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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Anhui Jinyan Kaolin New Materials Co., Ltd., you should at once hand this circular, the enclosed form of proxy to the purchaser or the transferee or to bank, securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**ANHUI JINYAN KAOLIN NEW MATERIALS CO., LTD.**

**安徽金岩高嶺土新材料股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with Limited liability)*

**(Stock Code: 2693)**

**RE-APPOINTMENT OF OVERSEAS ACCOUNTING FIRM  
FOR THE YEAR 2025**

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE  
NATURAL GAS PROCUREMENT FRAMEWORK AGREEMENT WITH CR GAS  
ESTIMATE ON DAILY RELATED PARTY TRANSACTIONS FOR 2026  
AND**

**NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING**

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



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The EGM of Anhui Jinyan Kaolin New Materials Co., Ltd. will be held at 9:00 a.m. on Friday, 13 February 2026 at the conference room of the Company at 50 meters north of Shuobei Road, Shuoli Town, Duji District, HuaiBei, Anhui Province, the PRC by way of on-site meeting. A notice of the EGM is set out on pages EGM-1 to EGM-2 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon 24 hours before the time appointed for the holding of the EGM (i.e. before 9:00 a.m. on Thursday, 12 February 2026) or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

29 January 2026

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## DEFINITIONS

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

“Articles of Association”	the Articles of Association of Anhui Jinyan Kaolin New Materials Co., Ltd., as amended, supplemented or otherwise modified from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Anhui Jinyan Kaolin New Materials Co., Ltd.
“Company Law”	the Company Law of the People’s Republic of China
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CR Gas”	Huaibei China Resources Gas Co., Ltd. (淮北華潤燃氣有限公司), a limited liability company established under the laws of the PRC in November 2006, and an associate of Huaibei Jiantou Holding
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and listed on NEEQ
“EGM”	the 2026 first extraordinary general meeting of the Company to be held at 9:00 a.m. on Friday, 13 February 2026 at the conference room of the Company at 50 meters north of Shuobei Road, Shuoli Town, Duji District, Huaibei, Anhui Province, the PRC by way of on-site meeting
“Group”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“H Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is/are to be subscribed for and traded in HK dollars and listed on the Stock Exchange
“Huaibei Jiaotou”	Huaibei Jiantou Transportation Investment Co., Ltd. (淮北市建投交通投資有限公司), a limited liability company established under the laws of the PRC in July 2013 and wholly owned by Huaibei Jiantou Holding, and one of the Controlling Shareholders of the Company
“Huaibei Jiantou Holding”	Huaibei Jiantou Holding Group Co., Ltd. (淮北市建投控股集團有限公司), a limited liability company established under the laws of the PRC in April 2008, which wholly owns Huaibei Jiaotou and is one of the Controlling Shareholders of the Company
“Huaibei Mining Group”	Huaibei Mining (Group) Co., Ltd. (淮北礦業(集團)有限責任公司), a limited liability company established under the laws of the PRC in March 1993, and one of the Controlling Shareholders of the Company
“Independent Board Committee”	the independent committee of the Board, consisting of all Independent Non-executive Directors, namely Mr. Jiang Weidong, Mr. Li Chenhui, Mr. Miao Guanghong, and Mr. Chan Ngai Fan, and established for the purpose of providing advice to the Independent Shareholders in respect of the Natural Gas Procurement Framework Agreement and its proposed annual caps
“Independent Financial Adviser” or “Pulsar Capital”	Pulsar Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Natural Gas Procurement Framework Agreement and its proposed annual caps
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Independent Shareholder(s)”	Shareholder(s) who is not required to abstain from voting on the Natural Gas Procurement Framework Agreement and its proposed annual caps
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	29 January 2026, being the latest practicable date for ascertaining certain information contained in this circular

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## DEFINITIONS

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“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules
“Natural Gas Procurement Framework Agreement”	the natural gas procurement framework agreement entered into between the Company and CR Gas on 16 January 2026
“Non-exempt Continuing Connected Transactions”	the continuing connected transactions under the Natural Gas Procurement Framework Agreement
“NEEQ”	National Equities Exchange and Quotations
“PRC”	the People’s Republic of China, but for the purpose of this circular only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 25 November 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
“Shares”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, including Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wanhui Investment”	Huaibei Wanhui Investment Co., Ltd. (淮北皖淮投资有限公司), a limited liability company established under the laws of the PRC in March 2017 and wholly owned by Huaibei Mining Group, and one of the Controlling Shareholders of the Company

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## LETTER FROM THE BOARD

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### ANHUI JINYAN KAOLIN NEW MATERIALS CO., LTD.

### 安徽金岩高嶺土新材料股份有限公司

*(A joint stock company incorporated in the People's Republic of China with Limited liability)*

**(Stock Code: 2693)**

*Executive Directors:*

Mr. Zhang Kuang (*Chairman of the Board*)

Ms. Wang Yuli

Ms. Chen Yan

*Head office and principal place of business in the PRC:*

50 meters north of Shuobei Road,

Shuoli Town, Duji District, Huaibei,

Anhui Province, the PRC

*Non-executive Directors:*

Mr. Jiao Daojie

Mr. Yang Chong

Mr. Li Zhuangzhi

*Principal place of business in Hong Kong:*

40/F, Dah Sing Financial Centre,

248 Queen's Road East,

Wanchai,

Hong Kong

*Independent Non-executive Directors:*

Mr. Jiang Weidong

Mr. Li Chenhui

Mr. Miao Guanghong

Mr. Chan Ngai Fan

29 January 2026

*To the Shareholders*

Dear Sir/Madam,

### **RE-APPOINTMENT OF OVERSEAS ACCOUNTING FIRM FOR THE YEAR 2025**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NATURAL GAS PROCUREMENT FRAMEWORK AGREEMENT WITH CR GAS ESTIMATE ON DAILY RELATED PARTY TRANSACTIONS FOR 2026**

### **AND**

### **NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING**

### **INTRODUCTION**

The purpose of this circular is to provide you with the notice of the EGM, and the information on the resolutions to be considered at the EGM to enable you to make an informed decision on whether to vote for or against such resolutions at the EGM.

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## LETTER FROM THE BOARD

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### RE-APPOINTMENT OF OVERSEAS ACCOUNTING FIRM FOR THE YEAR 2025

An ordinary resolution on the re-appointment of overseas accounting firm for the year 2025 will be proposed to Shareholders for consideration and approval at the EGM.

The Company's H Shares were listed on the Main Board of the Stock Exchange on 3 December 2025. Ernst & Young was the reporting accountant for the issuance and listing of the Company's H Shares on the Main Board of the Stock Exchange. To maintain continuity in the audit work, and in light of the Company's positive working relationship with Ernst & Young and its recognition of the firm's professional capabilities, the Company, taking into account the recommendation of the audit and risk committee under the Board, proposes to re-appoint Ernst & Young as its overseas auditor for the year 2025, to conduct the audit for the year 2025 in accordance with the H Share regulatory requirements. The term of appointment shall commence on the date of approval by the EGM and end on the date of conclusion of the Company's 2025 annual general meeting. In addition, it is proposed that the Board be authorised to determine the remuneration for the re-appointment of Ernst & Young at the EGM.

### NATURAL GAS PROCUREMENT FRAMEWORK AGREEMENT WITH CR GAS

An ordinary resolution on the entering into of the Natural Gas Procurement Framework Agreement with CR Gas will be proposed to Shareholders for consideration and approval at the EGM.

#### 1. Background

Reference is made to the Prospectus in relation to, among others, the non-exempt continuing connected transactions under the natural gas procurement framework agreement entered into between the Company and CR Gas on 28 October 2023 and its annual cap amounts. As disclosed in the Prospectus, pursuant to the natural gas procurement framework agreement, the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation.

As the corresponding annual caps of the natural gas procurement framework agreement have been expired on 31 December 2025 and the Company expects to enter into certain transactions under the aforementioned natural gas procurement framework agreement from time to time thereafter, therefore, the Company entered into a new Natural Gas Procurement Framework Agreement with CR Gas on 16 January 2026 (after trading hours). Pursuant to the new agreement, the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation. The term of the new Natural Gas Procurement Framework Agreement shall be three years, effective from 1 January 2026 until 31 December 2028. The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the continuing connected transactions for the following three years (from 1 January 2026 to 31 December 2028).

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## LETTER FROM THE BOARD

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### 2. Details of the Agreement

Date: 16 January 2026

Parties: CR Gas; and  
The Company

#### *Principal terms*

The Company entered into the Natural Gas Procurement Framework Agreement with CR Gas on 16 January 2026, pursuant to which the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation in the course of the ordinary and usual business of the Company.

The term of the Natural Gas Procurement Framework Agreement shall be effective from 1 January 2026, but shall not extend beyond 31 December 2028, without being renewed by mutual agreement by the parties and compliance with all applicable laws and regulations. As a public utility service provider, CR Gas would normally enter into standard natural gas procurement agreements for a term of one year with all its customers to satisfy the public demand, and the Company has entered into the natural gas procurement agreements with CR Gas per annum for the last seven years.

The Company will separately enter into specific agreements with CR Gas which will set out the specific terms and conditions, including standards and specifications of the natural gas, quantity and quality required, fees and payment methods.

#### *Reasons for and benefits of the transaction*

CR Gas is the only natural gas supplier in Huaibei City, Anhui Province, the PRC. Over the past seven years, the Company has been procuring natural gas from CR Gas as heat source for its daily production and operation. Given the Company's long-term cooperation with CR Gas, CR Gas is very familiar with the Company's production needs and capable of meeting its operation requirements. In addition, the close proximity of CR Gas will improve the transportation efficiency and reduce costs of natural gas. The Directors consider that procurement of natural gas from CR Gas would allow the Company to benefit from the consistent quality and supply of the natural gas provided by CR Gas.



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## LETTER FROM THE BOARD

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### *Pricing terms*

The price of natural gas is determined based on (i) the price document issued by the government price administration authority (the “**Price Document**”) or (ii) the gas supply price filed by CR Gas with the government price administration authority (the “**Filed Price**”), and shall be implemented at RMB4.15/m<sup>3</sup> (tax inclusive). Where the gas supply price is adjusted in the Price Document or changes occur in the Filed Price, the adjusted or newly filed gas supply price shall apply. Where the Price Document and Filed Price document stipulate explicit time-bound provisions for the implementation of gas supply prices, such provisions shall apply.

The Price Document and Filed Price are determined and published by Huaibei Municipal Commission of Development and Reform of Anhui Province, the PRC from time to time through notices and announcements on its website. There is no fixed timeframe for government authority to update government-guided price. CR Gas is the only natural gas supplier in Huaibei City, Anhui Province, the PRC. The pricing and other terms of its gas supply are under strict supervision of local government price administration authority. As required by local laws and regulations, the pricing and terms provided by CR Gas to the Company are no less favourable than those provided by CR Gas to other similar gas users.

