMG Group to be no less favorable to the Group than those of similar services offered by independent third parties.

We have scrutinized the breakdown for Mine Development Services and selected samples with largest transaction amounts for the seven months ended 31 December 2025 ("**7M2025**") and the three months ended 31 March 2026 until the coverage reached at least 50% of the total transaction amounts for the corresponding periods. Additional samples are selected in random basis in order to ensure the samples cover all the major service categories, different pricing methods, counterparties and regions. We have obtained 14 agreements entered into by the Group and CNBMG Group for mine development services (the "**Mine Sample Agreements**"), of which 10 are for the provision of mining services, one for both mining and maintenance services, and three for related engineering services. Considering that (i) the transaction amounts of samples selected covered over 50% of the total transaction amount for 7M2025 and the three months ended 31 March 2026 and each of the remaining non-selected projects contributed less than 6% of the total transaction amounts in the corresponding periods; (ii) the samples selected represent the largest projects in terms of transaction amount, (iii) the samples selected covered all the major service categories as well as different pricing methods, counterparties and regions; and (iv) we did not note any

significant outliers among the non-selected projects, we consider that our review covered the most significant and impactful transactions that could provide a fair assessment of the overall effectiveness of the controls and policies while balancing comprehensiveness and practicality, and thus the number of samples is sufficient, fair and representative. We noted that (i) the unit price per tonne of extraction generally comprises price for drilling, blasting, excavation and loading, crushing, management and other miscellaneous fees; (ii) the price for drilling would be affected by price of diesel, while the price for blasting would be affected by price of explosives; and (iii) the prevailing price of diesel and explosives would be taken into account when determining the unit price per tonne of extraction in order to ensure the prices reflect the latest market condition.

Considering that (i) internal control procedures are in place to ensure the pricing of the services to be fair and reasonable; (ii) prices and terms offered by alternative suppliers through quotation or tender process are considered and compared against the prices and terms offered by CNBMG Group to ensure fairness and reasonableness; and (iii) the prevailing prices for diesel and explosives, which are two major raw materials involved in extraction process, would be taken into account when determining the unit price per tonne of extraction, we concur with the Directors' view that the pricing procedures and mechanism and the internal control measure carried out are effective and sufficient to ensure the pricing of transactions contemplated under the 2026 Mine Development Services Framework Agreement to be on normal commercial terms.

3.2 2026 Engineering and Technical Services Framework Agreement

Details of the 2026 Engineering and Technical Services Framework Agreement are set out in the Letter from the Board. The principal terms and conditions of the 2026 Engineering and Technical Services Framework Agreement are as follows:

3.2.1 Date

30 April 2026

3.2.2 Parties

(i) the Company

(ii) CNBMG

3.2.3 Scope of transactions

Provision of engineering services (including design, construction and technical upgrade services) and technical services (including inspection and product specification comparison services) by CNBMG Group to the Group

3.2.4 Term

From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

3.2.5 Basis of pricing

The price of the services (other than inspection services) will be determined through a tender or quotation process, and will depend on the result of the tender or quotation (as the case may be) if CNBMG Group wins the tender or quotation (as the case may be). The Group will use (i) the method of public tender for projects that are commoditised and/or standardised, (ii) the method of selective tender for projects that are non-standardised, relatively specific, require detailed communications with the suppliers as on technological aspects of the project, with fewer potential bidders and/or the project timetable is rather urgent, and (iii) the method of request for quotation for projects in which the supply requested is of a smaller scale and/or of a unique quality and there is a lack of competition, the Group has already used public tender recently and/or the market prices for the raw materials involved are relatively stable.

In ensuring that the pricing is on normal commercial terms, the Group follows the following grid in determining its internal department that will run the pricing process and approve the final result:

Monetary amount involved	**Unit that will run the tender/quotation process**	**Unit that will approve the final result**
Less than RMB1,000,000	Procurement and supply management department at subsidiary (or branch) level	General manager at subsidiary (or branch) level
RMB1,000,000 or above but below RMB2,000,000	Procurement and supply management office at operating region level	General manager at operating region level
RMB2,000,000 and above	Procurement and supply management department at Group level	Vice president of the procurement and supply management department at Group level

The pricing procedures are as follows:

- **Public tender:** When using the method of public tender, a tender committee will be established by the unit running the tender process (in accordance with the requisite levels as set out in the preceding sub-paragraph above), comprising experts from the production, technology, legal and audit departments at the corresponding corporate level, to ensure that the evaluation of tenders will be fair and reasonable. The tender committee will review the tender documents and technical requirements and publish a tender notice via an online platform (e.g., Daqihui).

  The public tender process will need to have at least three valid tenders. Tenders will be considered valid if all required documents are submitted, the content of tender fulfills all substantive requirements (such as technical specifications and service standards), the tenderer is legally qualified to submit a tender and does not have records of major illegal acts, the tender is submitted before the deadline, and the tender guarantee (if any) is valid.

  To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments.

  If the number of valid tenders is less than three, a re-tendering will be conducted. If after the re-tendering, the number of valid tenders is still less than three, the tender committee will review and process the available tenders in the same manner as stated herein.

  The tender committee will review each tender and provide its feedback based on a number of factors including the participant's quality, costs, timing and services. After the unit running the tender process (depending on the requisite levels as set out in the preceding sub-paragraph above) consolidates all relevant feedback, it will prepare a tender award request (including the relevant documents such as feedback on the tender, proposed tender participant to be awarded the tender, pricing comparison list and pricing quotation list) and submit it to the head of the corresponding unit for approval. Furthermore, if CNBMG Group wins the public tender, each and every Director who does not have a material interest in the 2026 Framework Agreements is required to approve the tender award request.

- **Selective tender:** The method of selective tender is similar to public tender, with the key difference being that there is no public tender via an online platform. Procurement and supply management departments at all levels may recommend participants who meet the qualification requirements of the tender (such as technical specifications and service standards). These participants will be further approved by the procurement and supply management department at the requisite levels (as set out in the preceding sub-paragraph above) and the legal department. Once approved, the participants will join the tender by way of invitation, with the minimum number of tenders being at least three.

  To ensure that the tendering process is fair and reasonable, the tenders will be evaluated by the tender committee, composed in the same way as public tender. To ensure that the process is independent, the Company verifies the ultimate beneficial owners of the tenderer through third-party tools and requires members of the tender committee to disclose their conflict of interest and withdraw from the evaluation if such conflicts exist. To prevent tampering, tender documents can only be processed by representatives from two or more departments. Furthermore, as in the case of public tender, the tender award request is required to be approved by each and every Director who does not have a material interest in the 2026 Framework Agreements, if CNBMG Group wins the selective tender.

- **Request for quotation:** When using the method of request for quotation, the unit running the quotation process (in accordance with the requisite levels as set out in the preceding sub-paragraph above) will shortlist suppliers, based on their quality, from the Group's supplier database and invite these suppliers to provide quotations, with the minimum number of quotations being at least three. After the production, technology and legal departments at the corresponding corporate level review the quotation and provide their feedback, the unit running the quotation process (in accordance with the requisite levels as set out above) will prepare an award request (including the relevant documents such as feedback on the quotation, pricing comparison list and pricing quotation list) to be submitted to the head of the corresponding unit for approval.

  The price of the inspection services will be determined based on the prices prescribed by the National Quality Supervision and Testing Center for Cement from time to time. The National Quality Supervision and Testing Center for Cement was established in 1987, which is subordinate to China Building Material Test & Certification Group Co., Ltd.. It is one of the first batch of national product quality supervision and testing organizations, is the only cement quality inspection organization that has the qualification of traceability

and transmission of measurement values with the international ISO organization, and is the highest traceability unit of cement quality inspection. In 1997, it was accredited with "three-in-one" examination and approval (organization accreditation, metrology certification and laboratory accreditation) by the China National Accreditation Board for Laboratories ("**CNAL**").

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

We have obtained and reviewed the Measure adopted by the Group in July 2020 and noted that (i) the procedures of determination of pricing by public and selective tender was included detailly in the Measure; (ii) roles of each tender committee member were included in the Measure, where (a) the procurement and supply management department would be responsible for organising the whole tendering process, (b) audit department would be responsible for monitoring the whole tendering process, (c) the legal department would be responsible for reviewing the bidders' qualifications, and (d) other relevant parties such as representatives from operating regions would be responsible for technical and operational review; (iii) the tender documents would be collected and consolidated by the procurement and supply management department and submitted to the tender committee for review and comments; and (iv) a tender award request, together with relevant documents would be prepared by the procurement and supply management department after consolidating feedbacks and comments from different department, and submitted to the designated approvers for approval.

We have obtained and reviewed sample tender documents covering all major service categories which require tendering process in selection of suppliers, namely design, construction and technical upgrade, and noted that (i) at least three valid tenders were collected during the tender process; (ii) the tendering process was organized by the procurement and supply management department, and monitored and reviewed by the legal department; and (iii) the tender result was approved by the designated approvers according to the scale of the projects. Further, we have obtained and reviewed samples of proposals submitted to and approved by the designated approvers and noted that (i) the background of the potential bidding companies and details of price inquiry process including but not limited to the composition of prices quoted, the basis of price determination, and analysis of potential bidding companies providing similar services are included in the proposals; (ii) comments from different departments and business units such as the development and technology department and

legal department were consolidated and included in the proposals and (iii) the quotations and draft agreements were attached in the proposal for review and approval. We noted that (i) details including but not limited to specification and scope of work, criteria and qualification requirements, procedures, time and venue of evaluation of tenders, are stipulated in the tender documents, which provide a clear and objective criteria for evaluating the tenders; (ii) prices and terms offered by each tenderer, as well as the qualifications and experience of each tenderer are detailed and documented in the proposals, which were compared against each other to select the best offer from all quotations received; (iii) the minimum requirement of three valid tenders for each tender process could promote competition and provide fair basis for selection of suppliers; (iv) tender committee comprises experts from different levels, namely the production, technology, legal and audit departments at the corresponding corporate level, which could enable professional opinions from different perspective and mitigate the risk of fraudulent acts, which in turns ensure the evaluation of tenders to be fair and reasonable; (v) the tender documents are required to be processed by representatives from two or more departments in order to avoid tampering or alternation of the tender documents, (vi) legal department would evaluate the tenderers on technical specifications, service standards as well as whether they have records of major illegal acts, and make final approval on the proposals; and (vii) for selective tender, we understood from the Management that the procurement and supply management department at Group level would conduct preliminary screening from the Group's approved list of suppliers based on the scale and technical requirements of projects. Such shortlisted potential suppliers are required to be approved by legal department before being invited to join the selective tender. We obtained the record of shortlisting potential suppliers conducted by the procurement and supply management department at Group level and noted that the potential suppliers were shortlisted from the Group's approved list of suppliers for engineering and technical services based on their qualifications. The procurement and supply management department at Group level would contact the potential suppliers which fulfill the preliminary screening to inquire about their interest in participating in the tender. Formal tender invitation would be provided to interested potential suppliers who fulfill the Group's requirement. Based on the above, we are of the view that the public tendering and selective tendering processes are fair and reasonable, and are effective ways to ensure the prices and terms offered by CNBMG Group to be no less favorable to the Group than those of similar services offered by independent third parties.

As for the inspection services, we have obtained the Notice of the Launch of the 20th National Cement Quality Indicator Inspection Comparison Work for the Yumeng Environmental Protection Cup* (《關於開展"宇夢環保杯"全國第二十次水泥品質指標檢驗大對比工作的通知》) (the "**2025 Notice**") issued by the National Quality Supervision and Testing Center for Cement and China Testing and Certification International Group Co., Ltd. in April 2025, specifying the details of the national inspection comparison work and the price of the inspection comparison work in 2025, and noted that the price stipulated in the 2025 Notice matched with the price charged by CNBMG Group in 7M2026. As we understood from the Management that the same price was charged by CNBMG Group and other independent third parties according to the 2025 Notice, we further obtained an agreement entered into by the Group and an independent third party in 2025 in relation to the provision for inspection service by the independent third party, and noted that the price of inspection comparison work also matched with the price specified in the 2025 Notice. We further obtained the Notice of the Launch of the 20th National Cement Chemical Analysis Comparison Work for the Anke Huisheng Cup* (《關於開展"安科慧生杯"全國第二十次水泥化學分析大比對工作的通知》) (the "**2026 Notice**") issued by the National Quality Supervision and Testing Center for Cement and China Testing and Certification International Group Co., Ltd. in April 2026, specifying the details of the national inspection comparison work and the price of the inspection comparison work in 2026. We understood from the Management that the same price would be charged by CNBMG Group and other independent third parties according to the 2026 Notice.

