

KEDA Industrial Group Co., Ltd.

The Summary of Report (Draft) on Issuance of  
Shares and Payment by Cash to Acquire Asset  
s and Raise Counterpart Funds and on Related  
Party Transaction

## Definitions

In the Report, the meanings of the following terms are presented as follows, unless otherwise specified in the context:

<b>I. Definition of General Terms</b>		
Restructuring Report, Report	means	<i>Keda Industrial Group Co., Ltd. Report (Draft) on Issuance of Shares and Payment by Cash to Acquire Assets and Raise Counterpart Funds and on Related Party Transaction</i>
Summary of this Report	means	<i>Summary of Keda Industrial Group Co., Ltd. Report (Draft) on Issuance of Shares and Payment by Cash to Acquire Assets and Raise Counterpart Funds and on Related Party Transaction</i>
Listed Company, the Company, Company, Keda Industrial Group	means	Keda Industrial Group Co., Ltd., a company listed on the Main Board of the Shanghai Stock Exchange, and the controlling shareholder of the target company
Counterparty/Counterparties	means	24 shareholders of the target company, including SUNDA GROUP CO., LIMITED
Performance commitment party, performance commitment parties, compensation obligor(s)	means	SUNDA GROUP CO., LIMITED, Luo Jichao, Wang Dajiang, Li Yuejin, Zhang Jianfeng, Hu Dongming, Zhou Renwei, Chen Chaobo, Ding Zhen, Yue Jie, Xu Chao, Li Ruiqin, Feng Ligang, Wang Xiaoqing, Hu Wei, Li Wei
Twyford International, target company, transaction target, appraised entity	means	Guangdong Twyford International Holding Co., Ltd.
Target assets	means	51.55% equity interest in Twyford International
Performance commitment asset(s)	means	42.9840% equity interest in Twyford International held by the performance commitment party
This transaction, this restructuring	means	Keda Industrial Group will issue shares to the counterparties and pay cash to acquire 51.55% of the equity interest in Twyford International, and will also issue shares to no more than 35 specific investors to raise counterpart funds
The issuance of shares and payment by cash to acquire assets, the issuance of shares to acquire assets	means	Keda Industrial Group will issue shares and pay cash to the counterparties to acquire 51.55% of the equity interest in Twyford International
Raising of counterpart funds through this issuance of shares	means	Keda Industrial Group will issue shares to no more than 35 specific investors to raise counterpart funds.
Completion date of this issuance	means	The date on which the shares issued by Keda Industrial Group under this issuance are registered in the name of the counterparties to the transaction and, upon approval, listed on the Shanghai Stock Exchange
Transition period	means	The period from the valuation base date (excluding the valuation base date) to the closing date (including the closing date)
Performance commitment period	means	The three complete fiscal years of 2026, 2027 and 2028
<i>Audit Report</i>	means	<i>Audit Report</i> issued by RSM China Certified Public Accountants LLP (R.CH.SH.Z. [2026] 230Z0771)

<i>Asset Appraisal Report</i>	means	<i>The Asset Valuation Report on the Value of the Entire Shareholders' Equity of Guangdong Twyford International Holding Co., Ltd. Involved in the Proposed Issuance of Shares and Payment of Cash to Acquire Assets by Keda Industrial Group Co., Ltd. issued by Jinzheng (Shanghai) Assets Appraisal Co., Ltd. (J.ZH.P.B.Z. [2026] No. A0328)</i>
<i>Pro Forma Review Report</i>	means	<i>Review Report issued by Zhongxi CPAS (Special General Partnership) (ZH.X.T.SH. [2026] No. T00089)</i>
<i>Asset Acquisition Agreement</i>	means	<i>Asset Acquisition Agreement by Issuance of Shares and Payment by Cash between Keda Industrial Group Co., Ltd. and the Shareholders of Guangdong Twyford International Holding Co., Ltd.</i>
<i>Supplemental Agreement to the Asset Acquisition Agreement</i>	means	<i>Supplemental Agreement to the Asset Acquisition Agreement by Issuance of Shares and Payment by Cash between Keda Industrial Group Co., Ltd. and the Shareholders of Guangdong Twyford International Holding Co., Ltd.</i>
<i>Performance Commitment and Compensation Agreement</i>	means	<i>Performance Commitment and Compensation Agreement between Keda Industrial Group Co., Ltd. and Shareholders of Guangdong Twyford International Holding Co., Ltd.</i>
Hongyu Group	means	Guangdong Hongyu Group Co., Ltd., one of the shareholders of the Listed Company, a party acting in concert of Liang Tongcan, the largest shareholder of the Listed Company
Lesso Technology	means	Guangdong Lesso Technology Industrial Co., Ltd., one of the shareholders holding more than 5% equity in the Listed Company
New Pearl	means	Foshan New Pearl Enterprise Group Co., Ltd., one of the shareholders of the Listed Company
Lake Lithium	means	Qinghai Salt Lake Lanke Lithium Industry Co., Ltd., an investee company in which the Listed Company holds an equity interest
Sunda Company	means	SUNDA GROUP CO., LIMITED, registered in Hong Kong, China, the second largest shareholder of the target company
Guangzhou Sunda	means	Guangzhou Sunda International Trading Co., Ltd.
Sunda Group	means	An aggregate term for the enterprises controlled by the de facto controller of SUNDA GROUP CO., LIMITED, Shen Yanchang, and his spouse, Yang Yanjuan, including SUNDA GROUP CO., LIMITED and other enterprises controlled by its de facto controller
Tai'an Fujin	means	Taian Fujin Investment Partnership (Limited Partnership), formerly known as Gongqingcheng Fujin Investment Partnership (Limited Partnership), a shareholder of the target company
Tai'an Fuhao	means	Tai'an Fuhao Investment Partnership (Limited Partnership), formerly known as Gongqingcheng Fuhao Investment Partnership (Limited Partnership), a shareholder of the target company
Tai'an Fuju	means	Tai'an Fuju Investment Service Partnership (Limited Partnership)

Tai'an Employee Shareholding Platform	means	A collective term for the two partnership enterprises, Taian Fujin and Taian Fuhao
Foshan Futuan	means	Foshan Futuan Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Futuan Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Foshan Fucheng	means	Foshan Fucheng Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Fucheng Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Foshan Fufen	means	Foshan Fufen Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Fufen Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Foshan Fujin	means	Foshan Fujin Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Fujin Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Foshan Fuzhong	means	Foshan Fuzhong Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Fuzhong Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Foshan Fujing	means	Foshan Fujing Enterprise Management Partnership (Limited Partnership), formerly known as Nanjing Fujing Enterprise Management Partnership (Limited Partnership), a shareholder of the target company
Six shareholding platforms in Foshan	means	A collective term for the six partnership enterprises: Foshan Fucheng, Foshan Fujing, Foshan Futuan, Foshan Fujin, Foshan Fufen, and Foshan Fuzhong
The State Council	means	The State Council of the People's Republic of China
CSRC	means	China Securities Regulatory Commission
CSRC Guangdong Office	means	China Securities Regulatory Commission Guangdong Office
SSE	means	Shanghai Stock Exchange
<i>The Company Law</i>	means	<i>Company Law of the People's Republic of China</i>
<i>The Securities Law</i>	means	<i>Securities Law of the People's Republic of China</i>
<i>Measures for the Administration of Material Asset Restructurings</i>	means	<i>Measures for the Administration of Material Asset Restructurings of Listed Companies</i>
<i>Measures for the Administration of the Registration of Securities Issuance</i>	means	<i>Measures for the Administration of the Registration of Securities Issuance by Listed Companies</i>
<i>Format Standards No. 26</i>	means	<i>Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 26 – Material Asset Restructurings of Listed Companies</i>
<i>Regulatory Guidelines No. 7</i>	means	<i>Guidelines No. 7 for the Regulation of Listed Companies – Regulation of the Abnormal Trading of Stocks Relating to</i>

		<i>the Material Asset Restructurings of Listed Companies</i>
<i>Listing Rules/Stock Listing Rules</i>	means	<i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i>
<i>Self-Regulation Guidelines No. 6</i>	means	<i>Guidelines No. 6 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Major Asset Restructuring</i>
Independent financial adviser/Guotai Haitong	means	Guotai Haitong Securities Co., Ltd.
Legal adviser/Kangda Law Firm	means	Beijing Kangda Law Firm
Audit institution/RSM China	means	RSM China Certified Public Accountants LLP
Appraisal institution/Jinzheng Appraisal	means	Jinzheng (Shanghai) Assets Appraisal Co., Ltd.
Reviewing institution/Zhongxi CPA	means	Zhongxi CPAS (Special General Partnership)
RMB or RMB'0,000	means	Unless otherwise specified, amounts are denominated in RMB and RMB'0,000.
The Reporting Period	means	2024 and 2025
<b>II. Definitions of Proper Names or Terms</b>		
Building ceramics	means	Products for construction engineering made primarily from clay through batching, molding, drying, and firing, featuring high strength, fire resistance, acid and alkali resistance, and easy cleaning
Ceramic tiles	means	Also known as ceramic tiles; plate-shaped or block-shaped architectural ceramic products made mainly from clay, feldspar, and quartz, and are used to cover walls and floors

Note: In this Summary of the Report, certain totals may differ slightly in the last digit from the sum obtained by directly adding the individual amounts. These differences are caused by rounding.