### *Payment arrangement*

The Company settles the amount of natural gas procurement using a prepayment model. The amount of natural gas procurement is settled monthly within three days after the end of each settlement period (postponed if it falls on a holiday). During the term of the Natural Gas Procurement Framework Agreement, after both parties confirm meter readings for each settlement period, prepayments are applied to offset the amount of natural gas procurement. With reference to the historical amounts of natural gas purchased by the Company from CR Gas for the three years ended 31 December 2023, 31 December 2024 and 31 December 2025, the monthly procurement amount of natural gas typically ranges from approximately RMB1 million to RMB2 million. Therefore, each prepayment made by the Company generally amounts to approximately RMB1 million. The amount of natural gas procurement will be funded from the Company’s internal funds. The Company believes that the above payment arrangement is entered into on normal commercial terms, consistent with the general market practices in Huaibei City, Anhui Province, the PRC, and is fair and reasonable.

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## LETTER FROM THE BOARD

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### *Historical amounts*

The annual cap for the Company's procurement of natural gas from CR Gas for the year ended 31 December 2025 is set forth below (as the Company was listed on the Main Board of the Stock Exchange on 3 December 2025, no annual caps were set for the two years ended 31 December 2023 and 31 December 2024):

**For the year  
ended 31  
December 2025**  
(RMB thousand)

Procurement of natural gas	20,000
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Regarding the Company's procurement of natural gas from CR Gas, the historical amounts for the three years ended 31 December 2023, 31 December 2024, and 31 December 2025 are set out below:

**Historical amounts for the year  
ended 31 December**  
(RMB thousand)

	2023	2024	2025
			(unaudited)

Procurement of natural gas	28,601.0	21,168.0	17,989.6
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The utilisation rate of the annual cap for natural gas procurement for the year ended 31 December 2025 was 89.95%.

### *Annual caps*

The maximum aggregate annual transaction amounts under the Natural Gas Procurement Framework Agreement for the three years ending 31 December 2026, 2027, and 2028 shall not exceed the caps set out below:

**Proposed annual cap for the year  
ending 31 December**  
(RMB thousand)

	2026	2027	2028
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Procurement of natural gas	30,460.0	30,460.0	30,460.0
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## LETTER FROM THE BOARD

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### *Basis of annual caps*

The above proposed annual caps are determined with reference to:

- (i) the historical transaction amounts for the procurement of natural gas between the Company and CR Gas for the three years ended 31 December 2023, 31 December 2024 and 31 December 2025, amounting to RMB28,601.0 thousand, RMB21,168.0 thousand and RMB17,989.6 thousand, respectively. The decrease of procurement costs of natural gas from 2023 to 2025 was because the Company adopted a mixed energy supply structure of coal and natural gas for its current production, and adjusted allocation between natural gas and coal based on their market price to save production cost, and the Company conducted regular maintenance work on its existing production lines at the end of 2024 and in 2025 to extend their service life, and such production lines are expected to resume production in 2026; and
- (ii) the expected demand of the Company for natural gas as heat source to meet its production needs. For each of the three years ending 31 December 2028, the estimated maximum demand for natural gas to be procured from CR Gas is approximately 8 million cubic meters, given that (a) for the three years ended 31 December 2023, 31 December 2024 and 31 December 2025 (unaudited), the historical natural gas consumption volumes of 5.7 million cubic meters, 5.1 million cubic meters and 4.4 million cubic meters, respectively; and (b) the Company has constructed a new rotary kiln (a part of the new production line for precision casting mullite products, which has commenced operations in 2025, and in the initial months following the start of operations, the actual production capacity of the new production line was lower than the designed capacity, because the facilities required a period of testing and adjustment to achieve stable and efficient operation), and the Company will carry out an expansion project on a production line for refractory mullite products at its Chamotte Plant, which has an annual designed capacity of 30,000 tonnes, and the new production line is expected to enter the trial production phase in March 2026. Since natural gas is used as the energy source for the above-mentioned projects, its natural gas consumption is expected to increase subsequently. The unit price of natural gas is approximately RMB3.807 per cubic meter (i.e., RMB4.15 per cubic meter as specified in the pricing terms of the Natural Gas Procurement Framework Agreement, net of the 9% value-added tax). For the avoidance of doubt, as the price of natural gas is determined in accordance with Pricing Document or Filed Price, and the gas supply price adjusted by Pricing Document or Filed Price changes from time to time, the historical amount of natural gas purchased by the Company from CR Gas may not be equal to the historical natural gas consumption multiplied by the unit price of natural gas.

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## LETTER FROM THE BOARD

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### 3. Internal Control Procedures and Corporate Governance Measures

In order to further safeguard the interests of the Shareholders as a whole, the Company has implemented the following internal control measures in relation to the continuing connected transactions under the Natural Gas Procurement Framework Agreement:

- the Company has approved internal guidelines, including Administrative Measures for Related Party Transactions, which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the staff responsible for managing connected transactions must report the proposed transactions to the Board Secretary of the Company in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules. The audit and risk committee under the Board, the Board and other internal departments of the Company (including but not limited to the finance department and audit department of the Company) will be jointly responsible for evaluating the terms under the Natural Gas Procurement Framework Agreement, in particular, the fairness and reasonableness of the pricing policies and annual caps under the Natural Gas Procurement Framework Agreement, to ensure that the terms of the Natural Gas Procurement Framework Agreement comply with the relevant regulatory guidelines and market practices, and are no less favorable than the terms available from or offered by independent third parties;
- the finance department of the Company is responsible for continuously monitoring and verifying whether the relevant laws and regulations governing natural gas prices have been revised, to ensure that the natural gas prices charged under the definitive agreements remain compliant with the applicable requirements of the relevant laws and regulations at all times; throughout the entire term of the Natural Gas Procurement Framework Agreement, the finance department of the Company is responsible for monitoring the performance of the definitive agreements under the Natural Gas Procurement Framework Agreement, to ensure that all parties to the agreements strictly comply with all the terms and the corresponding pricing policies thereunder (including the natural gas fees charged). The finance department of the Company will report any breaches of the contractual terms to the Company's management for the purpose of any further action taken by the Company. In addition, the Company's management will conduct random inspections on the performance of the Natural Gas Procurement Framework Agreement when necessary, to ensure compliance with the contractual terms by all contracting parties.

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## LETTER FROM THE BOARD

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- the Company will provide information and supporting documents to the Independent Non-executive Directors and the 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 continuing connected transactions have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are in accordance with the Natural Gas Procurement Framework Agreement, are on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Company in all material respects, are not entered into in accordance with the Natural Gas Procurement Framework Agreement governing the transactions in all material respects or have exceeded the cap;
- when considering the fees and amounts payable by the Company in respect of transactions, services or goods provided by its connected persons, the Company will regularly review and consider the prevailing market conditions and practices, and make reference to the pricing and terms between the Company and independent third parties for comparable services or similar transactions (if available), to make sure that the terms and conditions offered by/to its connected persons based on commercial negotiations are fair and reasonable and are based on normal commercial terms or no less favorable terms to the Company; and
- when considering any renewal or revision to the agreements in the future, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the disinterested Directors' or Independent Shareholders' approvals cannot be obtained, the Company will not continue the transactions under the Natural Gas Procurement Framework Agreement to the extent that they constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

Having considered the aforementioned pricing policies, the basis of determining proposed annual caps, the reasons and benefits and the internal control procedures, the Directors (including Independent Non-executive Directors) are of the view that the terms of the transactions contemplated under the Natural Gas Procurement Framework Agreement and its proposed annual caps thereunder are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and all the Shareholders as a whole. In the meantime, the Company considers that it has adequate mechanisms, internal control procedures and external monitoring measures to ensure that the continuing connected transactions are in strict compliance with relevant regulatory guidelines and the terms of the Natural Gas Procurement Framework Agreement.

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## LETTER FROM THE BOARD

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### 4. Implications Under The Listing Rules

As at the Latest Practicable Date, CR Gas was held as to 38.08% by Huaibei Public Utilities Asset Operation Co., Ltd. (淮北市公用事業資產運營有限公司), which is wholly-owned by Huaibei Jiantou Holding, which in turn is one of the Company's Controlling Shareholders and indirectly holds approximately 29.91% of the Company's equity interest as at the Latest Practicable Date. Therefore, CR Gas is an associate of Huaibei Jiantou Holding and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Natural Gas Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio for the proposed annual caps of the Natural Gas Procurement Framework Agreement entered into between the Company and CR Gas exceeds 5% pursuant to the Listing Rules, the continuing connected transactions contemplated under the Natural Gas Procurement Framework Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

From 1 January 2026 to the Latest Practicable Date, the total amount of prepayments made by the Company to CR Gas for natural gas procurement was less than HK\$3 million, and the highest applicable percentage ratio was below 5%. Before the approval of the Natural Gas Procurement Framework Agreement by the Independent Shareholders, the Company will not make any further prepayments to CR Gas for natural gas procurement.

### 5. Opinion of The Board

As Mr. Li Zhuangzhi, a non-executive Director of the Company, is holding office at Huaibei Jiantou Holding and/or its associates, he is deemed to be connected with the Natural Gas Procurement Framework Agreement and the transactions contemplated thereunder, and accordingly, he has abstained from voting on the resolution of the Board concerning the approval of the above continuing connected transactions. Save as disclosed above, none of the other Directors have any material interests in the Natural Gas Procurement Framework Agreement and none of the other Directors are required to abstain from voting on the resolution of the Board for the consideration and approval of the Natural Gas Procurement Framework Agreement and its proposed annual caps.

Having considered the pricing policies, the basis of determining proposed annual caps, the reasons for and benefits of the transactions and the internal control procedures of the Company, the Directors (including Independent Non-executive Directors) are of the view that the terms of the transactions contemplated under the Natural Gas Procurement Framework Agreement and its proposed annual caps thereunder (if applicable) are entered into on normal commercial terms and in the ordinary and usual course of business of the Group, are fair and reasonable and in the interests of the Company and all the Shareholders as a whole. In the meantime, the Company considers that it has adequate mechanisms, internal control procedures and external monitoring measures to ensure that the continuing connected transactions are in strict compliance with relevant regulatory guidelines and the terms of the Natural Gas Procurement Framework Agreement.

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## LETTER FROM THE BOARD

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### 6. Information About The Transaction Parties

#### *(1) Information about the Company*

The Company specializes in coal-series kaolin in China, with integrated capabilities spanning the value chain from mining, R&D, processing to production and sales.