Considering that (i) internal control procedures are in place to ensure the pricing of the services to be fair and reasonable; (ii) prices and terms offered by alternative suppliers through quotation or tender process are considered and compared against the prices and terms offered by CNBMG Group to ensure fairness and reasonableness; and (iii) the price of inspection services was determined based on the prices prescribed by the National Quality Supervision and Testing Center for Cement from time to time, we concur with the Directors' view that the pricing procedures and mechanism and the internal control measure carried out are effective and sufficient to ensure the pricing of transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement to be on normal commercial terms.

* *For identification purpose only*

3.3 2026 Clinker and Cement Transactions Framework Agreements

Details of the 2026 Clinker and Cement Transactions Framework Agreements are set out in the Letter from the Board. The principal terms and conditions of 2026 Clinker and Cement Transactions Framework Agreements are as follows:

3.3.1 2026 CNBMG Clinker and Cement Transactions Framework Agreement

3.3.1.1 Date

30 April 2026

3.3.1.2 Parties

(i) the Company

(ii) CNBMG

3.3.1.3 Scope of transactions

Sale and purchase of clinker and cement (including aggregates and commercial concrete) between the Group and CNBMG Group

3.3.1.4 Term

From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

3.3.1.5 Basis of pricing – procurement

The price of the clinker and cement (including aggregates and commercial concrete) purchased from CNBMG Group will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

3.3.1.6 Basis of pricing – sales

The basis of pricing for selling clinker and cement (including aggregates and commercial concrete) to CNBMG Group is divided into two models.

Cement and clinker local sales business: The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

Key project supply: The contract price is based on the winning bid price at the time of tender. Due to the typically long duration of key projects, if market fluctuations occur, subsequent price adjustments will be settled based on the agreed sales price in the contract, following the price increase or decrease published by CCement.com or Digital Cement.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

3.3.2 2026 Shandong Quanxing Clinker and Cement Transactions Framework Agreement

3.3.2.1 Date

30 April 2026

3.3.2.2 Parties

(i) the Company

(ii) Shandong Quanxing

3.3.2.3 Scope of transactions

Sale and purchase of clinker and cement (including aggregates and commercial concrete) between the Group and Shandong Quanxing's subsidiaries, Shandong Quanxing Cement Co., Ltd. and Shandong Shenfeng Cement Co., Ltd.

3.3.2.4 Term

From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

3.3.2.5 Basis of pricing – procurement

The price of the clinker and cement (including aggregates and commercial concrete) purchased from Shandong Quanxing's subsidiaries will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

3.3.2.6 Basis of pricing – sales

The sale of clinker and cement (including aggregates and commercial concrete) to Shandong Quanxing's subsidiaries is the local sales business. The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

3.3.3 2026 Shandong Donghua Clinker and Cement Transactions Framework Agreement

3.3.3.1 Date

30 April 2026

3.3.3.2 Parties

(i) the Company

(ii) Shandong Donghua

3.3.3.3 Scope of transactions

Sale and purchase of clinker and cement (including aggregate and commercial concrete) between the Group and the branches and subsidiaries of Shandong Donghua (namely Jinan Wanhua Cement Co., Ltd., Zibo Wanhua Branch of Shandong Donghua Technology Co., Ltd., and Shandong Donghua Technology Development Co., Ltd.)

3.3.3.4 Term

From 1 June 2026 to 31 May 2027 (both days inclusive), subject to Independent Shareholders' approval at the Company's forthcoming annual general meeting

3.3.3.5 Basis of pricing – procurement

The price of the clinker and cement (including aggregates and commercial concrete) purchased from Shandong Donghua's branches and subsidiaries will be determined with reference to the quotation from other independent clinker and cement companies in the nearby area (at least three) through price inquiry, and determine the price based on comparing the quotes obtained, taking into account the shipment distance and freight.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

3.3.3.6 Basis of pricing – sales

The sale of clinker and cement (including aggregates and commercial concrete) to Shandong Donghua's branches and subsidiaries is the local sales business. The marketing department at Group level sets the minimum sales price in its procurement system, which is applicable to both general customers and connected persons, based on industry pricing and prevailing market prices within 100 – 200 kilometer radius from the production enterprise. The Group monitors prices through daily market research by its sales personnel, internal data sharing within industry associations, and data published by industry channels such as CCement.com.

For each proposed connected transaction, additional approval is obtained in advance from the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level.

For each transaction involving a sales price lower than the set minimum price, whether with general customers or connected persons, the price must be separately approved by the sales manager, financial manager, and general manager of the selling enterprise; the marketing manager and general manager of the operating region; and the marketing department at Group level and its supervising vice president. The approval processes ensure that the prices charged to connected persons are not more favourable than those offered to independent customers in comparable circumstances.

In light of the above procedures, the Board considers that the transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

We have scrutinized the breakdown for sales of clinker and cement and selected samples with largest transaction amounts in 7M2025 and the three months ended 31 March 2026 until the coverage reached at least 50% of the total transaction amounts for the corresponding periods. Additional samples are selected in random basis in order to ensure the samples cover different counterparties and regions. We have obtained 10 samples of agreements entered into by the Group and CNBMG Group and its affiliates in relation to sales of clinker and cement to CNBMG Group and its affiliates (the "**Clinker and Cement Sale Sample Agreements**"), which (i) covered over 50% of the total transaction amount for 7M2025 and the three months ended 31 March 2026 and each of the remaining non-selected projects contributed less than 6% of the total transaction amounts in the corresponding periods; (ii) represent the largest transactions in the respective year in terms of transaction amount; (iii) the samples selected covered different counterparties and regions; and

(iv) we did not note any significant outliers among the non-selected projects, we consider that our review covered the most significant and impactful transactions that could provide a fair assessment of the overall effectiveness of the controls and policies while balancing comprehensiveness and practicality, and thus the number of samples is sufficient, fair and representative. We noted that (i) the Clinker and Cement Sale Sample Agreements are accompanied by sample agreement approval forms in relation to the sale of clinker and cement to CNBMG Group and its affiliates; (ii) the relevant details such as the reasons for the sale, the basis for price determination, the market price in the nearby region, and quantity are included and approved by the sales manager and general manager of the selling enterprise, the marketing manager and general manager of the operating region, and the marketing department at Group level; and (iii) comments from different departments and business units including the operating region and the marketing department at Group level are consolidated in the approval forms. Additionally, for key projects, further details such as specifics of projects are included in the price approval form and the cement price was determined based on the market price published on CCement.com. Furthermore, we understood from the Management that the prices and terms offered to independent third parties are generally the same as those offered to CNBMG Group and its affiliates. We have obtained three samples of agreement entered into by the Group and independent third parties in relation to sales of clinker and cement, compared against the agreements entered into by the Group and CNBMG Group and its affiliates, and noted that the prices offered to CNBMG Group were not lower than unit prices offered to independent third parties at relevant time.

Further, as the Group did not procure any clinker or cement from CNBMG Group and its affiliates from June 2025 up to March 2026. As alternative procedure, we have scrutinized the breakdown for purchase of clinker and cement and selected samples with largest transaction amounts in FY2024 until the coverage reached at least 50% of the total transaction amounts for the corresponding periods. Additional samples are selected in random basis in order to ensure the samples cover different counterparties and regions. We have obtained six samples of agreements entered into by the Group and CNBMG Group and its affiliates in relation to purchase of clinker and cement from CNBMG Group and its affiliates (the "**Clinker and Cement Purchase Sample Agreements**"), which (i) covered over 50% of the total transaction amount for FY2024; (ii) represent the largest transactions in the respective year in terms of transaction; (iii) the samples selected covered different counterparties and regions; (iv) transactions in relation to purchase of clinker and cement as well as the terms stipulated in relevant agreements are relatively standard; and (v) we did not note any significant outliers among the non-selected transactions, we consider that our review covered the most significant and impactful transactions that could provide a fair assessment of the overall effectiveness of the controls and policies while balancing comprehensiveness and practicality, and thus the number of samples is sufficient, fair and representative. Considering that (i) the Clinker and Cement Purchase Sample Agreements in FY2024 provide a relevant reference point for understanding the existing approval processes when no recent transaction record is available; (ii) such agreements in FY2024 demonstrated that the policies were established, understood and followed at relevant time, serving as an supporting evidence of ongoing compliance of the

Group's internal control policies; and (iii) there was no material change in the pricing approval policies of Clinker and Cement Transactions since FY2024; we considered that the Clinker and Cement Purchase Sample Agreements in FY2024 remained as a valid indication that the pricing policies were in place and operational. We noted that (i) the Clinker and Cement Purchase Sample Agreements are accompanied by procurement proposals in relation to the purchase of clinker and cement from CNBMG Group and its affiliates in FY2024; (ii) the requisition of purchase of clinker and cement is initiated by the responsible person in production department periodically and approved by both the general manager of the operating region and the Group's management; (iii) quotation is made and the relevant details such as information of potential suppliers, price inquiry process including but not limited to the composition of prices quoted such as base price and transportation costs, procurement quantities, and the reasons for procurement are included in the price approval form and approved by the procurement and supply management department and other designated approvers; (iv) at least three quotations were obtained according to the survey reports; and (v) comments from different departments and business units are consolidated in the proposal.

Considering that (i) internal control procedures are in place to ensure the pricing of the services to be fair and reasonable; (ii) the prices for sales of cement and clinker offered to CNBMG Group were not lower than unit prices offered to independent third parties; and (iii) prices and terms of procurement of clinker and cement offered by alternative suppliers through quotation are considered and compared against the prices and terms offered by CNBMG Group to ensure fairness and reasonableness, we concur with the Directors' view that the pricing procedures and mechanism and the internal control measure carried out are effective and sufficient to ensure the pricing of transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements to be on normal commercial terms.

4. Reasons for and benefits of entering into the 2026 Framework Agreements

According to the Letter from the Board, the Board considers that the 2026 Framework Agreements will bring the following benefits to the Company:

4.1 2026 Mine Development Services Framework Agreement

According to the Letter from the Board, to support the Company's day-to-day operations, the Company will need to extract limestones to serve as raw materials for its cement production. To ensure safe and proper extraction of limestones, mine development, maintenance and related engineering services are necessary. Local environmental laws also require the land conditions of the extraction sites to be restored during the extraction process.

Compared to other companies the Company has previously cooperated with, CNBMG possesses competitive advantages on its mining technology, management standards and infrastructure construction qualities in terms of its (i) market profile, (ii) technological capabilities, (iii) compliance with state environmental laws and (iv) cost efficiency, as evidenced by the following qualities and achievements of its subsidiary and engineering services provider unit, CNBM:

- CNBM is a tier-one service provider in the mining construction in the Chinese mining industry measured by aggregate contracted project value, an industry standard established by the Ministry of Housing and Urban-Rural Development of the PRC. CNBM has been engaged in limestone development and extraction projects for (i) an overwhelming majority of the cement corporations in China and (ii) various other overseas cement corporations;

- CNBM has the technology and expertise in mining to utilise limestones of both superior and sub-par qualities, thereby maximising the utilisation rate of limestones extracted. In addition, CNBM meets the requirements of the local governments and authorities, thereby avoiding the risk of suspension and rectification in production as a result of non-compliant mining; and

- CNBM has established and implemented a strict policy and adheres to the concept of "Simultaneous Mining, Maintenance and Green-mining Construction" (「**邊開採、邊治理、邊進行綠色礦山建設**」) to ensure the land conditions of the extraction sites are restored simultaneously during the extraction process, thereby reducing the risk of suspension and rectification in production as a result of non-compliant mining and reducing the need for investment in "green-mining" projects and minimising the overall restoration costs for extraction sites. According to the 2024 Environmental, Social and Governance Report of CNBM, we noted that the CNBM group has actively develop green mines and green factories, utilizing cutting-edge technologies for ecosystem protection activities. By the end of 2024, the CNBM group had received recognition for 42 national-level green mines, 110 green mines at other levels, totaling 153 green mines.

In light of the above, the Board believes that the Company can leverage on CNBMG's strengths to:

- enhance the mine development, maintenance and related engineering services quality of the Company;

- ensure (i) compliance with local environmental laws for simultaneous restoration of the land conditions of extraction sites and (ii) minimal restoration costs as a result of CNBM's strict policy for simultaneous restoration; and

- lower its overall production cost as a result of the mixed utilisation of limestones of both superior and sub-par qualities.

We have reviewed the Green Mine Construction Specifications of Cement Limestone Industry* (《水泥灰岩綠色礦山建設規範》), an industry standard issued by the Ministry of Natural Resources of the PRC, and noted that restoration of extraction sites during the extraction process was required. We further noted that CNBM has participated in the drafting of the industry standards including but not limited to the Green Mine Construction Specifications of Cement Limestone Industry, which signified the recognition of CNBM in the mining industry and its technology capability. Moreover, according to the annual report of CNBM for the year ended 31 December 2024, we noted that the CNBM group received a number of honorary awards such as 2024 ESG Best Practice Case in the Building Materials Industry from the China Building Materials Federation and Industry Mover from S&P Global CSA of Chinese Enterprises. In addition, in 2024, the CNBM group formulated and revised 3 international standards and 30 national standards, and obtained 1,891 new valid patents, including 742 invention patents, bringing the total number of valid patents to 16,600, of which more than 4,600 are invention patents.