## I. Brief Introduction to the Restructuring Plan

### i. Overview of the Restructuring Plan

<b>Transaction method</b>		Issuance of shares and payment by cash for asset acquisition and raising of counterpart funds	
<b>Transaction proposal overview</b>		The Listed Company intends to acquire a 51.55% equity interest in Twyford International through the issuance of shares and the payment by cash, and also intends to issue shares to no more than 35 specified investors to raise counterpart funds	
<b>Transaction price (excluding the amount of counterpart funds raised)</b>		RMB 7,474.75 million	
<b>Acquisition target</b>	<b>Name</b>	Guangdong Twyford International Holding Co., Ltd.	
	<b>Principal business</b>	Production and sales of products such as architectural ceramics, glass, and sanitary ware	
	<b>Industry</b>	According to the <i>Industrial Classification for National Economic Activities</i> (GB/T 4754-2017) issued by the National Bureau of Statistics, the business in which the target company is engaged falls under “non-metallic mineral products industry (C30)”	
	<b>Others</b>	Whether the target company is in line with the sector positioning	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Not applicable
Whether the target company belongs to the same industry as the Listed Company or its upstream or downstream sectors		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Whether the target company has synergistic effects with the Listed Company’s principal business		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Nature of the transaction</b>	Whether the transaction constitutes a related party transaction	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Whether the transaction constitutes a material asset restructuring as stipulated in Article 12 of the <i>Measures for the Administration of Material Asset Restructurings</i>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Whether the transaction constitutes a reverse merger	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Whether there is a performance compensation commitment for the transaction</b>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Whether there is an impairment compensation commitment for the transaction</b>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Other matters requiring special explanation</b>	No other matters requiring special explanation		

### ii. Valuation of the transaction target

In this transaction, the transaction price of the target assets was determined with reference to the appraisal results in the appraisal report issued by the asset appraisal

institution and through consultation between both parties to the transaction. With December 31, 2025 as the appraisal base date, the entire shareholders' equity of Twyford International was appraised using both the income approach and the market approach by Jinzheng Appraisal, respectively. Ultimately, the appraisal result under the income approach was adopted as the final appraisal conclusion. With reference to the appraised value determined in the *Asset Appraisal Report*, upon negotiation between both parties to the transaction, the consideration for all equity interests held by the shareholders of the target company is determined to be RMB 14.50 billion, and the transaction price for the Target Assets in this transaction, is RMB 7,474.75 million.

Unit: RMB'0,000

Name of the transaction target	Base date	Appraisal or valuation method	Appraisal or valuation result	Value-added rate/Premium rate	Equity interest proportion of the proposed transaction	Transaction price	Others
Twyford International	December 31, 2025	Income approach	1,453,000.00	219.51%	51.55%	747,475.00	-

### iii. Payment method for this restructuring

Unit: RMB

No.	Counterparty	Name of the transaction target and equity interest ratio	Method of payment		Total consideration paid to the counterparty for the transaction
			Share consideration	Cash consideration	
1	Sunda Company	30.88% equity interest in Twyford International	3,582,648,280.00	895,662,070.00	4,478,310,350.00
2	Luo Jichao	3.21% equity interest in Twyford International	279,553,540.80	186,369,027.20	465,922,568.00
3	Wang Dajiang	1.88% equity interest in Twyford International	163,919,744.40	109,279,829.60	273,199,574.00
4	Tai'an Fujin	1.78% equity interest in Twyford International	155,123,965.80	103,415,977.20	258,539,943.00
5	Tai'an Fuhao	1.72% equity interest in Twyford International	149,375,989.20	99,583,992.80	248,959,982.00
6	Foshan Futuan	1.53% equity interest in Twyford International	132,893,100.00	88,595,400.00	221,488,500.00
7	Li Yuejin	1.50% equity interest in Twyford International	130,500,052.20	87,000,034.80	217,500,087.00
8	Foshan Fucheng	1.20% equity interest in Twyford International	104,567,622.60	69,711,748.40	174,279,371.00
9	Foshan Fufen	0.83% equity interest in Twyford International	71,838,222.60	47,892,148.40	119,730,371.00
10	Zhang Jianfeng	0.66% equity interest in Twyford International	57,297,939.00	38,198,626.00	95,496,565.00

No.	Counterparty	Name of the transaction target and equity interest ratio	Method of payment		Total consideration paid to the counterparty for the transaction
			Share consideration	Cash consideration	
11	Hu Dongming	0.65% equity interest in Twyford International	56,179,519.20	37,453,012.80	93,632,532.00
12	Zhou Renwei	0.64% equity interest in Twyford International	56,075,214.60	37,383,476.40	93,458,691.00
13	Foshan Fujin	0.64% equity interest in Twyford International	55,747,755.60	37,165,170.40	92,912,926.00
14	Chen Chaobo	0.60% equity interest in Twyford International	52,104,874.20	34,736,582.80	86,841,457.00
15	Foshan Fuzhong	0.55% equity interest in Twyford International	47,615,326.20	31,743,550.80	79,358,877.00
16	Ding Zhen	0.54% equity interest in Twyford International	46,564,183.20	31,042,788.80	77,606,972.00
17	Yue Jie	0.49% equity interest in Twyford International	42,598,471.20	28,398,980.80	70,997,452.00
18	Xu Chao	0.47% equity interest in Twyford International	40,544,784.00	27,029,856.00	67,574,640.00
19	Li Ruiqin	0.45% equity interest in Twyford International	39,165,851.40	26,110,567.60	65,276,419.00
20	Feng Ligang	0.35% equity interest in Twyford International	30,351,559.20	20,234,372.80	50,585,932.00
21	Foshan Fujing	0.32% equity interest in Twyford International	28,076,370.00	18,717,580.00	46,793,950.00
22	Wang Xiaoqing	0.28% equity interest in Twyford International	24,270,999.00	16,180,666.00	40,451,665.00
23	Hu Wei	0.23% equity interest in Twyford International	20,409,756.00	13,606,504.00	34,016,260.00
24	Li Wei	0.15% equity interest in Twyford International	13,088,949.60	8,725,966.40	21,814,916.00
<b>Total</b>		<b>51.55% equity interest in Twyford International</b>	<b>5,380,512,070.00</b>	<b>2,094,237,930.00</b>	<b>7,474,750,000.00</b>

#### iv. Share issuance for the acquisition of assets

<b>Stock type</b>	Domestic RMB ordinary shares (A shares)	<b>Par value per share</b>	RMB1.00
<b>Pricing base date</b>	The announcement date of the resolutions of the 15th meeting of the ninth Board of Directors of the Listed Company	<b>Issue price</b>	RMB10.80/share, not lower than 80% of the average trading price of the Listed Company's shares over the 60 trading days prior to the pricing base date
<b>Issuance volume</b>	498,195,551 shares, representing 20.62% of the Listed Company's total share capital after the issuance (excluding the raising of counterpart funds). In this transaction, the number of shares to be issued to each transaction counterparty		