#### *(2) Information about CR Gas*

CR Gas was incorporated in the PRC in November 2006 and is principally engaged in the sale of gas. As at the Latest Practicable Date, it was held as to 57.11% by China Resources Gas Investment (China) Company Limited (華潤燃氣投資(中國)有限公司), 38.08% by Huaibei Public Utilities Asset Operation Co., Ltd. (淮北市公用事業資產運營有限公司), and 4.81% by Suixi County Public Utilities Asset Operation Co., Ltd. (濉溪縣公用事業資產運營有限公司). China Resources Gas Investment (China) Company Limited (華潤燃氣投資(中國)有限公司) is an indirect wholly-owned subsidiary of China Resources Gas Group Limited (whose shares are listed on the Main Board of the Stock Exchange, stock code: 1193). Huaibei Public Utilities Asset Operation Co., Ltd. (淮北市公用事業資產運營有限公司) is wholly-owned by Huaibei Jiantou Holding, which in turn is one of the Company's Controlling Shareholders and directly wholly-owned by the State-owned Assets Supervision and Administration Commission of Huaibei Municipal People's Government (淮北市人民政府國有資產監督管理委員會). Suixi County Public Utilities Asset Operation Co., Ltd. (濉溪縣公用事業資產運營有限公司) is indirectly wholly-owned by the Finance Bureau of Suixi County, Huaibei City, Anhui Province, the PRC. Therefore, the ultimate beneficial owner of CR Gas is China Resources Gas Group Limited.

# LETTER FROM THE BOARD

## ESTIMATE ON DAILY RELATED PARTY TRANSACTIONS FOR 2026

An ordinary resolution regarding the estimated daily related party transactions for the year 2026 will be proposed to the Shareholders for consideration and approval at the EGM.

### 1. The Implementation of Daily Related Party Transactions for 2025 and the Estimate on Daily Related Party Transactions for 2026

Unit: RMB

Categories of Related Party Transactions	Main Transaction Content	Projected amount for 2026	Actual Amounts Transacted with Related Parties in 2025 (Unaudited)	Reasons for the large difference between the estimated amount and the actual amount in the previous year (if any)
Purchase of coal and materials	Purchase of coal and materials from related parties	3,500,000.00	2,024,257.34	The Company's fundraising investment project is expected to commence production in 2026, with natural gas serving as its fuel source.
Purchase of fuel	Procurement of natural gas from CR Gas	30,460,000.00	17,989,557.11	
Purchase of services	Purchase of services from related parties	3,000,000.00	1,214,734.03	
Sale of products or goods, provision of services	Sales of ceramic fiber to related parties	4,400,000.00	4,000,000.00	No loan business was conducted in 2025.
Disposal of waste materials	Disposal of waste materials	500,000.00	227,984.71	
Others	Deposit and loan businesses of the Group's finance companies	1,000,000.00	754,544.33	
Total	–	<u>42,860,000.00</u>	<u>26,211,077.52</u>	



## LETTER FROM THE BOARD

### 2. Overview of the Related Parties and the Related Party Relationship

#### (1) Introduction and Relationship with Major Related Parties

No.	Names of related parties	Company Type	Legal representative	Registered Capital (RMB0'000)	Domicile	Primary business	Related Party Relationships with the Company
1	Huaibei Mining Co., Ltd. (淮北礦業股份有限公司)	Joint Stock Company (Unlisted, State-Owned Holding)	Sun Fang (孫方)	1,000,000	No. 276, Renmin Zhong Road, Xiangshan District, Huaibei City, Anhui Province	Production and sale of coal and coal chemical products	Subsidiary controlled by the Controlling Shareholder
2	Huaibei Mining (Group) Engineering Construction Co., Ltd (淮北礦業(集團)工程建設有限責任公司)	Limited liability company (A sole proprietorship invested or controlled by a non-natural person)	Xu Jun (徐軍)	70,000.00	No. 90 Nanli Road, Huaibei City, Anhui Province	Engineering Construction	Subsidiary controlled by the Controlling Shareholder
3	Huaibei Mining Media Technology Co., Ltd. (淮北礦業傳媒科技有限公司)	Limited liability company (A sole proprietorship invested or controlled by a non-natural person)	Shu Chunpeng (束春鵬)	300.00	No. 276, Renmin Zhong Road, Huaibei	News Media	Wholly-owned subsidiary of the Controlling Shareholder
4	Shanghai Jinyi E-Commerce Co., Ltd. (上海金意電子商務有限公司)	Other limited liability company	Zhang Chuan Hui (張傳輝)	10,000.00	Room J-719, I/F, No. 10, Lane 1518, Youyi Road, Baoshan District, Shanghai	Internet and related services	Subsidiary controlled by the Controlling Shareholder
5	Huaibei Engineering Science Testing and Inspection Co., Ltd. (淮北工科檢測檢驗有限公司)	Limited liability company (A sole proprietorship invested or controlled by a non-natural person)	Sun Huihuang (孫輝煌)	1,500.00	Building 46, Suihe Garden (North District), Xishan Road, Xiangshan District, Huaibei City, Anhui Province	Testing and inspection business	Subsidiary controlled by the Controlling Shareholder
6	Huaibei Industrial and Architectural Design Institute Co., Ltd. (淮北工業建築設計院有限責任公司)	Limited liability company (state owned and controlled)	Cao Peiyong (曹佩永)	1,345.1117	No. 111 Xiangshan Road, Xiangshan District, Huaibei City, Anhui Province	Engineering Design and Bidding Consultation	Subject to significant influence of the Controlling Shareholder
7	Anhui Zishuo Environmental Engineering Technology Co., Ltd. (安徽紫朔環境工程技術有限公司)	Other limited liability company	Fu Jun (付軍)	10,000.00	Room 216, Sci-Tech Building Zhongbang Electromechanical Equipment Technology Enterprise Startup Service Co., Ltd. Huaibei City, Anhui Province	Environmental pollution treatment, consulting, and services	Subsidiary controlled by the Controlling Shareholder
8	Huaibei Mining (Group) Co., Ltd. (淮北礦業(集團)有限責任公司)	Limited liability company (wholly state-owned)	Fang Liangcai (方良才)	478,401.384701	No. 276, Renmin Zhong Road, Huaibei City, Anhui Province	Coal mining and washing	Controlling Shareholder

## LETTER FROM THE BOARD

No.	Names of related parties	Company Type	Legal representative	Registered Capital (RMB0'000)	Domicile	Primary business	Related Party Relationships with the Company
9	Huaibei Mining Group Finance Co., Ltd. (淮北礦業集團財務有限公司)	Other limited liability company	Sun Bin (孫斌)	163,300.00	12th Floor, East Tower Huaibei Mining Office Center, No. 276 Renmin Zhong Road, Xiangshan District Huaibei City, Anhui Province	Financial services	Subsidiary controlled by the Controlling Shareholder
10	Anhui Xiangwang Medical Health Co., Ltd. (安徽相王醫療健康股份有限公司)	Joint stock company (unlisted, state-owned and controlled)	Liu Wensheng (劉文生)	4,909.9836	No. B7-86-2#, North Xiangshan Road, Xiangshan District, Huaibei City, Anhui Province	Healthcare services	Subsidiary controlled by the Controlling Shareholder
11	Huaibei Mining Group Supply Chain Technology Co., Ltd. (淮北礦業集團供應鏈科技有限公司)	Limited liability company (A sole proprietorship invested or controlled by a non-natural person)	Zhang Chuan Hui (張傳輝)	5,000.00	202, 2/F, Shuangchuang Centre, No. 3 Taobo Road, Qinglongshan Industrial Park, Lieshan District Huaibei City, Anhui Province	Other science and technology extension services	Subsidiary controlled by the Controlling Shareholder
12	Huaibei Mining Coal Alliance Industry & Trade Co., Ltd. (淮北礦業煤聯工貿有限公司)	Limited liability company (state owned and controlled)	Wang Shengqiang (王生強)	2,520.00	Engineering Building, No. 90 Nanli Road, Xiangshan District, Huaibei City, Anhui Province	Wholesale of Non-metallic Minerals and Products	Subsidiary controlled by the Controlling Shareholder
13	Huaibei China Resources Gas Co., Ltd. (淮北華潤燃氣有限公司)	Limited liability company (Hong Kong, Macao and Taiwan investment, non-sole proprietorship)	Fang Jiang (房江)	US\$11 million	No. 135 Hongshan South Road, Huaibei City, Anhui Province	Gas operations	Company controlled by the Controlling Shareholder

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## LETTER FROM THE BOARD

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### **(2) *Analysis of Performance Capability***

The economic and financial conditions of the related parties are sound. In business dealings with the Company, they are able to strictly comply with contractual agreements. The quality of products and services meets the requirements of the Company. Settlement and payment of funds are timely, with no other performance risks identified.

### **3. Basis and Fairness of Pricing**

The aforementioned related party transactions arise from the Company's normal production and operation activities and are routine lawful economic activities between the Company and the related parties, and follow the principles of objectivity and fairness, equality and voluntariness, and mutual benefit. The pricing methods for the related party transactions mainly make reference to industry practices and market prices, and the fair transaction prices are determined in accordance with the Administrative Measures for Related Party Transactions.

### **4. Execution of Transaction Agreements**

Within the scope of the estimated on the daily related party transactions for 2026, the management of the Company shall, based on the Company's future development strategy and business needs, enter into the relevant agreements.

### **5. Necessity of Related Party Transactions and Their Impact on The Company**

The aforementioned estimated related party transactions are necessary for the Company's business development and normal production and operation. The estimate on the daily related party transactions for 2026 constitutes normal transactions for the Company's production, operation and development. All related party transactions will be carried out by the Company strictly in accordance with the principle of fairness to ensure that the transaction process complies with the articles of association and relevant procedural provisions, the transaction pricing complies with the principle of market-based pricing, does not damage the interests of the Company and other shareholders, and will not cause any risk to the Company.

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## LETTER FROM THE BOARD

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### 2026 FIRST EXTRAORDINARY GENERAL MEETING

The EGM will be held at 9:00 a.m. on Friday, 13 February 2026 at the conference room of the Company at 50 meters north of Shuobei Road, Shuoli Town, Duji District, Huaibei, Anhui Province, the PRC by way of on-site meeting for consideration, if thought fit, and approval of the resolutions regarding the said matters. A notice of the EGM is set out in this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. As such, the chairman of the meeting will require a poll for all resolutions proposed at the EGM.

Pursuant to Rule 2.15 of the Listing Rules, if Shareholders have material interests in a transaction or arrangement, Shareholders shall abstain from voting on the resolutions for approving the transaction or arrangement at the relevant general meetings. To the best of the Company's knowledge and belief, Huaibei Jiaotou will abstain from voting on the resolution in relation to the Natural Gas Procurement Framework Agreement and its proposed annual caps at the EGM as well as the resolution in relation to the estimate on daily related party transactions for 2026; Huaibei Mining Group and Wanhui Investment will abstain from voting on the resolution regarding the estimate on daily related party transactions for 2026 at the EGM. As at the Latest Practicable Date, Huaibei Jiaotou directly holds 29,066,258 Domestic Shares of the Company, representing approximately 29.91% of the total voting Shares of the Company as at the Latest Practicable Date; Huaibei Mining Group directly holds 41,820,759 domestic shares of the Company, representing approximately 43.03% of total voting Shares of the Company as at the Latest Practicable Date; Wanhui Investment directly holds 2,007,299 Domestic Shares of the Company, representing approximately 2.07% of total voting Shares of the Company as at the Latest Practicable Date. The resolution to be submitted will be passed by way of ordinary resolution and voted by poll in accordance with the requirements of the Listing Rules. As at the Latest Practicable Date, to the best of the Directors' knowledge and belief after making all reasonable enquiries, no other Shareholders are required to abstain from voting at the EGM in respect of relevant resolutions.