Further, we understood from the Management (i) there are alternative suppliers who provide similar mine development, maintenance and related engineering services to the Group; (ii) these alternative suppliers, who meet the qualification and technical requirements of the Group, have been considered during the Group's suppliers selection process, in particular, by obtaining quotations from them or tender invitation; and (iii) CNBMG Group and its affiliates are not the sole suppliers of the Group's mine development, maintenance and related engineering services, the Group also procured similar services from these alternative suppliers. Based on the above and details noted from the sample proposals, we considered that alternative suppliers available to the Group have been taken into account during the Group's process of suppliers selection and the reasons for selecting CNBMG Group and its affiliates over these alternative suppliers are documented in the proposals on case-by-case basis and are justifiable.

Considering that (i) limestones are one of the major raw materials for the production of cement by the Group and the Group is principally engaged in the production and sales of cement, clinker, and concrete; (ii) established business relationship between the Company and CNBMG and the satisfactory performance during the past cooperation would facilitate continuous business cooperation in the future; (iii) the mining process adopted by CNBMG Group was in line with the relevant environmental laws; (iv) related technology and expertise is possessed by CNBMG Group; (v) alternative suppliers available to the Group have been taken into account during the Group's process of suppliers selection; and (vi) the basis of pricing and terms under the 2026 Mine Development Services Framework Agreement are on normal commercial terms and are fair and reasonable, we concur with the Directors' view that the entering into of the 2026 Mine Development Services Framework Agreement is fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business and in the interest of the Company and its Shareholders as a whole.

4.2 2026 Engineering and Technical Services Framework Agreement

According to the Letter from the Board, from time to time, the Company requires (i) design services when it establishes new production lines, (ii) technical upgrade services when it decides to improve the quality and scale of its cement production and (iii) technical services in compliance with environmental and safety regulations and for purposes of participating in routine specification comparison inspections conducted by state authorities in accordance with cement industry regulations.

Compared to other service providers, CNBMG possesses competitive advantages in the provision of engineering and technical services in terms of its (i) scale, (ii) technological capabilities and (iii) cost-to-performance ratio of its upgrade services, as evidenced by the following qualities and achievements of CNBMG:

- CNBMG is a well-known and market-leading integrated building materials developer and service provider in the world in terms of scale. According to the 2025 Global Building Materials Listed Companies Comprehensive Strength TOP100 published by the China Building Materials Federation in December 2025, CNBM ranked fourth globally and first in China;

- CNBMG Group has 26 national scientific research and design institutes, 38,000 scientific research and development and technical engineering employees, 55 national industrial quality inspection centres and authoritative inspection and certification organisations in the industry, 28,000 patents, three national key laboratories, eight

national engineering (technology) research centres and 17 national standardisation technical committees. We further noted that CNBMG Group had modified 33 international standards and ISO 10119：2020 – Carbon Fibre – Determination of Density led by CNBMG Group is the first international standard of carbon fibre led by China;

- CNBMG Group owns seven first class State Science and Technology Progress Awards and 4 China Grand Awards for Industry. We noted from the official website of CNBMG that they have been awarded 166 national science and technology awards.

- CNBMG is able to provide engineering services at a higher cost-to-performance ratio compared with its competitors. We have reviewed the ESG report for the year ended 31 December 2024 issued by CNBMG and understood that the development of a pilot system for the new internal circulation cement clinker suspension calcination technology has been completed and the key technical equipment of high-efficiency grinding in the cement industry has achieved a breakthrough of a decrease of more than 9% in the clinker ratio of 42.5 grade cement production. The new low-calcium clinker system has achieved a breakthrough in low-temperature sintering control technology and completed pilot production, reducing the direct carbon emissions intensity per tonne of clinker by 25%.

In light of the above, the Board believes that the Company can leverage on CNBMG's strength to ensure its engineering quality, increase production quality and volume, ensure stable operations, thereby increasing overall revenue for the Group.

We have discussed with the Management and understood that cement production process involves a number of steps which include but not limited to raw materials quarrying, raw materials crushing, raw meal preparation and clinker calcination. Such production steps involve different types of complex facilities and machinery such as crushers, grinders and grate coolers. Therefore, the establishment of new production lines as well as the technical upgrade of cement production require the engagement of qualified engineers to ensure the facilities and machinery are well-equipped for the production processes to be carried out with high and stable efficiency, quality and safety.

Further, we have reviewed the Notice of the Enhancement of Quality Control Capability of Cement* (《關於提升水泥質量保障能力的通知》) issued by the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) and the Quality Control Regulations for Cement Manufacturer* (《水泥生產企業質量管理規程》) published by the China Building Materials Federation (中國建築材料聯合會), and noted that regular quality inspections are required to be conducted on cement manufacturers by qualified inspection centres.

* *For identification purpose only*

According to the interim report of CNBM for the six months ended 30 June 2025, CNBM has successfully secured 13 overseas cement plant projects, with new overseas contracts increasing by 19% and overseas revenue growing by 25% year-on-year. Coupled with the awards and titles won by CNBMG Group discussed in the subsection headed "4.1 2026 Mine Development Services Framework Agreement", the competitive advantages possessed by CNBMG Group were well supported. We also noted from the official website of CNBMG that they possess Grade-A design certificate issued by the PRC Ministry of Construction in areas of building materials, architectural engineering, environmental engineering and engineering, procurement and construction ("**EPC**") services, which are required for providing engineering design and EPC services in China.

Further, we understood from the Management (i) there are alternative suppliers who provide similar engineering and technical services to the Group; (ii) these alternative suppliers, who meet the qualification and technical requirements of the Group, have been considered during the Group's suppliers selection process, in particular, by obtaining quotations from them or tender invitation; and (iii) CNBMG Group and its affiliates are not the sole suppliers of the Group's engineering and technical services, the Group also procured similar services from these alternative suppliers. Based on the above and details noted from the sample proposals, we considered that alternative suppliers available to the Group have been taken into account during the Group's process of suppliers selection and the reasons for selecting CNBMG Group and its affiliates over these alternative suppliers are documented in the proposals on case-by-case basis and are justifiable.

Considering that (i) the engagement of qualified engineers is required for the design, engineering and technical upgrade of the cement production lines of the Group; (ii) regular quality inspection is required to be conducted on cement manufacturers by qualified inspection centres; (iii) CNBMG Group possessed a number of comparative advantages including but not limited to its technological capabilities as well as the global recognition; (iv) CNBMG Group has 55 national industrial quality inspection centres which are qualified inspection centres under the relevant rules; (v) alternative suppliers available to the Group have been taken into account during the Group's process of suppliers selection; and (vi) the basis of pricing and terms under the 2026 Engineering and Technical Services Framework Agreement are on normal commercial terms and are fair and reasonable, we concur with the Directors' view that the entering into of the 2026 Engineering and Technical Services Framework Agreement is fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business and in the interest of the Company and its Shareholders as a whole.

4.3 2026 Clinker and Cement Transactions Framework Agreements

4.3.1 Purchase of clinker and cement from CNBMG Group's companies and its affiliates

According to the Letter from the Board, from time to time, various clinker and cement companies in the Group in the western and southern regions of Shandong Province (collectively, the "Deficit Regions") experienced deficit in clinker and cement supply. In addition, for some of the Group's operations, the closest clinker and cement production unit within the Group are still distant. This means for such operations, it will not be cost-efficient to rely on internal supply of clinker and cement, as this will result in higher transportation costs which may take up a significant portion of the overall cement production cost. Meanwhile, some of CNBMG Group's companies and its affiliates are geographically close to the clinker and cement companies in the Group within the Deficit Regions.

The Board believes that purchasing clinker and cement from such CNBMG Group and its affiliates can bring the following benefits to the Company:

(i) reducing the overall procurement and transportation costs for the Group in the Deficit Regions; and

(ii) the clinker and cement produced by CNBMG Group and its affiliates are reliable and of high quality, as evidenced by CNBMG Group and its affiliates being consistently named as one of the designated clinker and cement suppliers for large scale projects in the cement industry and key national cement projects.

We conducted a desktop search on the locations of the clinker and cement companies within the Group as well as those of CNBMG Group and its affiliates on selected material transactions and noted that the transacting parties are mainly located in the same or adjacent cities. Further, as advised by the Management, sourcing clinkers from CNBMG Group and its affiliates not only serves as a stable supply for the Group's normal production operations, but also improves its cost efficiency by reducing transportation costs, effectively addressing the resource limitations of the Group in the Deficit Regions, especially when the purchase prices from CNBMG Group and its affiliates are lower than the Group's internal production costs.

Further, we understood from the Management (i) there are alternative suppliers of cement and clinker available to the Group; (ii) these alternative suppliers, who meet the qualification and technical requirements of the Group, have been considered during the Group's suppliers selection process, in particular, by obtaining quotations from them; and (iii) CNBMG Group and its affiliates are not the sole cement and clinker suppliers of the Group, the Group also purchased clinker and cement from these alternative suppliers. Based on the above and details noted from the sample proposals, we considered that alternative suppliers available to the Group have been taken into account during the Group's process of suppliers selection and the reasons for selecting CNBMG Group and its affiliates over these alternative suppliers are documented in the proposals on case-by-case basis and are justifiable.

4.3.2 Sale of clinker and cement to CNBMG Group companies and its affiliates

According to the Letter from the Board, CNBMG Group and its affiliates have similar transportation costs concerns due to the lack of geographical proximity among certain of their clinker and cement production units and clinker and cement companies, and therefore would need to purchase clinker and cement from suppliers in closer proximity from time to time.

The Group owns clinker and cement production units that are close to quite a few clinker and cement companies within CNBMG Group and by selling clinker and cement to CNBMG Group and its affiliates, the Board believes that the Company can increase its overall sales volume, thereby effectively generating higher revenue and profits.

Based on the abovementioned reasons, the Company believes that entering into such transactions with CNBMG Group and its affiliates will be beneficial to the Group.

We conducted a desktop search on the locations of the clinker and cement production units of the Group and CNBMG Group and its affiliates on selected material transactions and noted that the transacting parties are mainly located in the same or adjacent cities. Besides, the comparative advantages in geographical proximity could enable the Company to generate considerable revenue and profits by selling clinker and cement to CNBMG Group and its affiliates. As advised by the Management, the current market for clinkers and cement is oversupplied, particularly in the northeastern regions and east of Shandong region. If the Group were to refrain from selling to CNBMG Group companies and its affiliates, it risks losing a portion of its market share. According to the China's Cement Economy Report in 2025* (《2025年度中國水

泥行業經濟運行報告》) published by Digital Cement in January 2026, many regions in China are experiencing poor implementation of staggered production with some enterprises failing to strictly adhere to the off-peak suspension plans, thus disrupting the industry ecosystem. At the same time, demand for cement was still at low level which led to oversupply and high level of inventory level in the market.

Furthermore, as indicated by the Management, CNBMG Group has been selected as the cement suppliers for a number of key construction projects, such as a project in relation to high-speed railways with contract value exceeding RMB200 million, and significant volume of cement would be needed by CNBMG Group continuously as these projects are still at key construction stages.

Further, we understood from the Management (i) there are alternative potential customers who would procure cement and clinker from the Group; and (ii) CNBMG Group and its affiliates are not the sole customers of the Group's cement and clinker, the Group also sold cement and clinkers to these alternative customers with same pricing basis and terms. Based on the above and details noted from the samples of agreement entered into by the Group and independent third parties in relation to sales of clinker and cement, we considered that alternative customers have been taken into account when they are available to the Group.

Therefore, we concur with the Directors' view that the entering into of the 2026 Clinker and Cement Transactions Framework Agreements is fair and reasonable so far as the Independent Shareholders are concerned, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business and in the interest of the Company and its Shareholders as a whole.

5. Historical transaction amounts and the proposed annual caps under the 2025 Framework Agreements

5.1 Mine Development Services

5.1.1 Existing annual caps

As disclosed in the Letter from the Board, the existing annual caps in respect of the transactions under the 2025 Framework Agreements were as follows:

Existing annual cap	**For the seven months ended 31 December 2025** *(RMB' 000)*	**For the five months ending 31 May 2026** *(RMB' 000)*
Mine Development Services	381,225	272,786

5.1.2 Historical transaction amounts

As disclosed in the Letter from the Board, the historical transaction amounts in respect of the transactions under the 2025 Framework Agreements were as follows:

Historical transaction amounts	**For the seven months ended 31 December 2025** *(RMB' 000)*	**For the three months ended 31 March 2026** *(RMB' 000)*
Mine Development Services	379,724	63,837

The utilisation rate of the existing annual caps was approximately 99.6% and 39.0% for 7M2025 and the five months ending 31 May 2026 ("**5M2026**") (based on proportionate annual caps calculated by dividing the historical transaction amounts for the three months ended 31 March 2026 by 3/5 of the annual cap for 5M2026), respectively. As advised by the Management, the transaction amount during the first three months of 2026 was much lower than the existing annual cap primarily attributable to the minimal production volume in the said period under the requirements of normalised off-peak production of cement in Shandong Province.