	<p>= the transaction consideration payable to each transaction counterparty in the form of share issuance / the issue price for this issuance, and the total number of shares to be issued = the sum of the number of shares issued to each transaction counterparty. The number of shares to be issued to each counterparty to the transaction shall be an integer and shall be accurate to the ones place. If, after being calculated in accordance with the foregoing formula, the number of shares exchangeable by any counterparty to the transaction is not an integer, the portion of the target assets corresponding to the fractional share of less than one share shall be donated to the Listed Company free of charge, and the number of shares shall be rounded down.</p> <p>During the period from the pricing base date to the issuance date, if the Listed Company implements any ex-rights or ex-dividend matters such as dividend distribution, bonus share issue, conversion of capital reserve into share capital, rights issue, and the issue price of the shares needs to be adjusted accordingly, the number of shares to be issued in this issuance shall also be adjusted accordingly. The final number of shares issued shall be subject to the number of shares approved upon review by the SSE and registered with the approval of the CSRC.</p>
<p><b>Whether an issue price adjustment plan is established</b></p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p><b>Lock-up period arrangement</b></p>	<p>1. Sunda Company, Luo Jichao, Wang Dajiang, Li Yuejin, Zhang Jianfeng, Hu Dongming, Zhou Renwei, Chen Chaobo, Ding Zhen, Yue Jie, Xu Chao, Li Ruiqin, Feng Ligang, Wang Xiaoqing, Hu Wei, and Li Wei, as the counterparties to this asset acquisition through share issuance, have made the following commitments regarding the lock-up period for the Listed Company's shares subscribed for:</p> <p>“The company/I hereby voluntarily undertake that the shares of the Listed Company acquired by the company/me through this transaction shall not be transferred within 36 months from the date of completion of the share issuance. The “transfer” includes, but is not limited to, open-market transfer through the securities market or transfer by way of private agreement.</p> <p>Pursuant to the <i>Performance Commitment and Compensation Agreement between Keda Industrial Group Co., Ltd. and Shareholders of Guangdong Twyford International Holding Ltd.</i> (hereinafter referred as the “<i>Performance Commitment and Compensation Agreement</i>”) entered into by and between the Listed Company and the company/me, the company/I, as the compensation obligor, hereby undertake that the shares of the Listed Company acquired by the company/me in this transaction shall not be transferred prior to the date on which the performance commitment period (as defined in the <i>Performance Commitment and Compensation Agreement</i>) expires and the compensation obligations are fully performed (or, if the company/I am not required to perform any compensation obligation, prior to the date of disclosure of the <i>Special Audit Report</i> and the <i>Impairment Test Report</i> after the expiry of the performance commitment period).</p> <p>The shares of the Listed Company acquired by the company/me in this transaction, from the date of registration under the company's/my name until the expiry date of the lock-up period, and any additional shares of the Listed Company acquired by the company/me as a result of the Listed Company's implementation of equity distribution, capitalization of reserves, or other similar events, shall also be subject to the foregoing agreements.</p> <p>If the company/I assume the performance commitment and compensation liability under the <i>Performance Commitment and Compensation Agreement</i>, following the completion of this transaction, any share repurchase or transfer of shares without consideration arising from the performance compensation arrangement of this</p>

	<p>transaction shall not be subject to the foregoing share lock-up restrictions.</p> <p>If the company’s/my foregoing lock-up commitment regarding the shares of the Listed Company acquired in this transaction is inconsistent with the terms of any subsequent formal transaction agreement, applicable laws and regulations, or the relevant rules and requirements of the CSRC, the SSE, or other regulatory authorities, the company/I undertake to make corresponding adjustments to the aforesaid lock-up commitment so that it complies with such rules and requirements.”</p> <p>2. Foshan Futuan, Foshan Fucheng, Foshan Fufen, Foshan Fujin, Foshan Fuzhong, Foshan Fujing, Tai’an Fujin, and Tai’an Fuhao, as the counterparties to this asset acquisition through share issuance, have made the following commitments regarding the lock-up period for the Listed Company’s shares subscribed for:</p> <p>“If, at the time of acquiring the shares of the Listed Company in this transaction, I/the company has continuously held the rights and interests in the assets used to subscribe for the shares of the Listed Company for a period of 12 months or longer, the shares of the Listed Company acquired by the company/me in this transaction shall not be transferred within 12 months from the date of completion of the share issuance. If, at the time of acquiring the shares of the Listed Company in this transaction, I/the company has continuously held the rights and interests in the assets used to subscribe for the shares of the Listed Company for a period of less than 12 months, the shares of the Listed Company acquired by I/the company in this transaction shall not be transferred within 36 months from the date of completion of the share issuance. The “transfer” includes, but is not limited to, open-market transfer through the securities market or transfer by way of private agreement.</p> <p>The shares of the Listed Company acquired by me/the company in this transaction, from the date of registration under the company’s/my name until the expiry date of the lock-up period, and any additional shares of the Listed Company acquired by I/the company as a result of the Listed Company’s implementation of equity distribution, capitalization of reserves, or other similar events, shall also be subject to the foregoing agreements.</p> <p>Any reduction of holdings of the shares of the Listed Company acquired by me/the company in this transaction, after the expiry of the lock-up period, shall be carried out in line with the relevant rules of the CSRC and the SSE.</p> <p>If I/the company assumes the performance commitment and compensation liability, following the completion of this transaction, any share repurchase or transfer of shares without consideration arising from the performance compensation arrangement of this transaction shall not be subject to the foregoing share lock-up restrictions.</p> <p>If my/the company’s foregoing lock-up commitment regarding the shares of the Listed Company acquired in this transaction is inconsistent with the terms of any subsequent formal transaction agreement, applicable laws and regulations, or the relevant rules and requirements of the CSRC, the SSE, or other regulatory authorities, I/the company undertakes to make corresponding adjustments to the aforesaid lock-up commitment so that it complies with such rules and requirements.”</p>
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## II. Counterpart Fundraising Information

### i. Counterpart fundraising arrangements

<b>Amount of raised counterpart funds</b>	Issuance of shares	The total amount of counterpart funds to be raised shall not exceed 100% of the transaction price for the acquisition of assets by way of share issuance in this transaction, and the number of shares to be issued shall not exceed 30% of the Listed Company’s total share capital after the completion of this share
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		issuance and cash payment for the acquisition of assets.	
<b>Subscriber</b>	Issuance of shares	No more than 35 specific investors	
<b>Use of raised counterpart funds</b>	<b>Item</b>	<b>Proposed amount of proceeds to be used (RMB'0,000)</b>	<b>Proportion of the amount utilized to the total amount of counterpart funds raised</b>
	Cash consideration for this transaction	209,423.79	69.81%
	Intermediary service fees and related taxes and fees	3,000.00	1.00%
	Supplement working capital	87,576.21	29.19%
	<b>Total</b>	<b>300,000.00</b>	<b>100.00%</b>

## ii. Details of the counterpart fundraising

<b>Stock type</b>	Domestic RMB ordinary shares (A shares)	<b>Par value per share</b>	RMB1.00
<b>Pricing base date</b>	The first day of the issuance period in this counterpart fundraising initiative	<b>Issue price</b>	<p>Not lower than 80% of the average trading price of the Company's shares in the 20 trading days preceding the pricing base date</p> <p>The counterpart funds to be raised through this non-public offering of shares to specific investors will be issued through a book-building process. The specific issue price will be determined, after this transaction is reviewed and approved by the SSE and registered with the approval of the CSRC, by the board of directors of the Listed Company under the authorization of the general meeting of shareholders, in accordance with the relevant laws, administrative regulations, and regulatory documents, and based on the book-building results, through consultation with the independent financial adviser (lead underwriter) for this issuance.</p> <p>During the period from the pricing base date to the issuance date, if the Listed Company implements any ex-rights or ex-dividend matters such as dividend distribution, bonus share issue, conversion of capital reserve into share capital, rights issue, the issue price of this issuance will be adjusted accordingly in accordance with the relevant rules of the CSRC and the SSE.</p>
<b>Issuance volume</b>	The total amount of the counterpart funds to be raised in this transaction shall not exceed 100% of the transaction price for the acquisition of assets by means of share issuance in this transaction, and the number of shares to be issued for the counterpart		

	fund raising shall not exceed 30% of the total share capital of the Listed Company after the completion of this issuance of shares and payment by cash for the acquisition of assets. The final number of shares to be issued will be ultimately determined, in accordance with relevant provisions such as the <i>Measures for the Administration of the Registration of Securities Issuance</i> , based on the book-building results after this transaction has been reviewed and approved by the SSE and the registration has been approved by the CSRC. During the period from the pricing base date to the issuance date, if the Listed Company implements any ex-rights or ex-dividend matters such as dividend distribution, bonus share issue, conversion of capital reserve into share capital, rights issue, and the issue price of the shares needs to be adjusted accordingly, the number of shares to be issued in this issuance shall also be adjusted accordingly.
<b>Whether an issue price adjustment plan is established</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Lock-up period arrangement</b>	<p>The shares of the Listed Company subscribed for by the subscribers in this raising of counterpart funds shall not be transferred within six months from the date on which the issuance of such shares is completed.</p> <p>During the above lock-up period, the shares of the Listed Company additionally acquired by the subscriber(s) of the counterpart funds raised due to the Listed Company's bonus share issuance, conversion of capital reserve into share capital, or other reasons shall also comply with the above undertakings. If the aforesaid lock-up period is not consistent with the latest regulatory requirements of the securities regulatory authority, the subscriber(s) of the counterpart funds raised will make corresponding adjustments in accordance with the latest regulatory opinions of the regulatory authority.</p>