To determine the list of Shareholders of H Shares who are entitled to attend the EGM, the register of H Shares members of the Company will be closed from Tuesday, 10 February 2026 to Friday, 13 February 2026 (both days inclusive), during which no transfer of H Shares will be registered. The Shareholders whose names appear on the register of H Shares members of the Company on Tuesday, 10 February 2026 are entitled to attend and vote at the EGM. For the Shareholders of the H Shares of the Company who have not registered but intend to attend and vote at the EGM, all transfer documents together with the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 9 February 2026 for registration.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so wish. In such event, the instrument appointing a proxy shall be deemed as invalid.

The resolutions proposed at the EGM will be voted by poll.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board considers that the resolutions set out in the notice of the EGM for consideration and approval by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

The Independent Board Committee (comprised of all Independent Non-executive Directors, namely Mr. Jiang Weidong, Mr. Li Chenhui, Mr. Miao Guanghong and Mr. Chan Ngai Fan) has been established to provide advice to the Independent Shareholders on the Natural Gas Procurement Framework Agreement and its proposed annual caps. The Company has appointed Pulsar Capital as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in respect of the above matters.

Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that the Non-exempt Continuing Connected Transactions have been carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better, which is in the interests of the Company and the Shareholders as a whole and that the terms of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof are fair and reasonable so far as the Independent Shareholders are concerned. Therefore, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM regarding the entering into of the Natural Gas Procurement Framework Agreement with CR Gas.

### FURTHER INFORMATION

Your attention is drawn to (1) the letter from the Independent Board Committee set out on pages 20 to 21 of this circular, containing its recommendation in respect of the Natural Gas Procurement Framework Agreement; and (2) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 39 of this circular, containing its recommendation in respect of the Natural Gas Procurement Framework Agreement.

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By order of the Board  
**Anhui Jinyan Kaolin New Materials Co., Ltd.**  
**Mr. Zhang Kuang**  
*Chairman of the Board and Executive Director*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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**ANHUI JINYAN KAOLIN NEW MATERIALS CO., LTD.**

**安徽金岩高嶺土新材料股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with Limited liability)*

**(Stock Code: 2693)**

29 January 2026

*To the Independent Shareholders*

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
THE NATURAL GAS PROCUREMENT FRAMEWORK  
AGREEMENT WITH CR GAS**

We refer to the circular of Anhui Jinyan Kaolin New Materials Co., Ltd. (the “**Company**”) dated 29 January 2026 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, the terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the fairness and reasonableness of the entering into of the Natural Gas Procurement Framework Agreement with CR Gas and the transactions contemplated thereunder, as well as the proposed annual caps for the three years ending 31 December 2028, details of which are set out in the “Letter from the Board” in the Circular. Pulsar Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on these matters.

We wish to draw your attention to the “Letter from the Board” on pages 4 to 19 of the Circular and the “Letter from the Independent Financial Adviser” on pages 22 to 39 of the Circular and the additional information contained in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” contained in the Circular, we concur with the view of the Independent Financial Adviser and consider that the Non-exempt Continuing Connected Transactions have been carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better, which is in the interests of the Company and the Shareholders as a whole and that the terms of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof are fair and reasonable so far as the Independent Shareholders are concerned.

Therefore, we recommend that the Independent Shareholders vote in favor of the resolution to be proposed at the EGM regarding the entering into of the Natural Gas Procurement Framework Agreement with CR Gas.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Jiang Weidong**

*Independent Non-  
executive Director*

**Mr. Li Chenhui**

*Independent Non-  
executive Director*

**Mr. Miao Guanghong**

*Independent Non-  
executive Director*

**Mr. Chan Ngai Fan**

*Independent Non-  
executive Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from Pulsar Capital to the Independent Board Committee and the Independent Shareholders in respect of the Natural Gas Procurement Framework Agreement and its proposed annual caps for the purpose of inclusion in this circular.*

29 January 2026

*The Independent Board Committee and the Independent Shareholders  
Anhui Jinyan Kaolin New Materials Company Limited*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NATURAL GAS PROCUREMENT FRAMEWORK AGREEMENT WITH CR GAS

#### INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Natural Gas Procurement Framework Agreement and its proposed annual caps for the three years ending 31 December 2028 (the “**Proposed Annual Caps**”), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 January 2026 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, CR Gas was held as to 38.08% by Huaibei Public Utilities Asset Operation Co., Ltd. (淮北市公用事業資產運營有限公司), which is wholly-owned by Huaibei Jiantou Holding, which in turn is one of the Company’s Controlling Shareholders and indirectly holds approximately 29.91% of the Company’s equity interest as at the Latest Practicable Date. Therefore, CR Gas is an associate of Huaibei Jiantou Holding and hence a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Natural Gas Procurement Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio for the Proposed Annual Caps of the Natural Gas Procurement Framework Agreement entered into between the Company and CR Gas exceeds 5% pursuant to the Listing Rules, the continuing connected transactions contemplated under the Natural Gas Procurement Framework Agreement (the “**Non-exempt Continuing Connected Transactions**”) are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As stated in the Letter from the Board, Huaibei Jiaotou, being one of the Controlling Shareholders of the Company, will abstain from voting on the resolution to approve the Natural Gas Procurement Framework Agreement and the Proposed Annual Caps at the EGM. Any voting by the Independent Shareholders at the EGM will be taken by poll.

As stated in the Letter from the Board, as Mr. Li Zhuangzhi, a non-executive Director of the Company, is holding office at Huaibei Jiantou Holding and/or its associates, he is deemed to be connected with the Natural Gas Procurement Framework Agreement and the transactions contemplated thereunder, and accordingly, he has abstained from voting on the resolution of the Board concerning the approval of the above continuing connected transactions. Save as disclosed above, none of the other Directors have any material interests in the Natural Gas Procurement Framework Agreement and none of the other Directors are required to abstain from voting on the resolution of the Board for the consideration and approval of the Natural Gas Procurement Framework Agreement and the Proposed Annual Caps.

### INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all of the Independent Non-executive Directors, namely Mr. Jiang Weidong, Mr. Li Chenhui, Mr. Miao Guanghong and Mr. Chan Ngai Fan, has been established by the Company to advise and provide recommendation(s) to the Independent Shareholders in respect of the Natural Gas Procurement Framework Agreement and the Proposed Annual Caps.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Non-exempt Continuing Connected Transactions have been carried out in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, and whether the terms of the Non-exempt Continuing Connected Transactions and the Proposed Annual Caps thereunder are fair and reasonable so far as the Independent Shareholders are concerned.

As at the Latest Practicable Date, we were not connected with the Company, Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Save for this transaction, we had not (i) acted as the independent financial adviser or financial adviser to the Company for any other transactions; and (ii) provided any other services to the Company in the last two years. Apart from normal professional fees payable to us by the Company in connection with the current appointment, no arrangement exists whereby we have received or will receive any fees or benefits from the Company or the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we are independent from the Company and none of the circumstances set out in Rule 13.84 of the Listing Rules existed that could reasonably be regarded as a hindrance to our independence to act as the independent financial adviser in respect of the transactions contemplated under the Natural Gas Procurement Framework Agreement and the Proposed Annual Caps thereof.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations provided to us by the Company, its representatives, its management (the “**Management**”) and the Directors for which they are solely and wholly responsible for and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete as at the date of the Circular. We have reviewed documents including, among other things, (i) the Natural Gas Procurement Framework Agreement; (ii) the previous natural gas procurement framework agreement on 28 October 2023 (the “**Previous Natural Gas Procurement Framework Agreement**”); (iii) the prospectus of the Company dated 25 November 2025 (the “**Prospectus**”); and (iv) the Circular and the information as set out in the Circular.

We have assumed that all statements of belief, opinion and intention made by the Company, its representatives, the Management and the Directors as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The Directors confirmed that they have provided us with all information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinion.

Our review and analyses were based upon the information and facts contained or referred to in the Circular, the information provided by the Company and the relevant public information. We consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice. In addition, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors, the Management and/or the representatives of the Company. We, however, have not conducted any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any independent verification of the information supplied.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion and recommendation in respect of the Non-exempt Continuing Connected Transactions (together with the Proposed Annual Caps thereof), we have considered the following principal factors and reasons:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

## I. Background of the parties involved

### *Information of the Company*

As stated in the Letter from the Board, the Company specializes in coal-series kaolin in China, with integrated capabilities spanning the value chain from mining, R&D, processing to production and sales.

Set out below is certain audited financial information of the Group for the three years ended 31 December 2024 and the five months ended 31 May 2025 (with comparative unaudited financial information for the five months ended 31 May 2024) as extracted from the Prospectus of the Company:

	For the year ended 31 December			For the five months ended	
	2022	2023	2024	31 May	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue by product categories:					
– Precision casting mullite products	184,193	165,931	185,492	66,139	68,111
– Refractory mullite products	6,173	23,522	52,056	18,671	24,703
– Raw coke and raw powder	–	15,234	26,621	3,479	9,328
– Ceramic fiber	–	–	2,973	–	2,757
Total revenue	<u>190,366</u>	<u>204,687</u>	<u>267,142</u>	<u>88,289</u>	<u>104,899</u>
Profit for the year/period	<u>24,423</u>	<u>43,617</u>	<u>52,602</u>	<u>14,470</u>	<u>18,032</u>

The total revenue of the Group increased from approximately RMB190.4 million for the year ended 31 December 2022 to approximately RMB267.1 million for the year ended 31 December 2024, in which (i) revenue generated from the sales of precision casting mullite products increased from approximately RMB184.2 million for the year ended 31 December 2022 to approximately RMB185.5 million for the year ended 31 December 2024; (ii) revenue generated from the sales of refractory mullite products increased from approximately RMB6.2 million for the year ended 31 December 2022 to approximately RMB52.1 million for the year ended 31 December 2024; (iii) revenue generated from the sales of raw coke and raw powder, which began in 2023, increased from approximately RMB15.2 million for the year ended 31 December 2023 to approximately RMB26.6 million for the year ended 31 December 2024; and (iv) revenue generated from the sales of ceramic fiber, which began in the fourth quarter of 2024, was approximately RMB3.0 million for the year ended 31 December 2024. As shown above and mentioned in the Prospectus, the increase in the total revenue of the Group was mainly due to (i) increase in revenue generated from the sales of

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

refractory mullite products arising from the increase in sales volume due to increased sales effort through engaging more customers for such products; and (ii) increase in revenue generated from the sales of raw coke and raw powder due to increase in sales volume arising from continued expansion into the raw coke and raw powder market by engaging more customers and identifying several customers who had substantial needs for raw coke.