According to the Letter from the Board, only individual kilns were in operation for the three months ended 31 March 2026, resulting in a lower demand for limestone and a consequent reduction in mining output. Meanwhile, a large number of the slope treatment and exploration projects were unable to commence due to the temperature conditions. It is expected that the actual transaction amount will gradually approach the cap amount with the successive operation of rotary kilns and the rising temperature after the first quarter of 2026. We have also reviewed the Notice on Organizing the Normalised Off-Peak Production of Cement in the Heating Season of 2025–2026* (《關於組織做好2025–2026年度採暖季水泥常態化錯峰生產的通知》) published by the Department of Industry and Information Technology of Shandong Province and the Department of Ecology and Environment of Shandong Province, the production of cement is prohibited from mid-November 2025 to mid-March 2026. It is expected that upon resumption of production after 15 March 2026, the transaction amounts would begin to increase.

5.1.3 Proposed annual caps

As disclosed in the Letter from the Board, the proposed annual caps in respect of the transactions contemplated under the 2026 Mine Development Services Framework Agreement have been determined based on:

(i) the historical fees for the Mine Development Services paid by the Group to CNBMG Group since January 2025;

(ii) the Group's corresponding demand for the Mine Development Services from CNBMG Group in 2026, in view of (x) mining and maintenance costs contributed by the six mining sites, i.e. Mayuanshan Mine in Yantai Company, Xidan Mine in Weishan Company, Yigeziya Mine in Yingjisha Company, Guangxia Mine in Taiyuan Company, Limestone Mine in Linfen Company, and Limestone Mine in Lvliang Company, which have commenced operation upon the completion of infrastructure construction or the application of mining licenses and safety certificates and the related costs for handling "exploration-

* *For identification purpose only*

to-mining" procedures for Lianjiawa Mine in Kazuo Company (with the specific locations and scales of the seven mining sites set out below):

Name of company	Name of mining site	Location	Production scale *(10,000 tonnes/year)*
Yantai Company	Mayuanshan	500 meters west of the intersection of Provincial Road 802 and Jiangsu Road, Fushan District Economic Development Zone, Yantai, Shandong Province	380
Weishan Company	Xidan Mine	Section 104-176-9 of Provincial Road 104, Liangcheng Town, Weishan County, Jining, Shandong Province	172.60
Yingjisha Company	Yigeziya Mine	Village 3, Yigeziya Township, Yingjisha County, Kashgar, Xinjiang Uygur Autonomous Region	150
Taiyuan Company	Guangxia Mine	Xixingzhuang Village, Gaocun Township, Yangqu County, Taiyuan, Shanxi Province	90
Linfen Company	Limestone Mine	East Xingwangyu Village, Mingjiang Town, Hongdong County, Linfen, Shanxi Province	200
Lvliang Company	Limestone Mine	Chunshumao Village, Zaolin Township, Lishi District, Lvliang, Shanxi Province	150
Kazuo Company	Lianjiawa Mine	Zhongsanjia Town, Kazuo County, Chaoyang, Liaoning Province	150

and (y) restoration and maintenance on mine management of enterprises imposed by the governmental authorities; and

(iii) the estimated fee of consulting with third party vendors in relation to mine development, maintenance and related engineering services based on the mining area, the surrounding environment, geological conditions, the difficulty in mining and shipment distance of each mine. However, as the geology, mining difficulty and shipment distance vary from mine to mine, the price will be determined based on tenders.

The table below sets out the proposed annual caps in respect of the transactions contemplated under the 2026 Mine Development Services Framework Agreement:

Proposed annual cap	**For the seven months ending 31 December 2026** *(RMB' 000)*	**For the five months ending 31 May 2027** *(RMB' 000)*
Mine Development Services	387,802	216,453

The proposed annual caps mainly consist of the following breakdown of estimated transaction amounts, which are based on estimates of (ii) and (iii) above and taking into account the factor as set out in (i) above:

	For the seven ending 31 December 2026 *(RMB' 000)*	**For the five months ending 31 May 2027** *(RMB' 000)*
Mining, stripping, clamping stone for aggregates (including infrastructure)	348,699	208,730
Green-mining construction	1,705	956
Restoration and maintenance	27,857	4,944
Exploration and technical services	9,541	1,823
Total	**387,802**	**216,453**

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the Management regarding the principal assumptions and basis adopted for determining the proposed annual caps. We understood that the Company has considered the following factors:

(i) Historical fees

As advised by the Management, there are generally three types of mine development services contemplated under the 2026 Mine Development Services Framework Agreement, namely (i) mining, (ii) maintenance, and (iii) related engineering services, where mining fee contributed the majority of the historical transaction amounts. Mining fee is generally determined based on the unit price per tonne of limestone extracted and the quantity of limestone extracted. We have discussed with the Management and understood that in determining the proposed annual caps, historical unit price per tonne of limestone extracted was considered.

As disclosed in the subsection headed "3.1 2026 Mine Development Services Framework Agreement", we have obtained 14 Mine Sample Agreements, of which 10 are for the provision of mining services, one for both mining and maintenance services, and three for related engineering services. We noted from the historical agreements that while the time, effort, and other costs of extraction of limestone vary among different mining sites, the unit price of limestone varies accordingly, ranged from approximately RMB10.1 to RMB20.6 per tonne as stipulated in the Mine Sample Agreements.

(ii) Mining, stripping, and clamping stone services

We have discussed with the Management and understood the Group engaged CNBMG Group for Mine Development Services across its 30 mining sites in 2025 and 25 mining sites in 2024. Among these sites in 2025, 15 are located in Shandong Province, five in Shanxi Province, seven in Northeast China and three in Xinjiang. The transaction amount for the existing mining sites is expected to remain relatively stable with approximately RMB316.0 million with estimated production volume of 25 million tonnes for the seven months ending 31 December 2026 ("**7M2026**"), whereas the transaction amount for existing mining sites is expected to reduce to approximately RMB159.2 million with estimated production volume of approximately 12 million tonnes for the five months ending 31 May 2027 ("**5M2027**"), which was mainly due to the suspension of production of a mining site under Yantai company as the mining site will commence its reconstruction by the end of 2026 that the quantity of extraction would drop to zero in 5M2027. The unit price of extracted limestone varies among different mining sites, which is influenced by factors such as the time and effort associated with the extraction, cost of explosives, transportation

distance, and the geographical conditions. The Management estimated that the unit prices of limestone would range from approximately RMB8.05 to RMB23.88 in 7M2026 and 5M2027. We have obtained the agreements with the highest and lowest unit price of extracted limestone entered into by the Group and CNBMG Group in 7M2025, and noted that the unit price ranged from RMB8.09 to RMB24.37, which generally aligns with the Management's estimation. Therefore, we are of the view that the basis for estimating the fees for these services is reasonable.

(iii) Additional mining infrastructure engineering

As advised by the Management, (i) the mining licenses of mining sites under Yingjisha company, Yantai company and Lvliang company have been obtained and the relevant infrastructure construction of these sites has commenced or is expected to commenced in 2026 or 2027, with estimated transaction amount of approximately RMB16.5 million for 7M2026 and RMB31.7 million in 5M2027; (ii) the mining licenses of mining sites under Taiyuan company and Linfen company have expired and the mining infrastructure of these mining sites are expected to commence by 2026 with estimated transaction amount of approximately RMB15.4 million in 7M2026 and RMB14.9 million in 5M2027 after obtaining the renewed mining licenses; and (iii) the infrastructure construction of mining site under Weishan company is expected to commence with an estimated transaction amount of approximately RMB0.8 million for 7M2026 and RMB3.0 million in 5M2027 after obtaining procedural approval. Consequently, an additional fee for Mine Development Services of approximately RMB32.7 million and RMB49.6 million is expected to be incurred in 7M2026 and in 5M2027, respectively. We have obtained the mining licenses of the mining sites under Yingjisha company, Yantai company and Lvliang company. Furthermore, we obtained the breakdown of transactions for the Mine Development Services from 2021 to 2025 and noted that the transaction amounts for infrastructure engineering projects generally ranged from approximately RMB2 million to RMB33 million, which aligns with the estimated amount of infrastructure engineering of each project. Therefore, we are of the view that the basis for estimating the fees for mining infrastructure engineering is not unreasonable.

(iv) Exploration and technical services

In addition to preparing periodic reports on mine reserves, safety diagnosis, and geologic environment testing for existing mines, additional reports are necessary for exploration and technical services due to (i) the restoration of original mining rights by the Weishan company, (ii) the increase in resources reserves by the Lvliang company, (iii) the implementation of the "Three Simultaneities" Policy in the Linfen company, and (iv) the "exploration-to-mining" procedure of the Lianjiawa Mine in Kazuo company. As a result, the budget for exploration and technical services is projected to be approximately RMB9.5 million for 14 mining sites in 7M2026 and approximately RMB1.8 million for nine mining sites for 5M2027. In assessing whether the estimated service fees are reasonable, we have obtained four invoices and one tender document for historical exploration and technical services and noted that (i) the routine fees for exploration, stability report, periodic reports, reports on construction safety facilities of a mining site were at least approximately RMB0.4 million per year; and (ii) the geographical exploration fee for a mining site could reach approximately RMB1.9 million, which were generally in line with the Management's estimation. We also understood from the Management that the service fees of each mining site may vary according to a number of factors such as site area, surrounding environment, geological conditions and mining status, which aligns with our understanding based on scrutinizing the breakdown of historical exploration and technical services fees in 7M2025. Furthermore, we conducted a desktop search and noted the Notice of the State Mine Safety Supervision Bureau on Carrying Out the Construction and Networking of Open-Pit Mine Slope Monitoring Systems* (《國家礦山安全監察局關於開展露天礦山邊坡監測系統建設及聯網工作的通知》), which highlights that mine safety has become a major focus in recent years, requiring mining enterprises to monitor the mine safety measures including but not limited to the maintenance of mine slopes. We further noted the Supervision and Management Measures for the "Three Simultaneities" of Safety Facilities in Construction Projects* (《建設專案安全設施"三同時"監督管理辦法》) which further highlights the importance of safety facilities for construction projects that such safety facilities must be designed, constructed and put into production and use simultaneously with the main project. Therefore, we are of the view that the basis for estimating the fees for the exploration and technical services is reasonable.

(v) Restoration and maintenance and green-mining construction

As advised by the Management, the governmental authorities have imposed higher standards of mine maintenance on mining enterprises, leading to a demand for restoration and governance services each year. Through a desktop search, we noted that the Office of the State Council and the Chinese Communist Party announced Opinions on Further Strengthening Mine Safety* (《關於進一步加強礦山安全生產工作的意見》) in September 2023 stipulating the strict admission to mining industry, improving of mine safety management system, strengthening of the responsibility of enterprises, etc. Based on the current state of mining operations and the ecological restoration plans for each operating region, the Group's budget for restoration and mine maintenance services in Shandong and Shanxi provinces is expected to be approximately RMB27.9 million for 7M2026 and approximately RMB4.9 million for 5M2027. Additionally, the budget for green-mining construction services is expected to be approximately RMB1.7 million for 7M2026 and RMB1.0 million for 5M2027. The increase in budget for green-mining construction services in 7M2026 is primarily attributed to the implementation of green-mining construction in mining site under Zaozhuang company, while the increase in budget for restoration and maintenance services in 7M2026 is primarily attributed to the increase in number of mining sites which require relevant services from eight in 7M2025 to 13 in 7M2026. We have scrutinized the breakdown for Mine Development Services in 7M2025 and noted that the transaction amounts for a restoration and maintenance project generally ranged from approximately RMB0.7 million to RMB1.9 million, depending on the restoration and maintenance area, project specific requirements such as safety, environment protection, land reclamation. Additionally, we obtained and scrutinized the breakdown of transactions for the Mine Development Services from 2021 to 2025 and noted that the annual transaction amounts for a green-mining construction project generally ranged from approximately RMB0.4 million to RMB6 million, depending on the construction area and the green-mining requirements. Considering that (i) the budget for restoration and maintenance and green-mining construction falls within this range and (ii) specifications and requirements of each project has been taken into account by the Management in estimating respective service fees, we are of the view that the basis for estimating the above budget is not unreasonable.

Considering that (i) the demand for Mine Development Services in 7M2026 and 5M2027 is projected to remain relatively stable as detailed above; (ii) the expected mining fees are generally in line with the historical mining fees as stipulated in the Mine Sample Agreements obtained; and (iii) the utilization rate remained relatively stable for 7M2025 of approximately 99.6% despite the industry's downturn, we are of the view that the basis of determining the additional mine development services fees is fair and reasonable.

