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If you have sold or transferred all your shares in Chuangxin Industries Holdings Limited, you should immediately send this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



Chuangxin Industries Holdings Limited

創新實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02788)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
PROPOSED ACQUISITION OF THE REMAINING EQUITY INTERESTS
IN SHANDONG CHUANGYUAN
AND
PROPOSED ACQUISITION OF TONGLIAO SMART MINING
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



RAINBOW CAPITAL (HK) LIMITED
派博資本有限公司

A notice convening the EGM to be convened and held at 10:00 a.m. on Thursday, April 30, 2026 at 1806 Excel Center, Wudinghou Street, Xicheng District, Beijing, the PRC is set out on pages EGM-1 to EGM-3 of this circular, and is also published and available for download on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.innovationigi.com). Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Tuesday, April 28, 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish and in such event, the proxy form should be deemed to be revoked.

April 15, 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings.

“Bloomsbury Holding”	Bloomsbury Holding Limited, a limited liability company incorporated under the laws of BVI on June 28, 2023, which is wholly owned by Mr. Cui Lixin
“Board”	the board of Directors
“China United Appraisal”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), the independent valuer appointed by the Company for the valuation of the Proposed Acquisition of Tongliao Smart Mining
“Company”	Chuangxin Industries Holdings Limited (創新實業集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on July 4, 2023
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting (or any adjournment thereof) to be convened and held at 10:00 a.m. on Thursday, April 30, 2026 at 1806 Excel Center, Wudinghou Street, Xicheng District, Beijing, the PRC to consider and, if thought fit, approve (among other things) the Equity Transfer Agreements and the transactions contemplated thereunder
“Equity Transfer Agreement of Shandong Chuangyuan”	the equity transfer agreement dated March 17, 2026 entered into among Inner Mongolia Chuangyuan, Innovation Group and Shandong Chuangyuan in relation to the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan
“Equity Transfer Agreement of Tongliao Smart Mining”	the equity transfer agreement dated March 17, 2026 entered into among Inner Mongolia Chuangyuan, Innovation Group and Tongliao Smart Mining in relation to the Proposed Acquisition of Tongliao Smart Mining
“Equity Transfer Agreements”	the Equity Transfer Agreement of Shandong Chuangyuan and the Equity Transfer Agreement of Tongliao Smart Mining
“Group”	the Company and its subsidiaries

DEFINITIONS

“Huayong Appraisal”	Shandong Huayong Assets Appraisal Co., Ltd. (山東華永資產評估有限公司), the independent valuer appointed by the Company for the valuation of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. LIU Yanzhao, Ms. ZHENG Juan and Ms. SHEN Lingyan, established to advise the Independent Shareholders on the Equity Transfer Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreements and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders who are not interested in or involved in the Equity Transfer Agreements and the transactions contemplated thereunder
“Inner Mongolia Chuangyuan”	Inner Mongolia Chuangyuan Metal Co., Ltd. (內蒙古創源金屬有限公司), a limited company established under the laws of the PRC on May 10, 2012, and an indirectly wholly-owned subsidiary of the Company
“Innovation Group”	Shandong Innovation Group Co., Ltd. (山東創新集團有限公司), a limited company established under the laws of the PRC on August 13, 2013
“Latest Practicable Date”	April 14, 2026, being the latest practicable date for the purpose of ascertaining certain information in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan”	the proposed acquisition of the remaining 41.5% equity interests in Shandong Chuangyuan by Inner Mongolia Chuangyuan from Innovation Group pursuant to the Equity Transfer Agreement of Shandong Chuangyuan
“Proposed Acquisition of Tongliao Smart Mining”	the proposed acquisition of the entire equity interests in Tongliao Smart Mining by Inner Mongolia Chuangyuan from Innovation Group pursuant to the Equity Transfer Agreement of Tongliao Smart Mining
“Proposed Acquisitions”	the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan and the Proposed Acquisition of Tongliao Smart Mining
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Chuangyuan”	Shandong Chuangyuan New Material Technology Co., Ltd. (山東創源新材料科技有限公司), a limited company established under the laws of PRC on November 12, 2018, which is held by the Group and Innovation Group as to 58.5% and 41.5%, respectively
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with par value of US\$0.000005 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tongliao Smart Mining”	Tongliao Smart Mining Co., Ltd. (通遼市智慧礦業有限公司), a limited company established under the laws of PRC on August 29, 2022, which is wholly-owned by Innovation Group

DEFINITIONS

“US\$”	United States dollars, the lawful currency of the United States
“Valuation Report of Shandong Chuangyuan”	the valuation report of Shandong Chuangyuan as at 31 December 2025 prepared by Huayong Appraisal, the text of which is set out in Appendix II to this circular
“Valuation Report of Tongliao Smart Mining”	the valuation report of Tongliao Smart Mining as at 31 December 2025 prepared by China United Appraisal, the text of which is set out in Appendix III to this circular
“%”	per cent