The total revenue of the Group increased from approximately RMB88.3 million for the five months ended 31 May 2024 to approximately RMB104.9 million for the five months ended 31 May 2025, in which (i) revenue generated from the sales of precision casting mullite products increased from approximately RMB66.1 million for the five months ended 31 May 2024 to approximately RMB68.1 million for the five months ended 31 May 2025; (ii) revenue generated from the sales of refractory mullite products increased from approximately RMB18.7 million for the five months ended 31 May 2024 to approximately RMB24.7 million for the five months ended 31 May 2025; (iii) revenue generated from the sales of raw coke and raw powder increased from approximately RMB3.5 million for the five months ended 31 May 2024 to approximately RMB9.3 million for the five months ended 31 May 2025; and (iv) revenue generated from the sales of ceramic fiber increased from nil for the five months ended 31 May 2024 to approximately RMB2.8 million for the five months ended 31 May 2025. As shown above and mentioned in the Prospectus, the increase in the total revenue of the Group was mainly due to increased sales of all the Group's major product categories and the additional revenue stream brought by the sales of ceramic fiber.

The profit for the year of the Group increased from approximately RMB24.4 million for the year ended 31 December 2022 to approximately RMB52.6 million for the year ended 31 December 2024. The profit for the period of the Group increased from approximately RMB14.5 million for the five months ended 31 May 2024 to approximately RMB18.0 million for the five months ended 31 May 2025.

	As at 31 December		As at 31 May	
	2022	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(audited)	(audited)
<i>Key financial items:</i>				
Property, plant and equipment	179,277	385,701	493,516	480,628
Other intangible assets	138,912	134,104	128,405	125,570
Inventories	27,905	41,219	47,274	68,117
Trade and bills receivables	26,595	42,274	52,978	40,035
Cash and cash equivalents	95,085	32,564	71,694	62,478
Trade and other payables	187,469	113,677	156,986	125,626
Interest-bearing bank and other borrowings	–	177,145	264,241	265,466
Total assets	580,140	739,003	926,715	914,417
Total liabilities	226,520	331,313	466,423	436,093
Net assets	353,620	407,690	460,292	478,324

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's property, plant and equipment increased from approximately RMB179.3 million as at 31 December 2022 to approximately RMB385.7 million as at 31 December 2023, primarily due to the increased construction in progress of approximately RMB205.6 million, which was primarily the construction of a production line for precision casting mullite products with an annual production capacity of 200,000 tonnes. The Group's property, plant and equipment further increased from approximately RMB385.7 million as at 31 December 2023 to approximately RMB493.5 million as at 31 December 2024, primarily due to the increases in buildings, plant and machinery, partially offset by the decrease in construction in progress. Parts of the construction in progress were completed in 2024, resulting in the increases in plant and machinery and buildings, as well as a partial decrease in construction in progress. The Group's property, plant and equipment decreased from approximately RMB493.5 million as at 31 December 2024 to approximately RMB480.6 million as at 31 May 2025, primarily due to the depreciation of plant and machinery, buildings and mining infrastructure.

The Group's other intangible assets primarily consisted of mining rights over the Shuoli Kaolin Mine. The Group's other intangible assets decreased from approximately RMB138.9 million as at 31 December 2022 to approximately RMB134.1 million as at 31 December 2023 and further to approximately RMB128.4 million as at 31 December 2024, primarily due to the amortization. The Group's other intangible assets decreased from approximately RMB128.4 million as at 31 December 2024 to approximately RMB125.6 million as at 31 May 2025, primarily due to the further amortization of mining rights.

The Group's inventories increased from approximately RMB27.9 million as at 31 December 2022 to approximately RMB41.2 million as at 31 December 2023, primarily due to the maintenance of its production facilities in 2022 resulting in a lower production volume in that year. The Group's inventories increased from approximately RMB41.2 million as at 31 December 2023 to approximately RMB47.3 million as at 31 December 2024, mainly due to the fact that the Group continued to increase kaolin ore reserves to meet its increased production needs in response to the growing market demand, which resulted in the increase in raw materials. The Group's inventories increased from approximately RMB47.3 million as at 31 December 2024 to approximately RMB68.1 million as at 31 May 2025, primarily due to the increase in work-in-progress due to its expanded production to meet the growing market demand.

The Group's trade and bills receivables increased from approximately RMB26.6 million as at 31 December 2022 to approximately RMB42.3 million as at 31 December 2023 and further increased to approximately RMB53.0 million as at 31 December 2024, due to (i) the Group's business expansion in the relevant periods; and (ii) an increasing number of customers chose to settle with bank acceptance bills. The Group's trade and bills receivables decreased from approximately RMB53.0 million as at 31 December 2024 to approximately RMB40.0 million as at 31 May 2025, primarily due to the decrease in bills receivables as certain payments had been settled in bills in the fourth quarter of 2024.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group's cash and cash equivalents decreased from approximately RMB95.1 million as at 31 December 2022 to approximately RMB32.6 million as at 31 December 2023, primarily due to the increase in purchase of property, plant and equipment and proceeds were received from the disposal of a subsidiary in 2022. The Group's cash and cash equivalents increased from approximately RMB32.6 million as at 31 December 2023 to approximately RMB71.7 million as at 31 December 2024, primarily due to the increase in net cash flows from operating activities and the decrease in the purchase of property, plant and equipment. The Group's cash and cash equivalents decreased from approximately RMB71.7 million as at 31 December 2024 to approximately RMB62.5 million as at 31 May 2025, primarily due to the combined effect of the purchase of property, plant and equipment, payment of listing expenses partially offset by the net cash flows from operating activities.

The Group's trade and other payables decreased from approximately RMB187.5 million as at 31 December 2022 to approximately RMB113.7 million as at 31 December 2023, primarily due to (i) the decrease in payables for purchase of property, plant and equipment and other intangible assets as the Group had settled these payables; and (ii) the decrease in dividends payable, partially offset by the increase in trade payables caused by the Group's increased purchase of raw materials to satisfy its expanding production needs, as well as the increase in the amount of bills receivable endorsed to settle its payables that have not been derecognized and not yet due. The Group's trade and other payables increased from approximately RMB113.7 million as at 31 December 2023 to approximately RMB157.0 million as at 31 December 2024, primarily due to the increase in payables for purchase of property, plant and equipment and other intangible assets, which were mainly used for payment for reaching certain milestones of the construction in progress. The Group's trade and other payables decreased from approximately RMB157.0 million as at 31 December 2024 to approximately RMB125.6 million as at 31 May 2025, primarily due to the decrease in payables for construction equipment and other payables due to the completion of certain construction projects.

The Group's interest-bearing bank and other borrowings increased from nil as at 31 December 2022 to approximately RMB177.1 million as at 31 December 2023, primarily due to new bank loans were borrowed by the Group. The Group's interest-bearing bank and other borrowings increased from approximately RMB177.1 million as at 31 December 2023 to approximately RMB264.2 million as at 31 December 2024 and approximately RMB265.5 million as at 31 May 2025, primarily due to other borrowings of RMB80.0 million were borrowed from Huaibei Mining Group in 2024.

The Group's total assets increased from approximately RMB580.1 million as at 31 December 2022 to approximately RMB739.0 million as at 31 December 2023 and approximately RMB926.7 million as at 31 December 2024 primarily due to increases in property, plant and equipment, inventories, trade and bills receivables and prepayments, other receivables and other assets. The Group's total assets decreased from approximately RMB926.7 million as at 31 December 2024 to approximately RMB914.4 million as at 31 May 2025 primarily due to decreases in trade and bills receivables and cash and cash equivalents.

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The Group's total liabilities increased from approximately RMB226.5 million as at 31 December 2022 to approximately RMB331.3 million as at 31 December 2023 and approximately RMB466.4 million as at 31 December 2024 primarily due to increases in interest-bearing bank and other borrowings, provision for rehabilitation and deferred tax liabilities. The Group's total liabilities decreased from approximately RMB466.4 million as at 31 December 2024 to approximately RMB436.1 million as at 31 May 2025 primarily due to decreases in trade and other payables and deferred tax liabilities.

As a result of the foregoing, the Group's net assets increased from approximately RMB353.6 million as at 31 December 2022 to approximately RMB407.7 million as at 31 December 2023 and approximately RMB460.3 million as at 31 December 2024 and approximately RMB478.3 million as at 31 May 2025.

### *Information of CR Gas*

As stated in the Letter from the Board, CR Gas was incorporated in the PRC in November 2006 and is principally engaged in the sale of gas. As at the Latest Practicable Date, it was held as to 57.11% by China Resources Gas Investment (China) Company Limited (華潤燃氣投資(中國)有限公司), 38.08% by Huaibei Public Utilities Asset Operation Co., Ltd. (淮北市公用事業資產運營有限公司), and 4.81% by Suixi County Public Utilities Asset Operation Co., Ltd. (濉溪縣公用事業資產運營有限公司).

## **II. Background of the Non-exempt Continuing Connected Transactions**

As stated in the Letter from the Board and disclosed in the Prospectus, pursuant to the Previous Natural Gas Procurement Framework Agreement, the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation. As the corresponding annual caps of the Previous Natural Gas Procurement Framework Agreement have been expired on 31 December 2025 and the Company expects to enter into certain transactions under the aforementioned natural gas procurement framework agreement from time to time thereafter, therefore, the Company entered into a new Natural Gas Procurement Framework Agreement with CR Gas on 16 January 2026 (after trading hours). Pursuant to the new agreement, the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation. The term of the new Natural Gas Procurement Framework Agreement shall be three years, effective from 1 January 2026 until 31 December 2028.

## **III. Reasons for and benefits of the Non-exempt Continuing Connected Transactions**

As stated in the Letter from the Board, CR Gas is the only natural gas supplier in Huaibei City, Anhui Province, the PRC. Over the past seven years, the Company has been procuring natural gas from CR Gas as heat source for its daily production and operation. Given the Company's long-term cooperation with CR Gas, CR Gas is very familiar with the Company's production needs and capable of meeting its operation requirements. In addition, the close proximity of CR Gas will improve the transportation efficiency and reduce costs of natural gas.



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Having considered that (i) the Group requires a stable supply of natural gas as a heat source for its rotary kilns and shaft kilns in its daily production and CR Gas is the only natural gas supplier in Huaibei City; (ii) CR Gas is very familiar with the Company's production needs given its long-term cooperation with the Company and is capable of meeting its operational requirements with the required and necessary products and services on time; (iii) same as the Previous Natural Gas Procurement Framework Agreement, the entering into of the Natural Gas Procurement Framework Agreement would continue to govern the terms of the continuing connected transactions between the Company and CR Gas in the future and to ensure the consistent and quality supply of natural gas from CR Gas to the Company when needed, we are of the view that the Non-exempt Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

#### IV. Principal terms of the Natural Gas Procurement Framework Agreement

##### *(a) Subject matter and terms of the Natural Gas Procurement Framework Agreement*

As stated in the Letter from the Board, the Company may from time to time procure natural gas from CR Gas as heat source for its daily production and operation in the course of the ordinary and usual business of the Company. The term of the Natural Gas Procurement Framework Agreement shall be effective from 1 January 2026, but shall not extend beyond 31 December 2028, without renewed by mutual agreement by the parties and compliance with all applicable laws and regulations.