5.2 Engineering and Technical Services

5.2.1 Existing annual caps

As disclosed in the Letter from the Board, the existing annual caps in respect of the transactions under the 2025 Framework Agreements were as follows:

Existing annual cap	**For seven months ended 31 December 2025** *(RMB' 000)*	**For the five months ending 31 May 2026** *(RMB' 000)*
Engineering and Technical Services	221,254	99,236

5.2.2 Historical transaction amounts

As disclosed in the Letter from the Board, the historical transaction amounts in respect of the transactions contemplated under the 2025 Framework Agreements were as follows:

Historical transaction amounts	**For seven months ended 31 December 2025** *(RMB' 000)*	**For the three months ended 31 March 2026** *(RMB' 000)*
Engineering and Technical Services	49,479	2,301

The utilization rate of the Engineering and Technical Services in 7M2025 and 5M2026 (based on proportionate annual caps) was merely 22.4% and 3.9% respectively. According to the Letter from the Board, the progress of certain projects varied considerably from expectations as a result of the impact of factors such as the overall economic situation, the industry condition, policies and the Company's development. As advised by the Management, a key project in relation to the relocation and replacement of a clinker and cement grinding production line in Chifeng, Inner Mongolia with a contract value exceeding RMB500 million has experienced a slowdown due to a combination of industry downturns, external procedural formalities, and financial pressure, resulting in an extension of the construction period, and resulting in a shortfall of over RMB125 million in 7M2025 and RMB10 million in 5M2026 (assuming no transaction to be carried out in April and May 2026). In addition, the lower amount for the three months ended 31 March 2026 was primarily attributable to the requirements of normalised off-peak production of cement in Shandong Province as well as the extended holiday for Chinese New Year. Besides, certain projects in relation to investments in selective catalytic reduction ("**SCR**") systems experienced a slowdown due to industry downturns and the Group's better control on working capital, leading to a shortfall of over RMB80 million in 5M2026 (assuming no transaction to be carried out in April and May 2026). Such delayed projects in aggregate contributed to shortfall of over RMB125 million in 7M2025 and RMB90 million in 5M2026, representing over 70% of the total shortfall of approximately RMB171.8 million in 7M2025 and RMB96.9 million in 5M2026. According to the China's Cement Economy Report in 2025* (《2025年度中國水泥行業經濟運行報告》) published by the Digital Cement in January 2026, the quantity and price of cement declined since the second quarter of the year and the industry profit level remained at low level in 2025. According to data from NBS in February 2026, the national cement output amounted to approximately 1.69 billion tonnes in 2025, representing a YoY decrease of 6.9%.

5.2.3 Proposed annual caps

As disclosed in the Letter from the Board, the proposed annual caps in respect of the transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement have been determined based on:

(i) the historical fees for the Engineering and Technical Services paid by the Group to CNBMG Group since January 2025;

(ii) the Group's corresponding demand for the Engineering and Technical Services from CNBMG Group, in view of the construction, relocation and productivity replacement of multiple significant infrastructure projects by the Group (detailed below) in response to development in industry policies and the 14th Five Year Plan of the PRC, of which the construction period will be expanded to continue into 2026 and 2027, as well as the development pace of these significant technological transformation projects:

- key projects, including civil engineering, mechanical and electrical installation, slope treatment, and raw coal shed projects for relocation for clinker production line and cement grinding production line, and equipment for relocation and grate cooler modification projects (14 projects committed);

- ultra-low emissions, including ultra-low emission assessments, SCR denitration retrofit, ultra-low emission modification on-site assessment and data upgrades, and group integrated platform construction (14 projects committed, 11 projects under planning); and

- other projects, including hazardous waste co-processing project, safety intelligent construction projects and technical service fees (4 projects under planning);

(iii) based on the 2% increase in Consumer Price Index in 2026 as proposed in the Government Work Report for 2026 and taking into account the gradual increase in environmental protection requirements, it is expected that the corporate environmental protection costs and labour costs will increase by 1%; and

(iv) the prevailing market prices for the provision of similar engineering and technical services.

The table below sets out the proposed annual caps in respect of the transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement:

Proposed annual cap	**For the seven months ending 31 December 2026** *(RMB' 000)*	**For the five months ending 31 May 2027** *(RMB' 000)*
Engineering and Technical Services	236,653	96,935

The proposed annual caps mainly consist of the following breakdown of estimated transaction amounts, which are based on estimates of (ii) above and taking into account the factors as set out in (i), (iii) and (iv) above:

Proposed annual cap	**For the seven months ending 31 December 2026** *(RMB' 000)*	**For the five months ending 31 May 2027** *(RMB' 000)*
Key projects	100,739	61,341
Ultra-low emissions	107,914	17,094
Other projects	28,000	18,500
Total	**236,653**	**96,935**

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the Management regarding the principal assumptions and basis adopted for determining the proposed annual caps. We understood that the Company has considered the following factors:

(i) Historical fees for the Engineering and Technical Services

According to the Letter from the Board and as advised by the Management, in determining the proposed annual caps, they have taken into account, among others, the historical fees for the Engineering and Technical Services paid by the Group to CNBMG Group since January 2025. We have scrutinized the breakdown of Engineering and Technical Services fees payable to CNBMG Group in 7M2025 and the three months ended 31 March 2026 and noted that (i) provision of infrastructure services and technical upgrade services contributed the majority of the respective historical transaction amount of Engineering and Technical Services for the respective year; and (ii) infrastructure services projects generally include (a) engineering design services in the early stage, and (b) construction services which generally include site formation, civil engineering and installation of machinery. Further, we selected samples with largest transaction amounts in 7M2025 and the three months ended 31 March 2026 until the coverage reached at least 50% of the total transaction amounts for the corresponding periods. Additional samples are selected in random basis in order to ensure the samples cover all the major service categories, different pricing methods, counterparties and regions. Thus, we have obtained eight samples of infrastructure services and technical upgrade services agreements entered into by the Group and CNBMG Group, which (i) covered over 50% of the total transaction amount for 7M2025 and the three months ended 31 March 2026 and each of the remaining non-selected projects contributed less than 6% of the total transaction amounts in the corresponding periods; (ii) represent the largest projects in the respective year/period in terms of transaction amount; (iii) the samples selected covered all the major service categories as well as different pricing methods, counterparties and regions; and (iv) we did not note any significant outliers among the non-selected projects, we consider that our review covered the most significant and impactful transactions that could provide a fair assessment of the overall effectiveness of the controls and policies while balancing comprehensiveness and practicality, and thus the number of samples is sufficient, fair and representative. Out of the eight samples of infrastructure services and technical upgrade services agreements we have obtained, one is for the provision of engineering design services, three are for construction services, and four are for technical upgrade services, the details of which were set out below:

(a) We have obtained and reviewed one sample of historical agreement for engineering design services, in a random basis, and noted that the historical design fee for a cement and clinker production line was approximately RMB4.5 million;

(b) We have obtained and reviewed three samples of historical agreements for construction services and noted that (i) service fees for relocation and replacement of a clinker and cement grinding production line amounted to over RMB500 million; (ii) costs of a set of bucket elevator for raw materials transportation ranged from approximately RMB0.3 million to RMB2.5 million; and (iii) costs of a set of stacker and reclaimer for pre-homogenization ranged from approximately RMB3 million to RMB6 million.

(c) We have obtained and reviewed four samples of historical agreements for technical upgrade services and noted that (i) service fee for ultra-low emission transformation was approximately RMB14 million; (ii) costs for machinery and integrated platform in relation to ultra-low emission transformation were approximately RMB0.7 million; (iii) service fee for grate cooler modification project was approximately RMB16 million; and (iv) service fee for grinder upgrade and renovation project was approximately RMB78 million.

As the basis adopted by the Management in estimating the Engineering and Technical Services fees for potential projects generally coincide with the abovementioned projects, we are of the view that the Engineering and Technical Service fees of the projects estimated by the Management in determining the annual caps of the Engineering and Technical Services are fair and reasonable.

(ii) The Group's demand for the Engineering and Technical Services from CNBMG Group

Existing projects

As advised by the Management, three key projects in relation to the relocation and replacement of a clinker and cement grinding production line in Chifeng, Inner Mongolia with aggregate contract value exceeding RMB500 million has experienced a further slowdown due to a combination of industry downturns, external procedural formalities, and financial pressure, resulting in an extension of the construction period. The majority of the related construction and engineering work is expected to be completed in 2027 with estimated fees of approximately RMB80.7 million for 7M2026, while a remaining portion of the grinding engineering work is anticipated to incur an additional fee of RMB31.3 million for 5M2027.

Moreover, projects in relation to installation of machinery for relocation and grate cooler modification projects in 11 companies with total contract value exceeding RMB100 million is expected to be completed in 2027 and incur fees of approximately RMB20 million 7M2026 and RMB30 million in 5M2027.

Furthermore, newly secured projects in relation to ultra-low emissions transformation and SCR systems in 14 companies generally located in northern China are expected to incur fees of approximately RMB92.6 million in 7M2026 and RMB11.8 million in 5M2027.

We have obtained and reviewed (i) the agreement for the key project in Chifeng, Inner Mongolia; (ii) sample agreements for projects in relation to installation of machinery; and (iii) sample agreements for projects in relation to newly secured ultra-low emissions transformation and SCR systems, and noted that details such as the Engineering and Technical Service fees and terms of agreements coincide with the details provided by the Management.

In summary, it is anticipated that service fees in relation to existing projects of approximately RMB193.3 million and RMB73.1 million would be incurred in 7M2026 and 5M2027, respectively, representing over 75% of the proposed annual caps for the corresponding periods.

Potential projects

We have discussed with the Management and understood that in estimating the quantity and size of potential projects to be carried out in 2026 and 2027, they have considered factors such as (i) the Company's business plan on the production capacity of its cement and clinker production, (ii) the needs of relocation and construction of new production line according to the local government policies, and (iii) construction of production lines with reference to the location of mine resources owned by the Group. We were provided by the Management with a schedule of potential projects (the "**Potential Project Schedule**") which the Management considered probable. We further understood from the Management that the Potential Project Schedule was prepared based on their best effort that (i) the Group's subsidiaries will compile their annual capital expenditure plans specifying the proposed projects in the upcoming year based on their business and operational needs; (ii) such plans will then be summarized and reported to the Management by the relevant operational regions; (iii) the Management will conduct preliminary reviews and screenings

based on factors including, among others, the Group's production needs and overall business and development plans, as well as policy requirements; and (iv) an annual project plan proposal, which consolidates the capital expenditure plans of different operational regions, would be submitted for the Board's approval. We have obtained the annual project plan proposal compiled by the production and technical department consolidating and containing the details of the 2026 capital expenditure plans of different operating regions, and concurred with the Management's view that the Potential Project Schedule was prepared based on the Management's best effort and was considered fair and reasonable.

According to the Potential Project Schedule, there is a project involving the construction of facilities in relation to co-processing of hazardous waste, which is expected to be completed in 2027 with total estimated fees of approximately RMB24 million in 7M2026 and RMB6 million in 5M2027. We have obtained and reviewed the estimation which the Management prepared based on consultations with third party experts, and noted that the fees are calculated based on a variety of factors including but not limited to shed structures, materials, doors, dust collectors, equipment and installation, as well as fire protection. Nothing has come to our attention that would lead us to cast doubt on the reasonableness of the basis for the above estimated fees.

Additionally, several potential projects related to ultra-low emission transformation and investments in SCR systems are expected to be completed in 2027, including projects in relation to transformation assessment and data upgrade of eight companies and projects in relation to transformation of SCR denitrification system and integrated platform of two companies with estimated fees of approximately RMB15.4 million in 7M2026 and RMB5.3 million in 5M2027. In assessing whether the estimated fees in relation to the ultra-low emission transformation are reasonable, we have obtained and reviewed three historical agreements in relation to projects which, as advised by the Management, are of similar nature and scale, and noted that the contract value of such projects ranged from approximately RMB0.7 million to RMB1.9 million, which are generally in line with the average estimated contract value in relation to the ultra-low emission transformation projects of the eight companies of approximately RMB0.9 million.

As advised by the Management, the fees for the projects involving investments in SCR systems are generally higher than traditional ultra-low emission transformation project due to the higher complexity and technical requirements. Our independent desktop search indicates that the adoption of SCR technology is a key direction for denitrification in the

cement industry. The renovation of cement SCR denitrification systems is a complex and comprehensive engineering undertaking that involves various aspects, including civil engineering, structural work, electrical systems, central control, cement processing, ventilation, dust removal, nitrogen oxide reduction reactions, material recycling, and transportation, all of which require stringent environmental protection standards. We also noted that the Ministry of Ecology and Environment of the PRC together with the other four governmental ministries released a notice about the Opinions on Promoting the Implementation of Ultra-Low Emissions in the Cement Industry* (《關於推進實施水泥行業超低排放的意見》) in January 2024, the primary goal of which is to promote ultra-low emission transformation of cement companies and to complete transformation of 50% of cement clinker production capacity by the end of 2025 and 80% by the end of 2028. We have obtained and reviewed sample agreement in relation to transformation of SCR denitrification system and integrated platform which, as advised by the Management, is of similar nature and scale, and noted that the contract value of such a project was approximately RMB13.9 million, which is generally in line with the average estimated contract value of the projects in relation to investment in SCR systems of the two companies of approximately RMB10.7 million.