## II. Nature of the Transaction

### (1) This transaction constitutes a related party transaction

Among the counterparties to this transaction, Sunda Company is an enterprise controlled by Shen Yanchang, a director of the Listed Company, and his spouse Yang Yanjuan; Li Yuejin is a director of the Listed Company; upon completion of this transaction, Sunda Company and its persons acting in concert will hold more than 5% of the shares of the Listed Company. Pursuant to the relevant provisions of the *Stock Listing Rules*, the aforementioned counterparties are related parties of the Listed Company, and this transaction constitutes a related party transaction.

When the board of directors of the Listed Company deliberated on matters related to this transaction, the related directors had abstained from voting. When the Listed Company subsequently convenes a shareholders' meeting to deliberate on matters related to this transaction, the related shareholders will abstain from voting.

### ii. This transaction constitutes a material asset restructuring

In this transaction, the Listed Company intends to acquire 51.55% of the equity interest in Twyford International through the issuance of shares and payment by cash. The higher of the net asset value of the assets to be acquired in this transaction as of the most recent period end and the transaction amount exceeds 50% of the relevant indicator in the audited consolidated financial statements of the Listed Company for the most recent fiscal year. The specific percentages are as follows:

Unit: RMB'0,000

Item	Listed Company	Target company	Target company × transaction ratio	Consideration for this transaction	Basis of calculation	Indicator proportion
Total assets	2,936,242.31	904,740.14	466,393.54	747,475.00	747,475.00	25.46%
Net assets	1,259,276.28	454,757.94	234,427.72	747,475.00	747,475.00	59.36%
Operating revenue	1,738,947.02	818,541.54	421,958.16	/	421,958.16	24.27%

Note: Net assets are calculated based on the net assets attributable to the owners of the parent company of the Listed Company.

As shown in the table above, this transaction constitutes a material asset restructuring as stipulated in Article 12 of the *Measures for the Administration of Material Asset Restructurings*.

### iii. This transaction is expected not to constitute a reverse merger

Prior to this transaction, the Listed Company had no de facto controller. Upon completion of this transaction, the Listed Company will still have no de facto controller. This transaction is not expected to result in a change of control of the Listed Company. The ratios of the target company's total assets, net assets, and operating revenue to the corresponding financial figures of the Listed Company will not exceed 100%. The shares issued by the Listed Company for the acquisition of assets will not exceed 100% of the Listed Company's shares as of the transaction day immediately preceding the date of the first board resolution for this transaction. The principal business of the Listed Company will not undergo any fundamental change. Pursuant to Article 13 of the *Measures for the Administration of Material Asset Restructurings*, this transaction does not constitute a reverse merger.

## IV. Performance Commitment and Compensation Arrangements for the Transaction

### i. Performance commitment

According to the conditional *Performance Commitment and Compensation Agreement* signed by the Listed Company and the performance commitment parties Sunda Company, Luo Jichao, Wang Dajiang, Li Yuejin, Zhang Jianfeng, Hu Dongming, Zhou Renwei, Chen Chaobo, Ding Zhen, Yue Jie, Xu Chao, Li Ruiqin, Feng Ligang, Wang Xiaoqing, Hu Wei, and Li Wei, the performance commitment period is the three full fiscal years of 2026, 2027 and 2028, and the performance commitment parties committed that the cumulative committed net profit of the target company during the performance commitment period would be no less than RMB 4,927 million.

The above net profit amount refers to the after-tax net profit attributable to the parent company's shareholders after deducting non-recurring gains and losses, as presented in the consolidated financial statements of the target company prepared in accordance with the *Accounting Standards for Business Enterprises of China* and audited by an accounting firm qualified to engage in securities business, and the following factors affecting the net profit amount shall be excluded when calculating the net profit amount:

(1) For share payments arising from equity incentives implemented by the Listed Company or new equity incentives implemented by the target company after the completion of the existing equity incentive arrangements and this transaction, such expenses shall be fully added back when calculating net profit.

(2) Relevant expenses arising from the excess performance bonus accrued in accordance with this Agreement shall be fully added back when calculating net profit.

(3) The impact of the target company's foreign exchange gains and losses on its net profit during the performance commitment period shall be excluded.

The above non-recurring gains and losses are determined in accordance with the CSRC's *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public — Extraordinary Profit and Loss*.

Within four months after the end of the 2028 fiscal year, after mutual consultation between the Listed company and Sunda Company, the Listed Company shall engage an accounting firm that complies with the relevant provisions of the *Securities Law* to conduct a special audit of the target company's cumulative net profit actually achieved during the performance commitment period, and issue a *Special Audit Report*.

## **ii. Performance compensation arrangements**

### **1. Performance compensation**

After the expiration of the performance commitment period, according to the *Special Audit Report* issued by an accounting firm in compliance with the relevant provisions of the *Securities Law*, if the cumulative net profit actually achieved by the target company during the performance commitment period reaches 90% of the cumulative committed net profit (i.e., the cumulative net profit actually achieved by the target company during the performance commitment period reaches RMB 4,428 million, inclusive), no performance compensation shall be triggered. If the cumulative net profit actually achieved by the target company during the performance commitment period does not reach 90% of the cumulative committed net profit, the performance commitment party shall compensate the Listed Company in the manner agreed in this Agreement, and when making such compensation, the performance commitment party shall not require the Listed Company to pay any other consideration or other benefits other than the repurchase price.

### **2. Performance compensation method and calculation formula**

#### **(1) Performance compensation method**

After the performance commitment period expires, if the agreed circumstances arise under which the performance commitment party shall bear compensation obligations to the Listed Company, the performance commitment party shall give priority to making compensation with the shares of the Listed Company obtained through this transaction, and any portion insufficient to be compensated by shares shall be compensated by the performance commitment party in cash.

#### **(2) Calculation formula**

After the performance commitment period expires, the formulas for calculating the compensation amount payable by the performance commitment party under the performance commitment, the number of shares to be compensated under the

performance commitment, and the cash compensation amount under the performance commitment are as follows:

1) The amount of compensation payable for the performance commitment = (cumulative committed net profit - cumulative actual net profit) / cumulative committed net profit × the total transaction consideration obtained by the performance commitment party through this transaction (i.e., RMB 6,232,686,080). If the target company's cumulative actual net profit during the performance commitment period is negative, it shall be treated as 0.

(2) The number of shares to be compensated under the performance commitment = the compensation amount payable under the performance commitment / the issue price of this share issuance.

If the number of shares to be compensated under the performance commitment calculated in accordance with the above formula is not an integer, the integer part shall be taken directly, the fractional part shall be discarded, and one share shall be added.

If the Listed Company implemented ex-rights matters such as capitalization of reserves, bonus issue, or rights issue during the performance commitment period, the number of shares to be compensated by the performance commitment party shall be adjusted accordingly based on the actual circumstances, and the number of shares to be compensated shall be calculated according to the following formula:

The number of shares to be compensated under the performance commitment (after adjustment) = the number of shares to be compensated under the performance commitment (before adjustment) × (1 + ratio of capitalization of reserves, bonus issue or rights issue).