##### *(b) Pricing policies of the Natural Gas Procurement Framework Agreement*

As stated in the Letter from the Board, the price of natural gas is determined based on (i) the price document issued by the government price administration authority (the "**Price Document**") or (ii) the gas supply price filed by CR Gas with the government price administration authority (the "**Filed Price**"), and shall be implemented at RMB4.15/m<sup>3</sup> (tax inclusive). Where the gas supply price is adjusted in the Price Document or changes occur in the Filed Price, the adjusted or newly filed gas supply price shall apply. Where the Price Document and Filed Price document stipulate explicit time-bound provisions for the implementation of gas supply prices, such provisions shall apply.

In order to understand more about the pricing policies of the Natural Gas Procurement Framework Agreement, we were given to understand from the Management that CR Gas has no price-setting autonomy for the sale of its natural gas to non-residential clients in Huaibei City but is required to follow the government-prescribed prices stipulated from time to time through notices and announcements by the Huaibei Municipal Commission of Development and Reform of Anhui Province, the PRC (淮北市發展與改革委員會) (the "**HMCDR**") as published on its or other relevant local government department's websites. For our work done, we have reviewed the relevant laws and regulations in relation to government price-setting of natural gas and noted that (i) Rule 23 of the Regulation on the Administration of Urban Gas (State Council Order No. 666) (《城鎮燃氣管理條例》(國務院令第666號)), which were revised and issued by the State Council of the PRC on 6 February 2016, stipulates that the price authorities of local people's governments above the county



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level should determine and adjust the sales price of piped gas; and (ii) Rule 19 of the Regulation on the Administration of Anhui Province Gas (Anhui Province People's Congress Standing Committee Announcement No. 68) (《安徽省燃氣管理條例》(安徽省人民代表大會常務委員會公告第68號)) stipulates that the formulation of gas prices and service charges shall comply with the provisions of price laws and regulations, and Rule 52 of the same regulation stipulates that gas companies that violate regulations on gas prices and service charges or whose gas supply contracts contain provisions that infringe on the legitimate rights and interests of users shall be investigated and dealt with by the relevant administrative departments in accordance with relevant laws and regulations.

We have obtained and reviewed the government-prescribed prices contained in the Price Documents as published through notices and announcements for the past three years from 1 January 2023 to 31 December 2025 (the “**Review Period**”) and noted that such Price Documents were specifically addressed to CR Gas. We were given to understand from the Management that since CR Gas is the only natural gas supplier in Huaibei City, no information is available for comparison between the price of natural gas offered by CR Gas and that offered by other independent third parties. Nevertheless, having considered that CR Gas has no price-setting autonomy for the sale of its natural gas but is required to follow the government-prescribed prices set by the HMCDR contained in the Price Documents which were specifically addressed to CR Gas and the Filed Price as required by the relevant laws and regulations mentioned above, we concur with the Management that the pricing terms provided by CR Gas to the Company are no less favourable than those provided by CR Gas to other similar gas users.

We have obtained (i) the list of monthly historical transaction breakdown containing all the transactions with CR Gas for each of the three years ended 31 December 2025 and selected, on a random basis, three, thirteen and eight transactions for the year ended 31 December 2023, 2024 and 2025 respectively (collectively, the “**Samples**”) based on the selection criteria that (a) the transaction amounts are ranked from highest to lowest and then selected in descending order in each year; and (b) the aggregate transaction amount of the Samples selected represent over 50% of the actual total historical transaction amount of the procurement of natural gas from CR Gas for each of the Review Period. Since our selection criteria and sampling basis covered majority and significant amounts of the historical transaction with CR Gas for each of the three years ended 31 December 2025, we consider that they are appropriate and the Samples we have chosen are sufficient and representative; and (ii) the relevant invoices and underlying meter reading data (with unit price of natural gas charged by CR Gas) contained in the Samples. We have compared the unit prices (which are net of any unit subsidies provided to CR Gas by the local government if any) specified in the relevant meter reading data with the net unit prices of the corresponding government-prescribed prices contained in the Price Documents as published through notices and announcements for the relevant period after deducting any unit subsidies (if any) and noted that the unit prices charged by CR Gas strictly followed the net unit prices of the corresponding government-prescribed prices set by the HMCDR after deducting any unit subsidies (if any) in the Samples. Pursuant to the “Notice on the sales price of piped natural gas for non-residential use in October 2025” (《關於2025年10月非居民用管道天然氣銷售價格通知》) (the “**Notice**”) published by the HMCDR to CR Gas, the price of natural gas for the period from 1 October to 31 October 2025 is RMB4.15/m<sup>3</sup>. We were given to understand from the Management that the Notice is the latest publicly available Price

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Document prior to the date of the Natural Gas Procurement Framework Agreement and the pricing term of the unit price of natural gas of RMB4.15/m<sup>3</sup> under the Natural Gas Procurement Framework Agreement was determined based on the price information from the Notice. For our work done, we conducted independent search, on a best effort basis, on the notices and announcements published on the websites of the HMCDD or other relevant local government department and found that the latest published unit price of natural gas prior to the date of the Natural Gas Procurement Framework Agreement is RMB4.15/m<sup>3</sup>. We noted that the pricing term of the unit price of natural gas of RMB4.15/m<sup>3</sup> under the Natural Gas Procurement Framework Agreement matched with the unit price information set by the HMCDD to CR Gas in the Notice.

Based on the above, we consider that the pricing basis under the Natural Gas Procurement Framework Agreement is on normal commercial terms or better and is fair and reasonable so far as the Independent Shareholders are concerned.

### V. The Proposed Annual Caps

The following table sets out the historical transaction amounts for the three years ended 31 December 2025 and the Proposed Annual Caps for each of the three years ending 31 December 2028 for the transactions contemplated under the Natural Gas Procurement Framework Agreement:

	For the year ended 31 December		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(unaudited)
<b>Procurement of natural gas:</b>			
Historical transaction amounts	28,601.0	21,168.0	17,989.6
Existing annual cap	–	–	20,000.0
Utilization rate (%)	–	–	89.9%
	For the year ending 31 December		
	2026	2027	2028
	(RMB'000)	(RMB'000)	(RMB'000)
The Proposed Annual Caps	30,460.0	30,460.0	30,460.0

As shown from the table above, the historical transaction amounts of the procurement of natural gas decreased from approximately RMB28.6 million for the year ended 31 December 2023 to approximately RMB18.0 million for the year ended 31 December 2025. As stated in the Letter from the Board, the decrease of procurement costs of natural gas from 2023 to 2025 was because the Company adopted a mixed energy supply structure of coal and natural gas for its current production, and adjusted allocation

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between natural gas and coal based on their market price to save production cost, and the Company conducted regular maintenance work on its existing production lines at the end of 2024 and in 2025 to extend their service life and such production lines are expected to resume production in 2026.

As advised by the Management, the Proposed Annual Caps were determined with reference to (i) the expected maximum demand of natural gas from CR Gas of 8.0 million m<sup>3</sup> for each of the three years ending 31 December 2028 after taken into account (a) the historical natural gas consumption volume for the four years ended 31 December 2025; and (b) the expected increase in demand for natural gas as a result of the commencement of operation of a new rotary kiln, as part of the new production line for precision casting mullite products, in 2025 and the current expansion plan in relation to the construction of a new production line for refractory mullite products; and (ii) the unit price of natural gas of approximately RMB3.807/m<sup>3</sup> (after excluding VAT tax of 9% which is inclusive in the pricing term of RMB4.15/m<sup>3</sup> stipulated under the Natural Gas Procurement Framework Agreement).

In order to assess the fairness and reasonableness of the Proposed Annual Caps, we have reviewed the Prospectus of the Company and noted that the natural gas consumption volume of the Company for the year ended 31 December 2022, 2023 and 2024 was approximately 8.2 million m<sup>3</sup>, 5.7 million m<sup>3</sup> and 5.1 million m<sup>3</sup> respectively. As advised by the Management, the unaudited natural gas consumption volume for the year ended 31 December 2025 is approximately 4.4 million m<sup>3</sup>. Therefore the expected maximum demand of natural gas from CR Gas of 8.0 million m<sup>3</sup> for each of the three years ending 31 December 2028 is (i) within the range of natural gas consumption during the four years ended 31 December 2025 between 4.4 million m<sup>3</sup> to 8.2 million m<sup>3</sup>; and (ii) higher than the average natural gas consumption volume for the four years ended 31 December 2025 of approximately 5.9 million m<sup>3</sup> by approximately 35.6%.

We noted from the Prospectus of the Company that the Group operates three production facilities in Duji District, Huaibei, Anhui Province in the PRC, namely Mining Plant, Chamotte Plant and Mullite Precision Casting Sand and Powder Plant. We noted that the historical transaction amount of procurement of natural gas from CR Gas of approximately RMB18.0 million for the year ended 31 December 2025 represented a decrease of approximately 15.1% from approximately RMB21.2 million for the year ended 31 December 2024. The existing production lines underwent planned maintenance and repair work during the same period for the purpose of extending their life of operation. The existing production lines for precision casting mullite products included (a) two rotary kilns, each with an annual production capacity of 30,000 tonnes, were scheduled for undergoing major maintenance and repair work at the end of 2024 as the new production line started trial production and, as advised by the Management, the two rotary kilns are expected to resume production in the first half of 2026; and (b) one rotary kiln, with an annual production capacity of 50,000 tonnes, had undergone regular scheduled maintenance during 2025 and, as advised by the Management, is expected to resume production by the end of January 2026.

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To increase its production capacity for precision casting mullite products, the Group constructed a new production line for precision casting mullite products with an annual production capacity of 200,000 tonnes in Chamotte Plant. The new production line commenced commercial production in January 2025. According to information in the Prospectus, the new production line for precision casting mullite products is expected to increase the Group's annual designed capacity of precision casting mullite products significantly from 110,000 tonnes in 2024 to 310,000 tonnes in 2025. As mentioned in the Prospectus, during the first few months of commercial production since January 2025, the actual production capacity of the new production line was lower than the designed capacity as the facility required time for testing and adjustment to reach stable and efficient operations.

In addition, the Group operates a production line for refractory mullite products with an annual designed capacity of 30,000 tonnes in Chamotte Plant and one of the Group's expansion plans is to build a new production line with an annual production capacity of 40,000 tonnes. This expansion plan will include the construction of a new shaft kiln calcination workshop, a processing workshop for refractory mullite granules, a kaolin fine powder processing workshop, a finished product warehouse and supporting facilities. As advised by the Management, such production expansion is under construction and it is expected that the new production line will commence trial production in March 2026. For our work done, we have obtained and reviewed the approval of the above relevant projects by the relevant regulatory authorities in Huaibei City. Therefore, such expansion plan to increase the Group's production capacity by more than double for both precision casting mullite products and refractory mullite products is expected to increase significantly the demand for natural gas from CR Gas as heat source for its daily production and operation for the next three years since 2026.