Furthermore, it is expected to incur fees in relation to regular safety intelligent construction and technical services of approximately RMB4.0 million in 7M2026 and RMB12.5 million in 5M2027, based on the Group's inspection and training routine, which are slightly higher than the historical amounts in 7M2025 due to the implementation of new cement standards. We conducted a desktop search and found that in November 2024, the State Administration for Market Regulation published 290 recommended national standards and 4 amended standards. We noted that (i) the Method for Determining Water Retention of Cement Mortar* (《水泥膠砂保水率測定方法》) (GB/T 45002–2024) is a new standard establishing standardized testing methods for water retention in cement mortar; and (ii) Amendment No. 1 on Fly Ashes for Use in Cement and Concrete* (《用於水泥和混凝土中的粉煤灰》) (GB/T 1596–2017) specifies test methods and standard samples for newly added ammonium ion in fly ash. The above new standards took effective on 1 June 2025 and demand for such services with new cement standards started increasing gradually since then.

Considering that (i) the average estimated contract values in relation to the ultra-low emission transformation and investment in SCR systems are generally in line with the historical projects in similar nature and scale; and (ii) the higher estimated fees for regular security informatization and inspection and analysis services are justifiable due to the implementation of new cement standards, we are of the view that the basis for the estimated fees is fair and reasonable.

Based on the above, we noted that (i) over 75% of the proposed annual caps in 7M2026 and 5M2027 would be contributed by existing projects which are supported by signed contracts; (ii) the potential projects which the Management considered probable are estimated based on detailed annual capital expenditure plans with best effort which were reviewed and approved by competent persons in different levels including but not limited to management at subsidiary level, operation region level and the Board; and (iii) over 70% of the historical underutilisation in 7M2025 and 5M2026 was attributable to the extension of the construction period resulting from slowdown of key projects. Such key projects are committed projects which are estimated to be completed by first half of 2027. Thus, we concur with the Directors' view that the proposed annual caps in respect of the transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement are fair and reasonable.

5.3 Clinker and Cement Transactions

5.3.1 Existing annual caps

As disclosed in the Letter from the Board, the existing annual caps in respect of the transactions under the 2025 Framework Agreements were as follows:

Existing annual cap	**For the seven months ended 31 December 2025** *(RMB' 000)*	**For the five months ending 31 May 2026** *(RMB' 000)*
Clinker and Cement Transactions		
– Purchase of clinker	193,130	50,620
– Sale of cement and clinker	730,402	193,370

5.3.2 Historical transaction amounts

As disclosed in the Letter from the Board, the historical transaction amounts in respect of the transactions contemplated under the 2025 Framework Agreements are as follows:

Historical transaction amounts	**For the seven months ended 31 December 2025** *(RMB' 000)*	**For the three months ended 31 March 2026** *(RMB' 000)*
Clinker and Cement Transactions		
– Procurement of the Group	0	0
– Sales of the Group	74,155	17,604

No procurement of clinkers from CNBMG Group was made from June 2025 up to March 2026. According to the Letter from the Board, due to the sluggish cement market and a sharp decline in sales, clinker was sourced from within the Group by the grinding enterprises as far as possible. Also, when enquiring about market prices for externally purchased clinker, the prices quoted by connected persons were consistently higher than those of other industry suppliers in 7M2025. Consequently, purchases were made from lower-priced suppliers.

In respect of the sales of cement and clinker to CNBMG Group, the utilization rates of the existing caps in 7M2025 and 5M2026 (based on proportionate annual caps) were 10.2% and 15.2% respectively. According to the Letter from the Board, to ensure the operation of its own clinker production lines, CNBMG Group adopted a strategy of prioritising internal allocation over external procurement in the event of a clinker shortage. In general, the overall volume of connected transactions decreased and prices failed to recover to the anticipated levels, resulting in a significant shortfall in the value of clinker-related transactions compared to the plan. As advised by the Management, certain key projects being carried out by CNBMG Group have experienced a slow down due to various factors such as the overall economic situation, the industry condition, policies and CNBMG Group's working capital policies, resulting in the decline in usage of cement and clinker by CNBMG Group. Further, certain planned cooperations in relation to sales of cement to CNBMG Group did

not realise due to CNBMG Group's strategic consideration. Thus, a shortfall of over RMB650 million and RMB170 million in sale of cement and clinker to CNBMG Group were resulted in 7M2025 and 5M2026, respectively. Besides, January and February are traditionally considered off-season months for sales due to the impact of the Chinese New Year and cold weather, the transaction amounts for the said months are generally lower. While demand is expected to rebound gradually starting from mid-March, the difference between the actual transaction amounts and the proposed annual cap for 5M2026 is expected to be narrowed.

5.3.3 Proposed annual caps

As disclosed in the Letter from the Board, the proposed annual caps in respect of the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements have been determined based on:

Procurement by the Group from Connected Persons

(i) since January 2025, the historical expenditures paid by the Group for purchasing clinker and cement of CNBMG Group and its affiliates;

(ii) based on the current market conditions in the Group's operating regions and an assessment of future market trends, the Group expects the demand will continue to decline, and there will be high uncertainty regarding the coopetition between large enterprises, significantly reducing its demand for clinker and cement procurement in 2026. The primary reasons for this decrease are the sluggish cement market and a sharp drop in sales, with clinker being allocated from within the Group as much as possible; at the same time, when enquiring about market prices for externally purchased clinker, the prices quoted by connected persons were consistently higher than those of other industry suppliers, hence purchases were made from lower-priced suppliers;

(iii) the Group's latest annual budget and internal allocation plan for clinker, forecasting a demand of around 155,000 tonnes of clinker to be purchased from external parties in the seven months ending 31 December 2026, subject to market conditions;

(iv) the cost of raw materials and prevailing market prices for the provision of similar clinker and cement. Based on current market research and price forecasts, the price of clinker for the seven months ending 31 December 2026 is estimated to be approximately RMB200 to RMB240 per tonne, taking into account the quotations from both connected persons and other external parties, subject to future market developments; and

(v) in relation to the proposed cap for the five months ending 31 May 2027, the annual forecast of 2026 and the market conditions described in (ii) above.

Sales by the Group to Connected Persons

(i) since January 2025, the historical expenditures paid by CNBMG Group and its affiliates for purchasing clinker and cement of the Group;

(ii) due to the imbalance in the production capacity distribution of enterprises, the Group has clinker surplus in some regions; and due to the overlapping effects of multiple factors such as the imbalance in the production capacity distribution of enterprises and the withdrawal of some inefficient production capacity, the clinker gap will continue to exist for certain enterprises within the connected persons. It is expected that the clinker sales volume sold by the Group to the connected persons will be approximately 290,000 tonnes. At the same time, since 2024, China National Building Material International Products Co., Ltd. (中建材國際物產有限公司) has become the cement procurement party for multiple key projects. In 2026, these projects supplied by the Group will remain in a critical construction phase, leading to a continuation in the volume of cement-related transactions, with an expected sales volume of 137,000 tonnes;

(iii) due to the pressure of rising production costs in the cement industry and the expectation that the industry's ecology will gradually improve, market prices are expected to slightly increase compared to 2025; and

(iv) the cost of raw materials and prevailing market prices for the provision of similar Clinker and Cement.

The table below sets out the proposed annual caps in respect of the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements:

Proposed annual cap	**For the seven months ending December 2026** *(RMB' 000)*	**For the five months ending 31 May 2027** *(RMB' 000)*
Clinker and Cement Transactions		
– Procurement of the Group	34,300	21,230
– Sales of the Group	117,460	77,707

In assessing the fairness and reasonableness of the proposed annual caps, we have discussed with the Management regarding the principal assumptions and basis adopted for determining the proposed annual caps. We understood that the Company has considered the following factors:

(i) Historical expenditures

As advised by the Management, in determining the estimated price of clinker and cement per tonne, they have taken into account (i) historical manufacturing cost including but not limited to cost of coal, direct labour and other manufacturing overheads; (ii) the prevailing market price and (iii) historical purchase or selling price of similar products.

As disclosed in the subsection headed "3.3 2026 Clinker and Cement Transactions Framework Agreements", we have scrutinized the breakdown of Clinker and Cement Transactions for 7M2025 and the three months ended 31 March 2026 and obtained 10 Clinker and Cement Sale Sample Agreements. We noted from the Clinker and Cement Sale Sample Agreements that while the production and transportation costs, quality and specification of clinker and cement vary among different locations, the unit selling price of clinker and cement varies accordingly, ranged from approximately RMB200 to RMB545 per tonne.

As disclosed in the subsection headed "3.3 2026 Clinker and Cement Transactions Framework Agreements", as no procurement of clinkers from CNBMG Group was made from June 2025 up to March 2026, we have obtained, as alternative procedure to understand the general price range of historical unit purchase price of clinker and cement when no recent transaction record is available, six Clinker and Cement Purchase Sample Agreements. As stipulated in the Clinker and Cement Purchase Sample Agreements, the unit purchase price of clinker and cement ranged from approximately RMB235 to RMB300 per tonne.

(ii) The Group's and CNBMG's demand for the Clinker and Cement Transactions

As discussed with the Management, in negotiation with CNBMG Group on the estimated volume of clinker and cement to be transacted, the parties have taken into account the benefits brought by the sale to and purchase from the Group and CNBMG Group and its affiliates. As the Group is currently facing problems such as periodic insufficient supply of self-produced clinker, excessive operating costs of certain individual kilns, and high transportation costs for intra-group clinker and cement due to geographical distances of the group companies' locations, by purchasing from CNBMG Group and its affiliates, the Group would be able to maintain their normal operation needs and effectively reduce the costs of their cement products when the purchase prices from CNBMG Group and its affiliates are lower than the Group's internal production costs. Similarly, by selling cement and clinker to CNBMG Group and its affiliates, it could help improve the utilization rate of the Group's kilns which would in turns help increase the production efficiency and reduce per unit production costs of the Group. Further, such sales to CNBMG Group and its affiliates could also help maintain the Group's market competitiveness by increasing the market entry barrier of other competitors, which would in turn stabilize the market order and strengthen the Group's market share in local cement industry.

We were provided with a schedule (the "**Estimation Schedule**") showing the estimated volume of clinker and cement to be sold to and purchased from CNBMG Group and its affiliates for 7M2026. We understood from the Management that in preparing the Estimation Schedule, budget forms would be prepared by each of the operating regions specifying the annual sales and procurement budget, together with reasons and basis, of each subsidiary within the operating regions. Such budget forms are prepared based on their preliminary discussion with CNBMG Group and its affiliates, market research and internal analysis of operational needs. These budget forms would be

consolidated and reviewed by the Management to determine the total annual purchase and sales volume to be transacted with CNBMG Group and its affiliates in 7M2026. As shown in the Estimation Schedule, the Management estimated that a total of approximately 155,000 tonnes of clinker would be purchased from CNBMG Group and its affiliates, which are located in Shandong Province, with unit purchase price ranging from approximately RMB200 to RMB240 per tonne for 7M2026. Similarly, the Management estimated a total of approximately 137,000 tonnes of cement and 290,000 tonnes of clinkers would be sold to CNBMG Group and its affiliates, which are located in Shandong Province and Northeast China, with the unit selling price ranging from RMB315 to RMB426 per tonne for cement and from RMB230 to RMB260 per tonne for clinkers.

We have obtained the signed budget form for clinker procurement approved by the manager of the procurement and supply management department of the Shandong operating region, which outline the expected procurement quantity of each subsidiary which requires the procurement of clinker to fulfill their operational need in 2026, preliminary comparison of unit prices offered by different suppliers, the shipment distance between the subsidiary and the clinker suppliers, and detailed reasons for the procurement. We observed that the number of enterprises facing a clinker shortage in 2026 decreased significantly as compared to 2025, justifying the decreasing demand for clinker procurement this year.