3) Any insufficient portion to be compensated by shares shall be compensated in cash by the performance commitment party. The amount of cash compensation payable = the compensation amount payable under the performance commitment - the number of shares already compensated × the issue price of this share issuance.

(3) The actual performance compensation obligation borne by each entity of the performance commitment parties shall be apportioned according to their respective relative shareholding percentages in Twyford International prior to this transaction. The specific apportionment ratios are as follows:

No.	Compensation obligor	Shareholding percentage in the target company prior to this transaction	Compensation ratio to be assumed
1	Sunda Company	30.8849%	71.8520%
2	Luo Jichao	3.2133%	7.4755%
3	Wang Dajiang	1.8841%	4.3833%
4	Li Yuejin	1.5000%	3.4897%
5	Zhang Jianfeng	0.6586%	1.5322%
6	Hu Dongming	0.6457%	1.5023%
7	Zhou Renwei	0.6445%	1.4995%
8	Chen Chaobo	0.5989%	1.3933%

No.	Compensation obligor	Shareholding percentage in the target company prior to this transaction	Compensation ratio to be assumed
9	Ding Zhen	0.5352%	1.2452%
10	Yue Jie	0.4896%	1.1391%
11	Xu Chao	0.4660%	1.0842%
12	Li Ruiqin	0.4502%	1.0473%
13	Feng Ligang	0.3489%	0.8116%
14	Wang Xiaoqing	0.2790%	0.6490%
15	Hu Wei	0.2346%	0.5458%
16	Li Wei	0.1504%	0.3500%
<b>Total</b>		<b>42.9840%</b>	<b>100.0000%</b>

The total amount of performance compensation paid by the performance commitment parties to the Listed Company pursuant to *Performance Commitment and Compensation Agreement* (including share compensation and cash compensation) shall not exceed the total transaction consideration obtained by the performance commitment parties through this transaction.

### 3. Asset impairment testing and compensation

#### (1) Impairment test

1) Within four months after the end of fiscal year 2028, as determined through mutual consultation between the Listed Company and Sunda Company, the Listed Company shall engage an asset appraisal institution that complies with the relevant provisions of the *Securities Law* to appraise the target assets involved in this transaction and issue an *Impairment Test Report*. The performance commitment party agrees to and acknowledges the results of the *Impairment Test Report*;

2) If the amount of impairment of the performance commitment assets at the end of the period is greater than the total number of shares already compensated by the performance commitment party  $\times$  the issue price of this share issuance + the total amount of cash already compensated by the performance commitment party, the performance commitment party shall provide additional compensation to the Listed Company for the difference. The amount of impairment of the aforesaid performance commitment assets at the end of the period shall be the total transaction consideration obtained by the performance commitment party through this transaction minus the appraised value of the performance commitment assets at the end of the period (the appraised value of the performance commitment assets at the end of the period = the overall appraised value of the target company at the end of the period  $\times$  the percentage of equity in the target company held by the performance commitment party before this transaction), and after deducting the effects of capital increase, capital reduction, acceptance of donations, and profit distribution by the shareholders of the target company during the performance commitment period. The aforementioned "end of the period" refers to the end of the last fiscal year of the performance commitment period, i.e., December 31, 2028.

3) The formula for calculating the total amount of compensation required for the

impairment test is: Compensation amount payable for the impairment test = impairment amount of the performance commitment assets at the end of the period - total number of shares already compensated by the performance commitment party × issue price of this share issuance - total amount of cash already compensated by the performance commitment party.

(2) Impairment testing compensation method

1) If, pursuant to the impairment testing clause of the *Performance Commitment and Compensation Agreement*, the performance commitment party triggers an obligation to provide impairment compensation, it shall give priority to compensating the Listed Company by way of share compensation, and any shortfall shall be compensated in cash. The formula for calculating the number of shares to be compensated in the impairment test shall be determined with reference to the provisions of the performance compensation clause;

2) The sum of the amount of impairment compensation for the performance commitment assets (including share and cash compensation) paid by the performance commitment party to the Listed Company pursuant to the *Performance Commitment and Compensation Agreement* and the amount of performance compensation (including share and cash compensation) paid pursuant to the *Performance Commitment and Compensation Agreement* shall not exceed the total consideration obtained by the performance commitment party through this transaction;

3) The actual impairment compensation obligation borne by each entity of the performance commitment parties shall be apportioned according to their respective relative shareholding percentages in Twyford International prior to this transaction.

#### **4. Specific implementation of compensation**

(1) After the performance commitment period expires, the Listed Company shall, within five business days after the accounting firm/asset appraisal institution issues the target company's *Special Audit Report* and *Impairment Test Report*, determine whether the performance commitment party has triggered the obligation for performance commitment compensation and/or impairment compensation, and calculate the amount payable by the performance commitment party (including the number of share compensation payable and the amount of cash compensation payable).

(2) Share compensation arrangements

1) If the performance commitment party triggers the obligation for performance commitment compensation and/or impairment compensation, the Listed Company shall repurchase and cancel the aggregate shares subject to compensation by the compensation obligor(s) at a total price of RMB1;

2) If the performance commitment party triggers the obligation for performance commitment compensation and/or impairment compensation, within 30 business days from the disclosure date of the *Special Audit Report* and the *Impairment Test Report*, it shall transfer the Listed Company's shares to be compensated to a special account established by the board of directors of the Listed Company for lock-up, and the locked-up shares shall have no voting rights and no right to dividend distribution;

3) If the performance commitment party triggers the obligation for performance commitment compensation and/or impairment compensation, the Listed Company shall,

within 30 business days from the date of disclosure of the *Special Audit Report* and the *Impairment Test Report*, convene a board meeting and issue a notice of the shareholders' meeting to deliberate on the relevant proposals for repurchasing and canceling the shares to be compensated by the performance commitment party at a total price of RMB1. When the Listed Company convenes a board meeting/shareholders' meeting to deliberate on the above repurchase of compensation shares, the performance commitment party shall abstain from voting. If the Listed Company's shareholders' meeting deliberates on and approves the above relevant proposals, the Listed Company shall, within 30 business days from the date of announcement of the shareholders' meeting resolution, conduct a targeted repurchase and cancellation of the compensation shares of the performance commitment party held in the special account established by the board of directors at a total price of RMB1. The taxes and fees arising from the share repurchase shall be borne by the Listed Company;

4) The cumulative number of shares compensated by the performance commitment party shall not exceed the total number of shares of the Listed Company obtained by it through this share issuance (including the portion of additional shares obtained through capitalization of reserves, bonus issue);

5) Before making compensation to the Listed Company in shares, if the performance commitment party had already received cash dividends from the Listed Company in respect of such shares during the performance commitment period, it shall, prior to share compensation, return to the Listed Company the accumulated dividend income obtained during the performance commitment period for the shares subject to compensation. The amount to be returned = cash dividend distributed per share (after tax) × number of shares subject to compensation;

6) Performance compensation safeguard measures. The performance commitment party undertakes that the shares of the Listed Company obtained by it through this share issuance shall be prioritized for fulfilling the performance compensation commitment, and it shall not evade the compensation obligations by means of pledging such shares or otherwise. When pledging the aforesaid shares in the future, the performance commitment party shall notify the pledgee in writing that such shares are subject to potential performance compensation obligations under the *Performance Commitment and Compensation Agreement*, and shall enter into explicit arrangements with the pledgee in the pledge agreement regarding the use of the relevant shares for the payment of performance compensation, among other matters.

### (3) Cash compensation arrangements

If, pursuant to the *Performance Commitment and Compensation Agreement*, a circumstance arises in which the performance commitment party is required to pay cash compensation, the performance commitment party shall, within 30 days after receiving the Listed Company's written notice requesting payment of cash compensation, pay the cash compensation it is required to bear to the bank account designated by the Listed Company.

## iii. Achievability of the performance commitment

### 1. Reasonableness of the performance commitment

The performance commitment for this transaction is made based on the net profit data set out in the *Asset Appraisal Report* issued by Jinzheng Appraisal and the relevant

valuation notes. In forecasting the future performance of the target company, full consideration is given to the status and development prospects of the industry in which the target company operates, the target company's business conditions, and its asset, financial analysis, and adjustment circumstances of previous years.