Therefore, we are of the view that the decrease in the historical transaction amount in 2025 caused by the testing and adjustment of the new production line and the major maintenance and repair work of the existing production lines are only temporary in nature and the full resumption in production of the existing production lines and the new production line in 2026 would lead to an increase in production capacity by the Group in 2026 as compared to 2025. Based on the above, it is expected that demand of natural gas from CR Gas will increase in 2026 as compared to 2025.

According to the China Natural Gas Development Report 2025 (《中國天然氣發展報告 (2025)》) published on the website of National Energy Administration (國家能源局), the national consumption of natural gas in China showed a growth momentum and increased by approximately 7.3% in 2024 as compared to the previous year and the proportion of natural gas in total primary energy consumption was approximately 8.8%, an increase of 0.3% from the previous year. According to an article named "During the 14th Five-Year Plan period, Anhui's energy sector delivered a result of one stability, two increases, two growths, and one decline" published on the website of Huaibei Municipal Bureau of Justice (淮北市司法局) on 28 November 2025 (<https://sfj.huaibei.gov.cn/pfzx/szyw/58004149.html>), Anhui province's natural gas consumption in 2024 increased by over 5.5 billion m<sup>3</sup> which is 1.8 times the increase during the 13th Five-Year Plan period. Furthermore, the total length of long-distance natural gas pipelines within the province is approximately 4,500 kilometers, an increase of about one-third as compared to the end of the 13th Five-Year Plan period. We noted that the PRC Government has recently implemented measures to promote the development, management and consumption of natural gas and its infrastructure. For example, the "Measures for the Administration of Natural Gas Utilization" (《天然氣利用管理辦法》), which was

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published by the National Development and Reform Commission of the PRC (the “NDRC”) and became effective from 1 August 2024, commenced the implementation of classification management of natural gas utilization, prioritizing and guaranteeing people’s livelihoods and efficient utilization areas such as industrial users. The “Measures for the Administration of Oil and Natural Gas Infrastructure Planning, Construction and Operation” (《石油天然氣基礎設施規劃建設與運營管理辦法》), which was published by the NDRC and became effective from 1 January 2026, implemented measures to encourage and support the basic oil and natural gas infrastructure. Therefore, we are of the view that the expected increase in demand of natural gas by the Group is supported by the recent PRC Government’s measures and policies to encourage the development and utilization of natural gas.

Having considered that (i) the Group had achieved natural gas consumption volume of approximately 8.2 million m<sup>3</sup> before for the year ended 31 December 2022 and the expected maximum demand of natural gas from CR Gas of 8.0 million m<sup>3</sup> for each of the three years ending 31 December 2028 is within the range of natural gas consumption volume during the four years ended 31 December 2025; (ii) the Group experienced growth in revenue of approximately 30.5% for the year ended 31 December 2024 as compared to the previous year; (iii) the Group’s expansion plan as mentioned in the Prospectus to increase its production capacity by more than double for both precision casting mullite products and refractory mullite products will significantly increase the demand for natural gas from CR Gas; and (iv) the expected increase in demand of natural gas as a result of the expansion plan by the Group is supported by the recent PRC Government’s measures and policies to encourage the development and utilization of natural gas, we are of the view that the expected volume of procurement of natural gas of 8.0 million m<sup>3</sup> for each of the three years ending 31 December 2028 in determining the Proposed Annual Caps is fair and reasonable.

In relation to the unit price (excluding VAT tax) of natural gas of approximately RMB3.807/m<sup>3</sup>, we also noted that the pricing term of the unit price of natural gas under the Natural Gas Procurement Framework Agreement matched with the latest unit price information set by the HMCDDR to CR Gas in the Notice prior to the date of the Natural Gas Procurement Framework Agreement. For details of our work done, please refer to the section headed “IV. Principal terms of the Natural Gas Procurement Framework Agreement – (b) Pricing policies of the Natural Gas Procurement Framework Agreement” above. In addition, we were given to understand from the Management that it is difficult to accurately predict the future prices of natural gas which are driven by different factors such as demand, supply, economic conditions and government policies which are out of control of the Company and therefore it is prudent to determine the unit price of natural gas in the Proposed Annual Caps based on the latest available published unit price information set by the HMCDDR. Based on the above, we concur with the Management that the above unit price of natural gas in determining the Proposed Annual Caps is fair and reasonable.

Having considered the above, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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Shareholders should note that the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2028, and they do not represent forecasts of the procurement amounts of natural gas to be incurred from the transactions contemplated under the Natural Gas Procurement Framework Agreement.

### **VI. Internal control measures**

As set out in the Letter from the Board, the Company has implemented the following internal control measures in relation to the continuing connected transactions under the Natural Gas Procurement Framework Agreement:

- the Company has approved internal guidelines, including Administrative Measures for Related Party Transactions, which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the staff responsible for managing connected transactions must report the proposed transactions to the Board Secretary of the Company in order for the Company to commence the necessary additional assessment and approval procedures and ensure that the Company will comply with the applicable requirements under Chapter 14A of the Listing Rules. The audit and risk committee under the Board, the Board and other internal departments of the Company (including but not limited to the finance department and audit department of the Company) will be jointly responsible for evaluating the terms under the Natural Gas Procurement Framework Agreement, in particular, the fairness and reasonableness of the pricing policies and annual caps under the Natural Gas Procurement Framework Agreement, to ensure that the terms of the Natural Gas Procurement Framework Agreement comply with the relevant regulatory guidelines and market practices, and are no less favourable than the terms available from or offered by independent third parties;
- the finance department of the Company is responsible for continuously monitoring and verifying whether the relevant laws and regulations governing natural gas prices have been revised, to ensure that the natural gas prices charged under the definitive agreements remain compliant with the applicable requirements of the relevant laws and regulations at all times; throughout the entire term of the Natural Gas Procurement Framework Agreement, the finance department of the Company is responsible for monitoring the performance of the definitive agreements under the Natural Gas Procurement Framework Agreement, to ensure that all parties to the agreements strictly comply with all the terms and the corresponding pricing policies thereunder (including the natural gas fees charged). The finance department of the Company will report any breaches of the contractual terms to the Company's management for the purpose of any further action taken by the Company. In addition, the Company's management will conduct random inspections on the performance of the Natural Gas Procurement Framework Agreement when necessary, to ensure compliance with the contractual terms by all contracting parties;



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- the Company will provide information and supporting documents to the Independent Non-executive Directors and the 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 continuing connected transactions have been entered into in the ordinary and usual course of business of the Company, are on normal commercial terms and are in accordance with the Natural Gas Procurement Framework Agreement, are on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of the Company in all material respects, are not entered into in accordance with the Natural Gas Procurement Framework Agreement governing the transactions in all material respects or have exceeded the cap;
- when considering the fees and amounts payable by the Company in respect of transactions, services or goods provided by its connected persons, the Company will regularly review and consider the prevailing market conditions and practices, and make reference to the pricing and terms between the Company and independent third parties for comparable services or similar transactions (if available), to make sure that the terms and conditions offered by/to its connected persons based on commercial negotiations are fair and reasonable and are based on normal commercial terms or no less favorable terms to the Company; and
- when considering any renewal or revision to the agreements in the future, the interested Directors and Shareholders shall abstain from voting on the resolutions to approve such transactions at Board meetings or Shareholders' general meetings (as the case may be). If the disinterested Directors' or Independent Shareholders' approvals cannot be obtained, the Company will not continue the transactions under the Natural Gas Procurement Framework Agreement to the extent that they constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

To assess whether the above internal control measures are properly in place, we have obtained and reviewed (i) the Administrative Measures for Related Party Transactions (《關聯交易管理制度》), which specified the rules and procedures of related party and connected transactions of the Company; (ii) the relevant internal approval records for the execution of the Natural Gas Procurement Framework Agreement; and (iii) the relevant natural gas meter reading data (with unit price of natural gas charged by CR Gas) contained in the Samples and compared them against the net unit prices of the corresponding government-prescribed prices contained in the Price Documents as published through notices and announcements for the relevant period after deducting any unit subsidies (if any). Based on our review and work done as detailed under the section headed “IV. Principal terms of the Natural Gas Procurement Framework Agreement – (b) Pricing policies of the Natural Gas Procurement Framework Agreement” above, we noted that the unit prices charged by CR Gas strictly followed the net unit prices of the

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corresponding government-prescribed prices set by the HMCDR after deducting any unit subsidies (if any) in the Samples. Based on our review of the relevant internal approval records prior to the execution of the Natural Gas Procurement Framework Agreement, we noted that the Board and other internal departments of the Company had reviewed the terms of the Natural Gas Procurement Framework Agreement to ensure that the pricing terms are in compliance with the pricing policies of the Group and are no less favourable to the Company.

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the Natural Gas Procurement Framework Agreement are subject to the following annual review requirements:

- (a) each year the Independent Non-executive Directors must review the transactions contemplated under the Natural Gas Procurement Framework Agreement and confirm in the annual report whether such transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) The Company must engage its auditors to report on the continuing connected transactions contemplated under the Natural Gas Procurement Framework Agreement every year and the auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that such continuing connected transactions:
  - (i) have not been approved by the Board;
  - (ii) were not carried out, in all material respects, in accordance with the pricing policies of the Group (if applicable);
  - (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
  - (iv) have exceeded the Proposed Annual Caps;
- (c) the Company must allow, and ensure that the counterparties to the continuing connected transactions contemplated under the Natural Gas Procurement Framework Agreement allow, the auditors sufficient access to their records for the purpose of reporting on the transactions; and



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- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the Independent Non-executive Directors and/or auditors cannot confirm the matters as required.

In light of the above annual review requirements attached to the transactions contemplated under the Natural Gas Procurement Framework Agreement and the relevant internal control measures implemented by the Company, we are of the view that appropriate measures will be in place to (i) ensure that the pricing terms under the Natural Gas Procurement Framework Agreement are determined based on normal commercial terms and on a fair and reasonable basis; and (ii) govern the Company in carrying out the Non-exempt Continuing Connected Transactions and safeguard the interests of the Shareholders thereunder.

### RECOMMENDATION

Having considered the principal reasons and factors discussed above, we are of the view that the Non-exempt Continuing Connected Transactions have been carried out in the ordinary and usual course of business of the Group and on normal commercial terms or better, which is in the interests of the Company and the Shareholders as a whole and that the terms of the Non-exempt Continuing Connected Transactions and the proposed Annual Caps thereof are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders, as well as recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the ordinary resolution to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions (together with the Proposed Annual Caps thereof).

Yours faithfully  
For and on behalf of  
**Pulsar Capital Limited**  
**Michael Lee**  
*Director*

*Note: Mr. Michael Lee is a Responsible Officer of Pulsar Capital Limited licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 15 years of experience in corporate finance industry.*

**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. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register to be kept under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

**3. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates were interested in any business, apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

**4. INTERESTS IN ASSETS, CONTRACT OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors is materially interested in any contracts or arrangement entered into by any members of the Group which is subsisting at the date of this circular and which is significant in relation to the business of the Group.