Furthermore, as advised by the Management, since 2025, CNBMG Group has been selected as the cement suppliers for a number of major construction projects, such as a project in relation to high-speed railways with contract value exceeding RMB200 million, and significant volume of cement would be needed by CNBMG Group continuously as these projects are still at key construction stages. We have obtained sample contracts for four major infrastructure projects and noted that (i) most of these projects commenced in 2024, with sample contract values exceeding RMB300 million; and (ii) four subsidiaries of the Group have entered into agreements to supply cement to CNBMG Group and its affiliates in relation to high-speed railways projects. We further compared the estimated sales volume of these four subsidiaries of the Group against the historical sales volume in 2025 and noted that the estimated volume is lower than the actual volume sold in 2025. As for the sales of clinkers, we have discussed with the Management and obtained the budget forms for clinker sales for six subsidiaries of the Group. We noted from the budget forms that (i) seven companies in CNBMG Group and its affiliates experienced shortage of clinkers and plan to procure from five subsidiaries of the Group to fulfill their

operational needs; (ii) the estimated sales volumes are determined based on the Group's surplus inventory level and the corresponding demand from CNBMG Group and its affiliates; and (iii) the total estimated volume of clinkers to be sold by the five subsidiaries of the Group to CNBMG Group and its affiliates amounted to approximately 290,000 tonnes in 7M2026. Therefore, we are of the view that the expected volume of clinkers and cement to be sold is justifiable.

As advised by the Management, in determining the proposed annual cap for Clinker and Cement Transaction for 5M2027, they have taken into account (i) the seasonality factor of the cement industry that January and February are traditionally considered off-season months for sales due to the effects of the Chinese New Year and cold weather, and the demand is expected to rebound gradually starting from mid-March; and (ii) status of major construction projects CNBMG Group has taken part in, in particular, cement would be demanded by CNBMG Group continuously in 2027 as these major projects are expected to be at key construction stages. Accordingly, the proposed annual cap for 5M2027 is determined based on approximately 25% of the estimated transaction amounts for the year ending 31 December 2026, being the sum of (i) the existing annual cap for 5M2026 and (ii) the proposed annual cap for 7M2026, which is calculated by dividing 2.5 months by 9.5 months (taking into account the off-season factor in January and February and the gradual rebound of demand starting from mid-March).

(iii) Prevailing market prices

As disclosed in the Result Announcement 2025, the average price of the national cement market showed an overall trend of "high in the early stage and low later, fluctuating and adjusting at the bottom", with the market performance weakening quarter by quarter throughout the year. According to the website of China Cement Net*(中國水泥網), the national cement price index decreased from approximately 130 points in January 2025 to 102 points in December 2025, representing decrease of approximately 21.5%. Furthermore, according to the report titled China's Cement Economy Report in 2025* (《2025年度中國水泥行業經濟運行報告》) published by the Digital Cement in January 2026, it is anticipated that cement prices in 2026 will continue to start off at low levels before gradually increasing, with overall fluctuation shifting upward. In view of the above, we concur with the Management's view that the market prices are expected to slightly increase compared to 2025.

In addition, as mentioned above, we noted (i) from the Clinker and Cement Purchase Sample Agreements that the unit purchase price of clinker and cement ranged from approximately RMB235 to RMB300 per tonne in 2024; and (ii) from the Clinker and Cement Sale Sample Agreements that the unit selling price of clinker and cement ranged from approximately RMB200 to RMB545 per tonne. These unit prices vary depending factors such as location, transportation distance, and the quality and specifications of the clinker and cement. We further understood from the Management that in estimating the unit purchase price of clinker, they have performed research on the recent prices offered by other independent clinker and cement companies in the nearby area. We have obtained the research reports compiled by the procurement and supply management department of the five companies which requires the procurement of clinker to fulfill their operational needs in 2026, and noted on the report (i) the total estimated volume of clinker needed for operational use; (ii) the estimated volume of clinker to be fulfilled by external procurement; and (iii) the prices offered by other independent clinker and cement companies in the nearby area together with the shipment distance and transportation costs.

Considering (i) the expected increase in the cement prices in 2026; (ii) the estimated unit price is generally within the sample price range; (iii) market research was performed by the Group in determining the estimated purchase price of clinker; and (iv) the unit price varies according to different locations, transportation distance, and quality and specification of clinker and cement, we are of the view that estimated prices the Management based on in determining the proposed annual caps is reasonable.

Considering that (i) the estimated selling and purchase prices used in determining the proposed annual caps reflects the latest market sentiment; (ii) the Management has significantly reduced the proposed annual caps for 7M2026 and 5M2027 that, the proposed caps for 7M2026 only represent less than 20% of that for 7M2025; while the proposed caps for 5M2027 only represented less than 45% of that for 5M2026, as the Management has taken into account (a) the significant decrease in the Group's and CNBMG's demand for the Clinker and Cement Transactions in 2025 in view of current market conditions in the region in which the Group operates and a forecast of future market dynamics; and (b) the underutilisation of the previous caps; and (iii) the benefits brought by the clinker and cement transactions have been considered by the Management when negotiating the estimated transaction volume with CNBMG Group, we concur with the Directors' view that the proposed annual caps in respect of the transactions contemplated under the 2026 Clinker and Cement Transactions Framework Agreements are fair and reasonable.

6 Internal control measures

As stated in the Letter from the Board, in order to further safeguard the interests of the Shareholders as a whole, the Group has implemented the following internal approval and monitoring procedures in relation to the transactions contemplated under the 2026 Framework Agreements:

(a) before confirming the pricing and the terms of the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be), the Group will review and consider the basis of pricing in accordance with the pricing principles set out in the section headed "Principal Terms of the 2026 Framework Agreements" in the Letter from the Board;

(b) the Group has adopted internal guidelines which provide that:

(i) the procurement and supply management department at Group level and the finance department of the Company will collate and monitor the transaction amounts of the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) and any relevant information requiring disclosure from the relevant business unit, and report to the Company's management on a monthly basis. We have reviewed nine monthly reports prepared by the procurement and supply management department at Group level and the finance department of the Company from June 2025 to February 2026 and analysis report for 2025 and noted that the required internal control procedures were properly implemented. Considering that (i) the monthly reports were obtained on a random basis and spread over each of the four quarters in 2025, (ii) the monthly reports represent the majority of the reports, and (iii) analysis report for 2025 specifies details of the transactions under the 2025 Framework Agreements including comparison of historical transaction amount with annual caps, utilization rate, reasons for the difference between the actual transaction amount with annual caps, and newly signed contracts, we consider the number of samples obtained to be sufficient, fair and representative;

(ii) Shandong Shanshui's management team is also required to report connected transaction issues to the Board and the Board's Audit Committee on a regular basis, including the categories, transaction amount and rationale of continuing connected transactions conducted during the covered period. We have obtained the reports and noted that they contain details such as the comparison of accumulated transaction amounts with the relevant annual caps, explanation for the difference, brief discussion on the fluctuation on the transaction amounts in the covered period, procurement models, and the basis of pricing; and

(iii) if the value of any Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) is expected to exceed the annual cap in the next three months, the procurement and supply management department and the finance department of the Company must (i) follow up and report to the Company's management after discussion with the relevant business unit and (ii) commence the necessary additional assessment and approval procedures to ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules in relation to annual cap; and

(c) the Company will provide information and supporting documents to its independent non-executive Directors and auditors in order for them to conduct an annual review of the continuing connected transactions entered into by the Company. In accordance with the requirements under the Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) have been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the Company will procure that its auditors will provide confirmation to the Board on an annual basis as to whether anything has come to their attention that causes them to believe that the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) have not been approved by the Board, or are not conducted in accordance with the pricing policies of the Group in all material respects, or are not entered into in accordance with the relevant agreement governing the Mine Development Services, the Engineering and Technical Services or the Clinker and Cement Transactions (as the case may be) in all material respects or have exceeded the annual caps applicable to these services. We have obtained the independent auditor's assurance report on continuing connected transactions for the year ended 31 December 2025, which presented the above confirmations.

Having considered that (i) the Company has adopted internal guidelines which provide that the transactions contemplated under the 2026 Framework Agreements shall comply with the applicable requirements under Chapter 14A of the Listing Rule; (ii) a monitoring system is in place where the finance department must follow up and report to the management after discussion with the relevant business unit, and commence the necessary additional assessment and approval procedures; (iii) the transactions contemplated under the 2026 Framework Agreements will be annually reviewed by the independent non-executive Directors and the external auditors of the Company; and (iv) the effective internal control system in place, we are of the view that the internal control measures are adequate and effective in ensuring that the transactions contemplated under the 2026 Framework Agreements will be on normal commercial terms and an effective system has been in place to monitor the annual caps.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that (i) each of the 2026 Framework Agreements is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better; and (ii) the terms of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement, and the 2026 Clinker and Cement Transactions Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) are fair and reasonable in so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions for approving the 2026 Framework Agreements (together with the proposed annual caps) and the transactions contemplated thereunder at the AGM.

Yours faithfully,
For and on behalf of
Giraffe Capital Limited
Johnson Chen
Managing Director

Mr. Johnson Chen is a licensed person registered with the Securities and Futures Commission and a responsible officer of Giraffe Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and to undertake work as a sponsor. He has over 18 years of experience in the field of corporate finance advisory.

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 executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, which would be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as contained in Appendix C3 to the Hong Kong Listing Rules.

(b) Substantial Shareholders and other persons' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as any directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares or underlying shares or debentures of the Company which were recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity	Total Number of Shares held[1]	Approximate percentage of the total number of the issued Shares of the Company[8]
LI Liufa[2a]	Interests of corporations controlled by substantial shareholder	951,462,000 (L)	21.85%
LI Fengluan[2a]	Interests of corporations controlled by substantial shareholder	951,462,000 (L)	21.85%
Tianrui Group Company Limited[2a]	Interests of corporations controlled by substantial shareholder	951,462,000 (L)	21.85%
Tianrui (International) Holding Company Limited[2a]	Beneficial owner	951,462,000 (L)	21.85%
China Bohai Bank Co., Ltd. Dalian Branch[2b]	Security interest in shares	951,462,000 (L)	21.85%
China Shanshui Investment Company Limited[3]	Beneficial owner	847,908,316 (L)	19.47%
Asia Cement Corporation[4]	Interests of corporations controlled by substantial shareholder, beneficial owner, Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO	902,914,315 (L)	20.74%
Yu Yuan Investment Corporation Limited	Beneficial owner, Interests of any parties to an agreement to acquire interests in the Company required to be disclosed under s.317(1)(a) and s.318 of the SFO[5]	902,914,315 (L)	20.74%
CNBMG[6]	Interests of corporations controlled by substantial shareholder	563,190,040 (L)	12.94%
CNBM[6]	Interests of corporations controlled by substantial shareholder	563,190,040 (L)	12.94%
China Building Material Holdings Co., Limited[6]	Beneficial owner	563,190,040 (L)	12.94%

Name of Substantial Shareholder	Capacity	Total Number of Shares held[1]	Approximate percentage of the total number of the issued Shares of the Company[8]
Shen Neng International SPC – Green Planet SP[7]	Beneficial owner	434,897,854(L)	9.99%
Shen Neng Investment Management Limited[7]	Interests of corporations controlled by substantial shareholder	434,897,854(L)	9.99%

Notes:

(1) The letter "L" denotes a long position in such Shares.

(2a) LI Liufa and LI Fengluan (spouse of LI Liufa) owned 70% and 30% respectively of Tianrui Group Company Limited ("**Tianrui Group**"), which owned 100% of Tianrui (International) Holding Company Limited.

(2b) On 22 March 2016, Tianrui Group Company Limited, the Company's substantial shareholder, notified the Company that it has pledged 791,000,000 shares of the Company in favor of China Bohai Bank Co., Ltd. ("**Bohai Bank**") for a bank loan. In addition, according to the Form 2 filed on 8 June 2021 by Bohai Bank, on 25 April 2019, Tianrui Group has pledged an additional 160,462,000 Shares held by it in favour of Bohai Bank pursuant to a loan agreement entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 7 March 2019. According to the Form 2 filed on 25 July 2022, a loan agreement entered into between Tianrui Group (as the borrower) and Bohai Bank (as the lender) on 24 February 2022. Tianrui Group has pledged 951,462,000 shares held by it in favour of Bohai Bank. The aggregate of 951,462,000 Shares which were pledged to Bohai Bank as described above represent all of the Shares of the Company held by Tianrui Group.

(3) According to the Form 2 filed on 18 November 2014, ZHANG Caikuai is the person in accordance with whose directions China Shanshui Investment Company Limited or its directors are accustomed to act.

(4) The interest in 428,393,000 shares of the Company was held by several direct or indirect subsidiaries of Asia Cement Corporation. The interest in 142,643,000 shares of the Company was held by Yu Yuan Investment Corporation Limited, which is the party to the agreement under Section 317 of the SFO.

(5) Asia Cement Corporation is the party to the agreement under Section 317 of the SFO.

(6) CNBM was a controlled corporation of CNBMG. CNBM owned 100% of China Building Material Holdings Co., Limited.

(7) Shen Neng International SPC – Green Planet SP is wholly owned by Shen Neng Investment Management Limited.

(8) The number of issued shares of the Company as at the Latest Practicable Date was 4,353,966,228.

3. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date up to which the latest published audited consolidated financial statements of the Group were made.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
Giraffe Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter of advice and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert (i) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and (ii) did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2025 (being the date up to which the latest published audited consolidated financial statements of the Company were made) 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. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interests in businesses which competed or might compete with the businesses of the Group or had any other conflict of interests with the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder).