## **2. Performance capability and performance guarantee measures of the performance commitment party**

The performance commitment party to this transaction has the capacity to fulfill its obligations. Corresponding performance guarantee measures have been established in the transaction proposal as follows:

- (1) The Listed Company signs a clear *Performance Commitment and Compensation Agreement* with the performance commitment party;
- (2) The performance commitment party shall use the Listed Company's shares and cash obtained from this transaction as a performance guarantee;
- (3) All shares acquired by the relevant counterparties among the performance commitment parties in this transaction shall be subject to a lock-up period of 36 months.

In summary, in this transaction, the performance commitment parties have the ability to fulfill their obligations, and corresponding performance guarantee measures have been established in the transaction proposal, which can better protect the interests of the Listed Company and minority shareholders.

### **iv. Performance bonus**

If the cumulative net profit actually achieved by the target company for 2026, 2027, and 2028 reaches more than 110% of the cumulative committed net profit (i.e., the cumulative net profit achieved by the target company reaches or exceeds RMB 5,412 million), the target company shall grant a cash bonus to its key management personnel and core employees. The list of key management personnel and core employees entitled to the bonus (the "bonus recipients") and the allocation ratios shall be determined and proposed by the board of directors of the target company after comprehensively considering the performance assessment results and the contributions of the proposed bonus recipients to the target company, and shall ultimately be approved and confirmed by the board of directors of the Listed Company.

If the above performance bonus clause is triggered, the specific calculation formula for the amount of the performance bonus is as follows:

Performance bonus amount = (cumulative net profit of the target company during the performance commitment period – cumulative committed net profit of the target company during the performance commitment period) × 40%

The total amount of performance bonus received in aggregate by the bonus recipients under Article 6 of the *Performance Commitment and Compensation Agreement* shall not exceed 20% of the valuation of the target assets in this transaction.

## **V. Impact of the Restructuring on the Listed Company**

### **i. Impact of the restructuring on the principal business of the Listed Company**

In recent years, the Listed Company has thoroughly implemented the globalization strategy, continuously advanced capacity development and market expansion for

overseas building materials businesses, and optimized regional deployment. At the same time, it has improved the globalization deployment and localized operating system for the ceramic machinery business, promoting sustainable development through product iteration and service innovation.

The Listed Company's principal business involves the production and sales of building ceramic machinery and overseas building materials. Strategically, it invests in the lithium salt business, primarily through Lanke Lithium, and also cultivates business in lithium-ion battery materials and equipment, hydraulic pumps, and smart energy. The target company is a controlled subsidiary of the Listed Company and the main operating entity of the Listed Company's overseas building materials business segment. Upon completion of this transaction, the target company will change from a controlled subsidiary of the Listed Company to a wholly owned subsidiary. This transaction will not result in any change to the Listed Company's principal business.

## ii. Impact of the restructuring on the shareholding structure of the Listed Company

Both before and after this transaction, the Listed Company has no controlling shareholder or de facto controller, and this transaction will not result in any change in the control structure of the Listed Company.

As at December 31, 2025, the total share capital of the Listed Company was 1,917,856,391 shares. Based on the transaction price of the target assets in this restructuring and the Listed Company's share issue price for asset acquisition, the number of shares proposed to be issued for the purchase of assets in this transaction is 498,195,551. Upon completion of this transaction (excluding the raising of counterpart funds), the total share capital of the Listed Company will increase to 2,416,051,942 shares.

Before and after the completion of this transaction, the changes in the shareholding structure of the Listed Company are as follows:

Shareholder name	Before the transaction		After the transaction (excluding counterpart fundraising)	
	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage
Liang Tongcan	374,456,779	19.52%	374,456,779	15.50%
Hongyu Group	64,341,152	3.35%	64,341,152	2.66%
<b>Liang Tongcan and persons acting in concert with him</b>	<b>438,797,931</b>	<b>22.88%</b>	<b>438,797,931</b>	<b>18.16%</b>
Sunda Company	-	-	331,726,692	13.73%
Shen Yanchang	7,646,400	0.40%	7,646,400	0.32%
Yang Yanjuan	68,644,414	3.58%	68,644,414	2.84%
<b>Sunda Group and parties acting in concert with it<sup>1</sup></b>	<b>76,290,814</b>	<b>3.98%</b>	<b>408,017,506</b>	<b>16.89%</b>
Lesso Technology	153,600,077	8.01%	153,600,077	6.36%

Shareholder name	Before the transaction		After the transaction (excluding counterpart fundraising)	
	Number of shares held	Shareholding percentage	Number of shares held	Shareholding percentage
Lu Qin	125,983,334	6.57%	125,983,334	5.21%
Bian Cheng <sup>2</sup>	49,349,799	2.57%	49,349,799	2.04%
Guan Qi	49,349,799	2.57%	49,349,799	2.04%
New Pearl	52,994,111	2.76%	52,994,111	2.19%
Luo Jichao	-	-	25,884,587	1.07%
Wang Dajiang	-	-	15,177,754	0.63%
Tai'an Fujin	-	-	14,363,330	0.59%
Tai'an Fuhao	-	-	13,831,110	0.57%
Foshan Futuan	-	-	12,304,916	0.51%
Li Yuejin	-	-	12,083,338	0.50%
Foshan Fucheng	-	-	9,682,187	0.40%
Foshan Fufen	-	-	6,651,687	0.28%
Zhang Jianfeng	-	-	5,305,364	0.22%
Hu Dongming	-	-	5,201,807	0.22%
Zhou Renwei	-	-	5,192,149	0.21%
Foshan Fujin	-	-	5,161,829	0.21%
Chen Chaobo	-	-	4,824,525	0.20%
Foshan Fuzhong	-	-	4,408,826	0.18%
Ding Zhen	-	-	4,311,498	0.18%
Yue Jie	-	-	3,944,302	0.16%
Xu Chao	-	-	3,754,146	0.16%
Li Ruiqin	-	-	3,626,467	0.15%
Feng Ligang	-	-	2,810,329	0.12%
Foshan Fujing	-	-	2,599,663	0.11%
Wang Xiaoqing	-	-	2,247,314	0.09%
Hu Wei	-	-	1,889,792	0.08%
Li Wei	-	-	1,211,939	0.05%
Other shareholders of the Listed Company	971,490,526	50.66%	971,490,526	40.21%
<b>Total</b>	<b>1,917,856,391</b>	<b>100.00%</b>	<b>2,416,051,942</b>	<b>100.00%</b>

Note 1: The de facto controllers of Sunda Company are Shen Yanchang and Yang Yanjuan. Sunda Company, Shen Yanchang, and Yang Yanjuan constitute a concerted action relationship. The shares held by Shen Yanchang and Yang Yanjuan are held through “Shanghai Stock Connect”;

Note 2: Bian Cheng and Guan Qi are persons acting in concert.

### iii. Impact of the Restructuring on the Major Financial Indicators of the Listed Company

#### 1. Analysis of the impact of the transaction on the Listed Company’s ability to continue as a going concern

##### (1) Analysis of the impact of the transaction on the drivers of profitability and going concern capability

Through this acquisition of 51.55% equity interest in Twyford International, the Listed Company achieved 100% control of Twyford International, which is conducive to enabling it to more effectively integrate key shareholder resources and better allocate, at the Group level, the resources required for the development of the overseas building materials business segment, enhance collaboration efficiency among various business segments, unify decision-making, optimize resource allocation, further deepen its overseas business presence, and accelerate the development of its overseas building materials business segment. Upon completion of this transaction, Twyford International will remain a subsidiary of the Listed Company, and the Listed Company’s shareholding percentage in it will increase. In the long run, this will help increase the net profit attributable to the shareholders of the parent company, enhance the net assets attributable to the shareholders of the parent company, improve shareholder returns, and strengthen the Listed Company’s sustainable operating capacity for the future.

##### (2) Analysis of the impact of the transaction on the Listed Company’s financial position and profitability

###### 1) Impact of the transaction on the Listed Company’s principal profitability

According to the *Pro Forma Review Report*, the impact of the transaction on the profitability indicators of the Listed Company is as follows:

Unit: RMB’0,000

Item	2025		
	Before completing the transaction	After completing the transaction (pro forma)	Change rate
Operating revenue	1,738,947.02	1,738,947.02	-
Total profits	269,188.95	269,188.95	-
Net profit	216,679.07	216,679.07	-
Net profit attributable to owners of the parent company	130,886.34	206,574.83	57.83%

Upon completion of this transaction, the revenue and net profit of the Listed Company will remain unchanged, while the net profit attributable to the owners of the parent company will increase significantly.