None of the Directors had any direct or indirect interest in any assets which had been, since 31 May 2025, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 5. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES UNDER HONG KONG REGULATIONS

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company and the Directors, and taking into account the disclosed interests of Shareholders on the HKEXnews website of the Stock Exchange, the substantial shareholders of the Company and other persons (other than the Directors and chief executive of the Company) who had interests and short positions in the Shares and underlying Shares of the Company which were required to notify the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO, were as follows:

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares held	Approximate percentage of the total issued Shares	Approximate percentage to relevant Share class
Huaibei Mining Group <sup>(1)</sup>	Beneficial owner	Domestic Shares	41,820,759	43.03%	57.37%
	Interest in a controlled corporation	Domestic Shares	2,007,299	2.07%	2.75%
Anhui Energy Group (安徽能源集團) <sup>(2)</sup>	Interest in a controlled corporation	Domestic Shares	43,828,058	45.09%	60.13%
Huaibei Jiaotou	Beneficial owner	Domestic Shares	29,066,258	29.91%	39.87%
Huaibei Jiantou Holding <sup>(3)</sup>	Interest in a controlled corporation	Domestic Shares	29,066,258	29.91%	39.87%
Gao Jie (高潔) <sup>(4)</sup>	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Degao Mining Technology Limited (德高礦山科技有限公司) <sup>(4)</sup>	Beneficial owner	H Shares	1,491,500	1.53%	6.14%
Anhui Degao Mining Technology Limited (安徽德高礦山科技有限公司) <sup>(4)</sup>	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Gao Qixing (高岐行) <sup>(5)</sup>	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Sun Jinrong (孫進榮) <sup>(5)</sup>	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Hong Kong Jinyuan Industry and Trade Limited (香港金源工貿有限公司) <sup>(5)</sup>	Beneficial owner	H Shares	1,491,500	1.53%	6.14%
Huaibei Jinyuan Industry and Trade Limited (淮北金源工貿有限責任公司) <sup>(5)</sup>	Interest in a controlled corporation	H Shares	1,491,500	1.53%	6.14%
Shanghai Chuangli Group Co., Ltd. (上海創力集團股份有限公司)	Interest in a controlled corporation	H Shares	3,390,000	3.49%	13.95%

Name of Shareholders	Nature of interests	Class of Shares	Number of Shares held	Approximate percentage of the total issued Shares	Approximate percentage to relevant Share class
Chuangli (Anhui) Mining Mechanics Manufacturing Co., Ltd. (創力(安徽)礦山機械製造有限公司) <sup>(6)</sup>	Interest in a controlled corporation	H Shares	3,390,000	3.49%	13.95%
Hong Kong Chuangli Yingtai Investment Limited (香港創力贏泰投資有限公司) <sup>(6)</sup>	Beneficial owner	H Shares	3,390,000	3.49%	13.95%
China Pingmei Shenma Holding Group Co., Ltd. (中國平煤神馬控股集團有限公司) <sup>(7)</sup>	Interest in a controlled corporation	H Shares	4,068,000	4.19%	16.74%
Pingmei Shenma (Hong Kong) International Investment Limited (平煤神馬(香港)國際投資有限公司) <sup>(7)</sup>	Beneficial owner	H Shares	4,068,000	4.19%	16.74%

*Notes:*

- (1) Wanhui Investment holds approximately 2.07% of equity interest in the Company, and Huaibei Mining Group holds 100% of the equity interest in Wanhui Investment. Therefore, Huaibei Mining Group is deemed to be interested in the Shares held by Wanhui Investment in the Company under the SFO.
- (2) Huaibei Mining Group is directly owned by Anhui Energy Group as to 37.04%. Therefore, Anhui Energy Group is deemed to be interested in the Shares held by Huaibei Mining Group in the Company under the SFO.
- (3) Huaibei Jiaotou is wholly owned by Huaibei Jiantou Holding. Therefore, Huaibei Jiantou Holding is deemed to be interested in the Shares held by Huaibei Jiaotou in the Company under the SFO.
- (4) Degao Mining Technology Limited holds 1,491,500 H Shares of the Company, which is wholly owned by Anhui Degao Mining Technology Limited., which in turn is owned by Gao Jie as to 95%.
- (5) Hong Kong Jinyuan Industry and Trade Limited holds 1,491,500 H Shares of the Company, which is wholly owned by Huaibei Jinyuan Industry and Trade Limited, which is in turn owned by Gao Qixing as to 54.68% and owned by Sun Jinrong as to 45.32%.
- (6) Hong Kong Chuangli Yingtai Investment Limited holds 3,390,000 H Shares of the Company, which is wholly owned by Chuangli (Anhui) Mining Mechanics Manufacturing Co., Ltd., which in turn is wholly owned by Shanghai Chuangli Group Co., Ltd.
- (7) Pingmei Shenma (Hong Kong) International Investment Limited holds 4,068,000 H Shares of the Company, which is wholly owned by China Pingmei Shenma Holding Group Co., Ltd.

Save as disclosed above, as at the Latest Practicable Date, to the best knowledge and belief of the Directors, none of the substantial shareholders or other person (other than the Directors or chief executive of the Company) had any interest or short position in the Shares or underlying Shares of the Company which are required to be notified to the Company or the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO, or that are recorded in the register required to be kept pursuant to Section 336 of the SFO.

## **6. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, the following Directors held positions in companies which have interests or short positions in the Shares and underlying Shares of the Company which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Positions held in specific companies</b>
Mr. Jiao Daojie	Deputy director, director of the securities investment department, and securities affairs representative of Huaibei Mining Holdings Co., Ltd. (淮北礦業控股股份有限公司)
Mr. Yang Chong	Deputy director, director of the legal compliance department and vice president of the labour union at Huaibei Mining Group

Save as disclosed above, there are no other Directors positions in a company which has an interest or short position in the Shares and underlying Shares of the Company that are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO.

## **7. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or operating position of the Group since 31 May 2025, being the date to which the latest published audited accounts of the Group were made up.

## **8. LITIGATION**

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, no litigation or claim of material importance is pending or threatened against any member of the Group.

**9. SERVICE CONTRACTS**

The Company has entered into contracts with each Director, including (i) compliance with relevant laws and regulations; and (ii) compliance with the Articles of Association.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

**10. EXPERT**

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

<b>Name</b>	<b>Qualification</b>
Pulsar Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Pulsar Capital Limited had no shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Pulsar Capital Limited did not have any direct or indirect interest, in any assets which had been, since 31 May 2025 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group.

Pulsar Capital Limited issued a letter dated 29 January 2026 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders.

Pulsar Capital Limited has given and has not withdrawn its written consent to the issue of this circular, with inclusion of its letter or report and the reference to its name included herein in the form and context in which it appears.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents are displayed on the HKEXnews website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.grkaolin.com](http://www.grkaolin.com)) for a period of no less than 14 days from the date of this circular to and including the date of the EGM:

- (1) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 20 to 21 of this circular;
- (2) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 22 to 39 of this circular;
- (3) the written consent referred to in paragraph headed “EXPERT” of this appendix; and
- (4) the Natural Gas Procurement Framework Agreement.

**12. GENERAL INFORMATION**

- (1) The joint company secretaries of the Company are Mr. Wang Wei and Ms. Mak Po Man Cherie. Ms. Mak is a fellow member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (2) The registered address of the Company is 50 meters north of Shuobei Road, Shuoli Town, Duji District, Huaibei, Anhui Province, the PRC. The principal place of business in Hong Kong of the Company is at the 40/F, Dah Sing Financial Centre, 248 Queen’s Road East, Wanchai, Hong Kong.
- (3) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (4) In case of any discrepancy between the Chinese and English versions of this circular, the Chinese version shall prevail.

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## NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

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### ANHUI JINYAN KAOLIN NEW MATERIALS CO., LTD.

### 安徽金岩高嶺土新材料股份有限公司

*(A joint stock company incorporated in the People's Republic of China with Limited liability)*

**(Stock Code: 2693)**

## NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2026 first extraordinary general meeting (the “EGM”) of Anhui Jinyan Kaolin New Materials Co., Ltd. (the “**Company**”) will be held at 9:00 a.m. on Friday, 13 February 2026 at the conference room of the Company at 50 meters north of Shuobei Road, Shuoli Town, Duji District, Huaibei, Anhui Province, the PRC by way of on-site meeting to consider and, if thought fit, approve the following resolutions:

### ORDINARY RESOLUTIONS

1. To consider and approve the resolution on the re-appointment of overseas accounting firm for the year 2025
2. To consider and approve the resolution on entering into the Natural Gas Procurement Framework Agreement with CR Gas
3. To consider and approve the resolution in relation to the estimate on daily related party transactions for 2026

By order of the Board

**Anhui Jinyan Kaolin New Materials Co., Ltd.**

**Mr. Zhang Kuang**

*Chairman of the Board and Executive Director*

Beijing, the People's Republic of China

29 January 2026

*Notes:*

#### **1. Closure of register of members and eligibility for attending and voting at the EGM**

To determine the list of Shareholders of H Shares who are entitled to attend the EGM, the register of H Shares members of the Company will be closed from Tuesday, 10 February 2026 to Friday, 13 February 2026 (both days inclusive), during which no transfer of H Shares will be registered. The Shareholders whose names appear on the register of H Shares members of the Company on Tuesday, 10 February 2026 are entitled to attend and vote at the EGM. For the Shareholders of the H Shares of the Company who have not registered but intend to attend and vote at the EGM, all transfer documents together with the relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 9 February 2026 for registration.



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## NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

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### 2. Proxy

Any shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his/her behalf. The proxy does not need to be a shareholder of the Company, but must attend the EGM in person to represent the relevant Shareholder. A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the Shareholder or his/her attorney authorized in writing. If the Shareholder is a legal person, the instrument shall be signed under a common seal or signed by its director or an attorney duly authorized. If the instrument appointing the proxy is signed by a person authorized by the Shareholder, the power of attorney or other document of authority under which the instrument is signed shall be notarised. To be valid, the form of proxy for holders of H Shares and the notarised power of attorney or other document of authority (if any) shall be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the holding of the EGM (i.e. by 9:00 a.m. on Thursday, 12 February 2026) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholder from attending and voting in person at the EGM or at any adjournment thereof should he/she so wish.

### 3. Voting by poll

All resolutions at the meeting will be taken by poll (except where the chairman decides to allow resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Accordingly, the resolutions set out in the notice of EGM will be taken by poll. The results of the poll will be published on the website of the Company ([www.grkaolin.com](http://www.grkaolin.com)) and the HKEXnews website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) in accordance with the Listing Rules.

### 4. Other matters

The EGM is expected to last for half a day. Shareholders or the proxies shall produce their identification documents when attending the EGM or any adjournment thereof. Shareholders and the proxies attending the EGM shall be responsible for their own traveling and accommodation expenses.