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

(a) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2025 (being the date up to which the latest published audited financial statements of the Group were made) 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; and

(b) none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

8. MISCELLANEOUS

(a) The registered office of the Company is situated at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

(b) The company secretary of the Company is Ms. LEE Mei Yi.

(c) The Company's share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) This circular and the accompanying proxy form have been prepared in both English and Chinese. In the case of any discrepancies, the English texts shall prevail over their respective Chinese texts.

9. DOCUMENTS ON DISPLAY

A copy of each of the 2026 Mine Development Services Framework Agreement, the 2026 Engineering and Technical Services Framework Agreement and the 2026 Clinker and Cement Transactions Framework Agreements will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.sdsunnsygroup.com) for a period of 14 days from the date of this circular.

Information as required to be disclosed under the Listing Rules on the Directors proposed to be re-elected at the AGM are set out as follows:

Mr. LI Jianwei

Mr. LI Jianwei, aged 52, has been an Independent Non-Executive Director of the Company since 23 May 2018 and is the chairman of the Remuneration Committee, a member of the Environmental, Social and Governance Committee, the Nomination Committee and the Audit Committee of the Board.

Mr. LI is a Juris Doctor, a professor of Commercial Law at China University of Political Science and Law and a supervisor of doctoral students. He also serves as the director of Department of Law and Commerce of Business School, chairman of Academic Committee of Business School, as well as the secretary general of the Commercial Law Research Society of China Law Society. His main research areas include, among others, civil and commercial law, corporate law, securities law, corporate governance, etc. He is a well-known young and middle-aged company law expert in China who has made outstanding achievements in the research of a broad range of commercial laws including company law, securities law, insurance law, investment fund law and trust law, etc. He worked as a post-doctoral researcher at the Business School of the Renmin University of China from 2002 to 2004, a senior visiting scholar at the Law School of University of The New South Wales, Australia from 2008 to 2009 and a visiting professor at the Law School of The Aoyama Gakuin University in Japan from 2013 to 2015. His past positions also include the executive director and secretary general of the Commercial Law Research Society of China Law Society, executive director of China Association of Business Law, member of the 1st, 2nd and 3rd Hong Kong and Macau Law Committee of Zhuhai Hengqin New Area, member of Expert Advisory Committee of courts such as Guangzhou Intermediate People's Court, and arbitrator of arbitration committees in Beijing, Fuzhou, Changsha, Guangzhou, Zibo, Beihai, Ordos and, Zhuhai, etc. He has been in charge of more than 10 national and provincial level projects, including a chief specialist of significant projects under the National Social Science Fund of China, youth research project under the National Social Science Fund of China, the Humanities and Social Science Fund of the Ministry of Education, rule of law theory projects of the Ministry of Justice and social science projects under Beijing Social Science Fund, etc and China International Economic and Trade Arbitration Commission. He has been in charge of the Youth Research Innovation Team Project of Commercial Law in China University of Political Science and Law for 6 years from 2012 to 2018. He has published more than 200 academic papers in publications such as China Legal Science, Journal of Law and Xinhua Digest, and published more than 10 books and translated works including "A Study of Independent Directors", "Corporate Mechanism, Corporate Management and Corporate Governance" and "Company Law". He has won many awards for research excellence such as the second prize in Dong Biwu Youth Law Achievement Award and the third prize in the 4th China Law Outstanding Achievement Award. As a legal expert, he has successively participated in expert argumentation of a number of legislative and judicial interpretation documents, including, among others, General Principles of Civil Law, Civil Code – Contracts, Company Law, Electronic Commerce Law and

Company Law Interpretation (3) (4). He has won the Outstanding Teacher Award of 2011 and Excellent Teacher Award of 2007, 2009, 2010, 2016 of the China University of Political Science and Law. He has been awarded as one of the Ten Teachers Most Welcomed by Undergraduates in 2006, 2008 and 2010. Mr. LI served as the chairman of the board of Beijing Fangyuan Zhonghe Culture Communication Co., Ltd. (北京方圓眾合教育科技有限公司) from October 2009 to 1 July 2021. In 2015, he obtained the qualification of independent director from the Shanghai Stock Exchange and is currently the independent director of Hanwang Technology Co., Ltd. (漢王科技股份有限公司), whose shares have been listed on the Shenzhen Stock Exchange (Stock Code: 002362) since April 2018, Linksus Digiwork Marketing Communication Co., Ltd. (靈思雲途營銷顧問股份有限公司) whose shares have been listed on the National Equities Exchange and Quotations (Stock Code: 838290) since May 2017, and China Quanjude (Group) Co., Ltd. (中國全聚德(集團)股份有限公司) whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 002186) since 29 December 2018, an independent non-executive director of Jinxin Fertility Group Limited (錦欣生殖醫療集團有限公司), the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1951), since 31 August 2021 and an independent non-executive director of Vats Liquor Chain Store Management Joint Stock Co., Ltd. (華致酒行連鎖管理股份有限公司), whose A shares are listed on the ChiNext of Shenzhen Stock Exchange (Stock Code: 300755), since 20 April 2022.

Save as aforesaid, Mr. LI Jianwei does not hold any other position with the Company or other members of the Group and Mr. LI Jianwei does not hold any other directorships in public listed companies in Hong Kong or overseas in the past three years.

Mr. LI Jianwei does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. The director's remuneration of Mr. LI Jianwei as an Independent Non-executive Director under the service contract is not exceeding RMB1 million per annum. The emoluments of Mr. LI Jianwei are determined with reference to salaries paid by comparable companies, his experience, responsibilities and performance.

As at the Latest Practicable Date, Mr. LI Jianwei does not have interests in any Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. LI Jianwei involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2) (h) to (v) of the Listing Rules and there are no other matters concerning Mr. LI Jianwei that need to be brought to the attention of the Shareholders.

Mr. HSU You-yuan

Mr. HSU You-yuan, aged 71, has been an Independent Non-Executive Director of the Company since 4 September 2018 and is the chairman of the Nomination Committee and a member of the Environmental, Social and Governance Committee, the Audit Committee and the Remuneration Committee of the Board. Mr. HSU has been the chairman and president of DCH Solargiga GmbH from February 2018 until his retirement on 10 June 2025. He has been a non-executive director of Solargiga Energy Holdings Limited ("**Solargiga Energy**") (Stock Code: 757) from June 2016 until his retirement on 10 June 2025. Before that, he served as an executive director from 2007 to 2016 and the chief executive officer in year 2015 of Solargiga Energy. He served as the vice-chairman of Water Works Corp. ("**WWX**") (Stock Code: 6182. TWO), which is a manufacturer of silicon wafer for the semiconductor industry, from 2003 to 2007 and served as the managing director of WWX from 1998 to 2003. Mr. HSU's previous work credentials also include acting as deputy general manager of Mosel Vitelic Inc., a company listed on the Taiwan Stock Exchange with stock code 2342 and as a member of the board of directors and executive vice-president of Mosel Vitelic (Hong Kong) Limited, a subsidiary of Mosel Vitelic Inc. Mr. HSU had also made contributions to non-commercial sectors in the past. He served as a researcher, a deputy director, and the director of business department of the Executive Yuan Development Fund of Taiwan (Executive Yuan Development Fund is now known as National Development Fund, Executive Yuan). He was also a lecturer of Statistics and Managerial Mathematics for the business administration department at the Chinese Culture University and published the Supply and Demand Models of Cement in Taiwan in the Taiwan Economy (Issue 59 of 1981) of the Economic Planning and Mobilization Council Taiwan Provincial Government. Mr. HSU obtained his bachelor's degree in Statistics from National Cheng Kung University in 1978 and his master's degree in International Business Administration from Chinese Culture University in 1980.

Save as aforesaid, Mr. HSU You-yuan does not hold any other position with the Company or other members of the Group and Mr. HSU You-yuan does not hold any other directorships in public listed companies in Hong Kong or overseas in the past three years.

Mr. HSU You-yuan does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Company. The director's remuneration of Mr. HSU You yuan as an Independent Non-executive Director under the service contract is not exceeding RMB1 million per annum. The emoluments of Mr. HSU You-yuan are determined with reference to salaries paid by comparable companies, his experience, responsibilities and performance.

As at the Latest Practicable Date, Mr. HSU You-yuan does not have interests in any Shares within the meaning of Part XV of the SFO.

There is no information which is discloseable nor is/was Mr. HSU You-yuan involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2) (h) to (v) of the Listing Rules and there are no other matters concerning Mr. HSU You-yuan that need to be brought to the attention of the Shareholders.

CHINA SHANSHUI CEMENT GROUP LIMITED
中國山水水泥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 691)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**AGM**") of China Shanshui Cement Group Limited (the "**Company**") will be held at the Meeting Room, 6/F, Shandong Shanshui Cement Group Company Limited, Shanshui Industrial Park, Gushan Town, Changqing District, Jinan City, Shandong Province, PRC on Tuesday, 26 May 2026 at 9:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31 December 2025.

2. To re-elect Mr. LI Jianwei and Mr. HSU You-yuan as independent non-executive directors, and authorise the board of directors of the Company to fix the respective director's remuneration.

3. To re-appoint Moore CPA Limited as auditors of the Company and authorise the board of directors of the Company to fix their remuneration.

4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

   "**THAT**:

   (a) the 2026 Mine Development Services Framework Agreement (a copy of which is tabled at the AGM and marked "**A**" and initialled by the chairman of the AGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved and confirmed;

(b) the proposed annual caps in relation to transactions contemplated under the 2026 Mine Development Services Framework Agreement as set out in the Circular be and are hereby approved and confirmed; and

(c) any one Director be and is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Director may be necessary, appropriate, desirable or expedient to implement and/or give effect to the 2026 Mine Development Services Framework Agreement."

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

"**THAT**:

(a) the 2026 Engineering and Technical Services Framework Agreement (a copy of which is tabled at the AGM and marked "**B**" and initialled by the chairman of the AGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved and confirmed;

(b) the proposed annual caps in relation to transactions contemplated under the 2026 Engineering and Technical Services Framework Agreement as set out in the Circular be and are hereby approved and confirmed; and

(c) any one Director be and is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Director may be necessary, appropriate, desirable or expedient to implement and/or give effect to the 2026 Engineering and Technical Services Framework Agreement."

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

"**THAT**:

(a) the 2026 Clinker and Cement Transactions Framework Agreements (a copy of which is tabled at the AGM and marked "**C**" and initialled by the chairman of the AGM for identification purpose) and the transactions contemplated thereunder be and are hereby approved and confirmed;

(b) the proposed annual caps in relation to transactions of procurement of the Group contemplated under the 2026 Clinker and Cement Transactions Framework Agreements as set out in the Circular be and are hereby approved and confirmed; and

(c) the proposed annual caps in relation to transactions of sales of the Group contemplated under the 2026 Clinker and Cement Transactions Framework Agreements as set out in the Circular be and are hereby approved and confirmed; and

(d) any one Director be and is hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which in the opinion of the Director may be necessary, appropriate, desirable or expedient to implement and/or give effect to the 2026 Clinker and Cement Transactions Framework Agreements."

By Order of the Board
China Shanshui Cement Group Limited
TENG Yongjun
Chairman

Hong Kong, 30 April 2026

Notes:

(i) All resolutions at the meeting will be taken by poll (except where the chairman of the annual general meeting decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

(ii) For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 20 May 2026 to Tuesday, 26 May 2026, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's share registrar and transfer office 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 by no later than 4:30 p.m. on Tuesday, 19 May 2026.

(iii) A shareholder of the Company who is entitled to attend and vote at the annual general meeting covered by the above notice is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not to be a shareholder of the Company but must attend in person to represent the shareholder. A shareholder of the Company who is the holder of two or more shares is entitled to appoint one or more person(s) as his proxy/proxies to attend and, on a poll, vote instead of him. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

For the avoidance of doubt and for the purposes of the Listing Rules, holders of treasury shares of the Company (if any) are not entitled to vote at the Company's general meetings.

(iv) Where there are joint holders of any share of the Company, any one of such joint holders may vote at the annual general meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the annual general meeting, then one of the said persons so present whose name stands first on the register of shareholders of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(v) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be deposited at the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the annual general meeting (i.e. not later than 9:30 a.m. on Sunday, 24 May 2026) or any adjourned meeting thereof (as the case may be). Completion and return of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the annual general meeting or at any adjourned meeting thereof (as the case may be).

(vi) References to time and dates in this notice are to Hong Kong time and dates.

(vii) As at the date of this notice, the Board comprises three executive directors, namely Mr. TENG Yongjun, Ms. WU Ling-ling and Ms. ZHENG Yingying; and three independent non-executive directors, namely Mr. CHANG Ming-cheng, Mr. LI Jianwei and Mr. HSU You-yuan.