## 2) Impact of the transaction on major assets, liabilities, and solvency of the Listed Company

According to the *Pro Forma Review Report*, the comparison of the Listed Company's asset and liability composition before and after this transaction is as follows:

Unit: RMB'0,000

Item	December 31, 2025		
	Before completing the transaction	After completing the transaction (pro forma)	Change rate
Current assets	1,511,749.39	1,511,749.39	-
Non-current assets	1,424,492.92	1,424,492.92	-
Total assets	2,936,242.31	2,936,242.31	-
Current liabilities	934,739.02	1,144,162.81	22.40%
Non-current liabilities	413,967.59	413,967.59	-
Total liabilities	1,348,706.61	1,558,130.40	15.53%

Upon completion of this transaction, the total assets of the Listed Company will remain unchanged, but will increase to a certain extent, mainly due to the consideration payable for this transaction. Other than this, no additional debts will be incurred. This transaction will not have a material adverse impact on the Listed Company's solvency.

## 3) Financial security analysis

According to the *Pro Forma Review Report*, upon completion of this transaction, the Listed Company's current ratio and quick ratio as at December 31, 2025 will be 1.32 and 0.84, respectively, and its asset-liability ratio will be 53.07%. The Listed Company and Twyford International to be acquired are in good operating condition and maintain normal cash flow levels. In the course of daily operations, there is no situation where financing channels cannot meet their own operational development needs. Upon completion of this transaction, the Listed Company's solvency will remain at a reasonable level, and there will be no circumstance where due debts cannot be repaid.

## 2. Analysis of the impact of the transaction on the future development prospects of the Listed Company

The Listed Company's principal business involves the production and sales of building ceramic machinery and overseas building materials. Strategically, it invests in the lithium salt business, primarily through Lanke Lithium, and also cultivates business in lithium-ion battery materials and equipment, hydraulic pumps, and smart energy. The target company is a controlled subsidiary of the Listed Company and the main operating entity of the Listed Company's overseas building materials business segment. Upon completion of this transaction, the target company will change from a controlled subsidiary of the Listed Company to a wholly owned subsidiary.

In recent years, the Listed Company has thoroughly implemented the globalization strategy, continuously advanced capacity development and market expansion for overseas building materials businesses, and optimized regional deployment. At the

same time, it has improved the globalization deployment and localized operating system for the ceramic machinery business, promoting sustainable development through product iteration and service innovation. After the completion of this transaction, the Listed Company will continue to pursue its globalization strategy. Based on the existing business, assets, and organization of the target company, it will promote synergistic optimization in areas such as technological coordination, market promotion, and internal resource allocation. By strengthening and improving its overseas building materials business, the Listed Company will further enhance the equity and profitability attributable to its shareholders and reinforce its sustainable profitability.

### **3. Analysis of the impact of the transaction on the financial and non-financial indicators of the Listed Company**

#### **(1) Impact of the transaction on the basic earnings per share of the Listed Company**

According to the *Pro Forma Review Report*, before and after the completion of this transaction, without taking into account the raising of counterpart funds, the Listed Company's net profit and earnings per share are as follows:

Item	2025	
	Before completing the transaction	After completing the transaction (pro forma)
Net profit attributable to owners of the parent company (RMB'0,000)	130,886.34	206,574.83
Net profit attributable to owners of the parent company after deducting non-recurring gains and losses (RMB'0,000)	119,874.63	194,996.80
Basic earnings per share (RMB/share)	0.696	0.868

Based on the above table, upon completion of this transaction, the Listed Company's net profit attributable to owners of the parent company and earnings per share, both before and after deducting non-recurring gains and losses, will increase.

#### **(2) Impact of the transaction on the future capital expenditures of the Listed Company**

Upon completion of this transaction, the shareholding percentage of the Listed Company in the target company will increase from 48.45% to 100%. Before and after this transaction, the target company's capital expenditure plan has been incorporated into the Listed Company's annual plan. In the future, the Listed Company will continue to perform the necessary decision-making and information disclosure procedures in accordance with the *Articles of Association*.

#### **(3) Relevant arrangements for the employee resettlement plan of the transaction**

The labor relations of the target company will not change as a result of this transaction, and this transaction does not involve employee resettlement matters.

#### **(4) Analysis of the impact of transaction costs on the Listed Company**

The transaction costs mainly include fees for intermediaries such as the independent financial adviser, legal counsel, audit institution, and appraisal institution, as well as other expenses related to the transaction. The tax costs involved in the transaction shall be borne separately by the relevant responsible parties. Fees for intermediaries shall be determined in accordance with prevailing market rates and will not have a material impact on the Listed Company's cash flow or net profit.

## **VI. Dilution of Immediate Returns from the Transaction and Remedial Measures**

### **1. Impact of the restructuring on the dilution of the earnings per share of the Listed Company**

Without taking into account supporting funds, the changes in the Listed Company's earnings per share before and after this transaction are as follows:

Item	2025/End of 2025	
	Before the transaction	After the transaction (pro forma)
Net profit attributable to shareholders of the parent company (RMB'0,000)	130,886.34	206,574.83
Basic earnings per share (RMB/share)	0.696	0.868

Upon completion of this transaction, the Listed Company's net profit attributable to shareholders of the parent company for 2025 will increase significantly, and basic earnings per share will improve significantly. Upon completion of this transaction, there will be no dilution of earnings per share for the Listed Company.

### **2. Measures adopted by the Listed Company to prevent the dilution of immediate returns from the restructuring and enhance future return capability**

According to calculations, the Listed Company's immediate returns would not be diluted upon completion of this transaction. However, in order to safeguard the lawful rights and interests of the Listed Company and all shareholders, if the Listed Company's immediate returns are diluted, it proposes to adopt the following remedial measures to enhance the Company's sustainable profitability.

(1) Complete the comprehensive integration of the target company and enhance the Company's profitability

Upon completion of this transaction, the target company will become a wholly owned subsidiary of the Listed Company. On the premise of ensuring control over the target company and the stability of its operations, the Listed Company will further comprehensively streamline and integrate the target company's business, assets, finance, personnel, organizational structure, and daily operation and management, steadily advance and implement its development strategy, help enhance its sustainable operating capabilities, and enable the target company to access its resources to achieve rapid development.

(2) Further strengthen operational management and internal control to improve operating efficiency

Upon completion of this transaction, the Listed Company will further improve its

corporate governance system, management system, and institutional development, strengthen business operation management and internal control, improve incentive and restraint mechanisms, and enhance daily operational efficiency. The Company will comprehensively optimize the management procedures to reduce operating costs, better safeguard its overall interests, and effectively control the operating and management risks.

(3) Further improve the profit distribution policy, with emphasis on reasonable returns on shareholders' investment

The Listed Company will adhere to the investor-oriented value concept. While improving corporate governance and strengthening its internal capabilities, and focusing on its core business to enhance quality and efficiency, it will also firmly establish the awareness of delivering returns to shareholders. The Company's *Articles of Association* explicitly stipulates the principles, forms, ratios, and decision-making mechanisms for profit distribution, thereby reinforcing the mechanism for protecting the rights and interests of minority investors. Upon completion of this transaction, the Listed Company will, in accordance with the relevant provisions of laws, regulations, and the *Articles of Association*, continue to implement a sustainable, stable, and proactive profit distribution policy, attach importance to reasonable investment returns for shareholders on the premise of ensuring sustainable development, and better safeguard the interests of shareholders.

#### **vi. Ensure fair and equitable pricing for the transaction**

The Listed Company has engaged an audit institution and appraisal institution that comply with relevant legal provisions to audit and appraise the target company. It has also engaged an independent financial adviser and legal adviser to verify matters such as the asset pricing involved in this transaction and the ownership status of the target assets, as well as the implementation process, the performance of relevant agreements and commitments, and the compliance and risks of relevant subsequent matters, and to issue clear opinions. These measures are taken to ensure that the pricing of the target assets in this transaction is fair and equitable, the pricing process is legal and compliant, and no circumstance would harm the interests of the Listed Company's shareholders. The special meeting of the Listed Company's independent directors has issued review opinions on the fairness of the valuation pricing involved in this transaction.

#### **vii. Lock-up period arrangement**

In this transaction, the shares issued by the Listed Company acquired by the transaction counterparties are subject to lock-up period arrangements. For details, please refer to "iv. Share issuance for the acquisition of assets" under "I. Brief Introduction to the Restructuring Plan" and "ii. Details of the counterpart fundraising" under "II. Counterpart Fundraising Information" in the Summary of this Report.

#### **viii. Performance commitment and compensation arrangements**

In this transaction, the performance commitment parties have entered into a clear performance compensation agreement with the Listed Company, which is conducive to safeguarding the interests of the Listed Company and its shareholders. For details of the compensation method and related arrangements, please refer to "IV. Performance Commitment and Compensation Arrangements for the Transaction" in the Summary of this Report.

## **VII. Approval Procedures Completed and Yet to Be Completed for the Transaction**

### **(1) Decision-making and approval procedures performed for the transaction**

As of the date of signing of the Restructuring Report, the decision-making and approval procedures that had been completed for this transaction include:

1. The transaction proposal has been reviewed and approved at the 15th meeting of the ninth board of directors of the Listed Company and the 17th meeting of the ninth board of directors;
2. This transaction has obtained in principle-based consent opinion of shareholders holding more than five percent of the shares;
3. The internal decision-making bodies of the counterparties have reviewed and approve the formal proposal for this transaction;
4. The transaction parties have signed the conditional *Asset Acquisition Agreement*, the *Supplemental Agreement to the Asset Acquisition Agreement*, and the *Performance Commitment and Compensation Agreement*.

### **ii. Decision-making and approval procedures yet to be completed for the transaction**

The decision-making and approval procedures yet to be performed for this transaction are as follows:

1. The transaction proposal shall be reviewed and approved at the shareholders' meeting of the Listed Company;
2. This transaction shall obtain approval upon review by the SSE and approval for registration from the CSRC;
3. Other approvals or authorizations involved as required by relevant laws and regulations (if required).

This transaction proposal shall not be implemented before obtaining the approval, passing the review, or receiving the approval for registration from the relevant competent authorities. Whether this transaction can obtain the above approval, pass the review, or receive the registration approval, and the timing of ultimately obtaining such approval, passing the review, or approval for registration, are uncertain. Investors are advised to be aware of investment risks.

## **VIII. Major Risk Warning**

### **1. Risks related to the transaction**

#### **i. Approval risk of the transaction**

For details of the procedures still required for this transaction, please refer to "VII. Approval Procedures Completed and Yet to Be Completed for the Transaction" in the Summary of this Report. There is uncertainty as to whether this transaction can obtain the relevant approvals, registrations, or consents, and there is also uncertainty as to the timing of obtaining such approvals, registrations, or consents. If the relevant approvals, registrations, or consents are not obtained, this transaction will not be implemented. Investors are advised to be aware of investment risks!

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## **ii. Risk that the transaction may be suspended, terminated, or cancelled**

As this transaction involves application, review, and registration procedures with relevant regulatory authorities such as the SSE and the CSRC, whether the above work can be completed smoothly and on schedule may have a material impact on the timeline of this transaction. In addition, this transaction is subject to the following risks of being suspended, interrupted, or terminated:

1. The Company has established a stringent insider information management system. During the planning and implementation of this transaction, all parties involved have taken strict confidentiality measures. However, it cannot be ruled out that relevant institutions or individuals may use inside information regarding this transaction to engage in insider trading. Therefore, there is a risk that this transaction may be suspended, terminated, or cancelled due to abnormal fluctuations in the Company's stock price or abnormal trading that could be suspected of insider trading.
2. During this transaction process, market conditions may change, thereby affecting the transaction terms of this transaction. In addition, the review requirements of regulatory authorities may also affect the transaction proposal. The transaction parties may need to refine the transaction proposal based on changes in the market environment and the review requirements of regulatory authorities. If the transaction parties are unable to reach agreement on refining the transaction proposal, this transaction may face the risk of being suspended, terminated, or canceled;
3. If this transaction is suspended, terminated, or canceled due to any of the above reasons or other reasons, and the Listed Company plans to restart the restructuring, there is a risk that the transaction pricing and other transaction terms may need to be readjusted. Investors are advised to take note. The Company will promptly announce the progress of relevant work during this transaction process, so that investors may understand the progress of this transaction and make corresponding judgments.

## **iii. Risks of adjustments to this transaction proposal**

The transaction proposal is still subject to the approval or consent of the competent regulatory authorities, and it cannot be ruled out that the parties to the transaction may need to further adjust and refine the transaction proposal in accordance with the opinions of the regulatory authorities and their respective demands. According to the relevant regulations of the CSRC and the SSE, if it constitutes a material adjustment to the restructuring plan, this transaction will need to re-perform the relevant review procedures. Investors are hereby advised to pay attention.

## **iv. Risks that supporting financing may not be implemented or that the financing amount may fall below expectations**

In this transaction, the Listed Company intends to raise counterpart funds from no more than 35 specific investors through book-building process. The number of shares to be issued shall not exceed 30% of the Listed Company's total share capital upon completion of this issuance of shares and payment by cash for asset acquisition, and the total amount of counterpart funds raised shall not exceed 100% of the transaction price for the asset acquisition to be paid by way of share issuance in this transaction.

Due to stock market fluctuations and investor expectations, there is uncertainty as to whether the raising of supporting funds can be successful. If the supporting financing cannot be implemented or the financing amount falls short of expectations, it may affect

the Listed Company's capital utilization arrangements and short-term solvency. Investors are advised to pay attention to the relevant risks.

## **2. Risks related to the target company**

### **i. Market competition risk**

After years of operation, the target company has accumulated strong channel resources and influence in the overseas building materials business, particularly in Africa. As urbanization in Africa accelerates, more competitors may enter the market in the future. If the target company is unable to promptly optimize its market competition strategies, promote product innovation, and strengthen product competitiveness, it may fall behind its competitors in market competition, resulting in a decline in its market share or profit margin, which in turn may adversely affect its operating performance.

### **ii. Cross-border management risks**

The target company's business and branches are dispersed across multiple countries and regions in Africa and the Americas. As of the end of December 2025, the target company had put 25 production lines into operation in seven countries in Africa, and its products were sold in more than 60 countries and regions worldwide. At the same time, the target company is actively planning to expand its business scope and intends to establish subsidiaries and build production plants in other countries with significant market potential.

In the context of significant uncertainties in the global economic landscape and substantial differences among countries in terms of geopolitical conditions, laws and regulations, social situations, and market consumer habits, as the target company's principal business expands to an increasing number of countries and regions, it faces challenges in cross-border business integration and control. If the target company fails to effectively manage its subsidiaries across the globe, it may hinder the operation of existing business, or cause the returns on new investments to fall short of expectations or even result in investment failures, thereby adversely affecting the target company's operating performance.

### **iii. International trade and political risks**

In recent years, with the continuous development of economic and cultural standards in Africa, the political landscape and economic policies of African countries have generally become more stable, but they remain subject to significant changes that are difficult to predict. The production and sales of the target company's main products are primarily carried out in developing countries in the African region. In the future, if the political landscape in the places where the target company operates experiences severe turmoil, or if the policies governing the management of foreign investment in those locations undergo significant adverse adjustments, or if economic policies such as international trade and tariffs in those locations are materially adjusted, the target company may face substantial international trade and political risks, thereby adversely affecting the target company's operating performance.

### **iv. Exchange rate fluctuation risk**

The principal businesses of the target company are all conducted overseas. Its overseas subsidiaries use local currencies or foreign currencies such as the USD and the EUR as their settlement currencies. The uncertainty of fluctuations in the foreign exchange

market may lead to the occurrence of exchange gains or losses for the target company. If the place of operations experiences changes in economic and political situations, adjustments in monetary policies, or sudden changes in the market environment, etc., it may trigger sharp short-term fluctuations in exchange rates. If the target company fails to hedge against the risk of exchange rate fluctuations through effective means, the target company may face the potential risk of exchange losses, which would negatively affect its operating performance and financial condition.