* *For identification purpose only*

LETTER FROM THE BOARD



Chuangxin Industries Holdings Limited

創新實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02788)

Chairman of the Board and Non-executive Director

Mr. CUI Lixin

Executive Directors:

Mr. CAO Yong

Mr. ZHANG Jianxiang

Ms. ZHANG Yue

Mr. FU Qian

Independent Non-executive Directors:

Mr. LIU Yanzhao

Ms. ZHENG Juan

Ms. SHEN Lingyan

Registered office:

Floor 4, Willow House

Cricket Square

Grand Cayman

KY1-9010

Cayman Islands

Principal place of business

in Hong Kong:

Room 3601

East, Cheung Kong Center II

10 Harcourt Road

Central

Hong Kong

April 15, 2026

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
PROPOSED ACQUISITION OF THE REMAINING EQUITY
INTERESTS IN SHANDONG CHUANGYUAN
AND
PROPOSED ACQUISITION OF TONGLIAO SMART MINING
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcement of the Company dated March 17, 2026 in relation to, among other things, the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan and the Proposed Acquisition of Tongliao Smart Mining.

The purpose of this circular is to provide you with, among other things, (i) further information on the Equity Transfer Agreements and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) the Valuation Report of Shandong Chuangyuan and the Valuation Report of Tongliao Smart Mining; and (v) a notice of the EGM.

LETTER FROM THE BOARD

THE PROPOSED ACQUISITIONS

On March 17, 2026, (i) Inner Mongolia Chuangyuan, a wholly-owned subsidiary of the Company, Innovation Group and Shandong Chuangyuan entered into the Equity Transfer Agreement of Shandong Chuangyuan, pursuant to which Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the remaining 41.5% equity interests in Shandong Chuangyuan at a consideration of RMB525,527,000; and (ii) Inner Mongolia Chuangyuan, Innovation Group and Tongliao Smart Mining entered into the Equity Transfer Agreement of Tongliao Smart Mining, pursuant to which Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the entire equity interests in Tongliao Smart Mining at a consideration of RMB1,000,813,100.

I. THE PROPOSED ACQUISITION OF THE REMAINING EQUITY INTERESTS IN SHANDONG CHUANGYUAN

The Principal Terms of the Equity Transfer Agreement of Shandong Chuangyuan

Date

March 17, 2026

Parties

- (1) Inner Mongolia Chuangyuan (as purchaser);
- (2) Innovation Group (as seller); and
- (3) Shandong Chuangyuan

Subject Matter

Pursuant to the Equity Transfer Agreement of Shandong Chuangyuan, Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the remaining 41.5% equity interests in Shandong Chuangyuan.

Consideration and Payment

The total consideration of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is RMB525,527,000, which shall be paid by Inner Mongolia Chuangyuan to Innovation Group pursuant to the following schedule:

- (i) forty percent (40%) of such consideration, i.e. RMB210,210,800, shall be paid within fifteen (15) business days when all the conditions precedent set out below have been satisfied (the “**First Installment Payment for Shandong Chuangyuan Acquisition**”);

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- (ii) forty percent (40%) of such consideration, i.e. RMB210,210,800, shall be paid within fifteen (15) business days from the date of completion of registration and filing in relation to the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan with the relevant industrial and commercial administration authority, and transfer of all the documents and seals of Shandong Chuangyuan from Innovation Group to Inner Mongolia Chuangyuan; and
- (iii) remaining twenty (20%) of such consideration, i.e. RMB105,105,400, shall be paid within fifteen (15) business days following the completion of payment set out in (ii) above and confirmation among parties regarding no outstanding matters in relation to the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan.

Approximately 30% of the consideration will be financed by Inner Mongolia Chuangyuan's internal resources and approximately 70% of the consideration will be financed by its external borrowings. For the avoidance of doubt, the aforementioned funds do not involve any proceeds received by the Company as a result of the listing of its Shares on the Main Board of the Stock Exchange (the "**Listing**"). As at March 31, 2026, based on the unaudited management accounts of the Group, the cash and cash equivalents of Inner Mongolia Chuangyuan amounted to approximately RMB1.4 billion (excluding the proceeds received from the Listing), demonstrating that the Company has sufficient resources to settle the considerations.

The consideration was determined after arm's length negotiations between Inner Mongolia Chuangyuan and Innovation Group with reference to the valuation of the 41.5% equity interests in Shandong Chuangyuan by an independent valuer, Huayong Appraisal as at December 31, 2025 based on asset-based approach.

In preparing the valuation report, Huayong Appraisal considered three basic methods: the market approach, the income approach and the asset-based approach. Huayong Appraisal considered that Shandong Chuangyuan is a non-listed company, and there are few publicly traded companies with similar overall equity transactions that are highly comparable to Shandong Chuangyuan. Furthermore, comprehensive core information on similar transactions is unavailable, failing to meet the market approach's requirements for the matching and completeness of comparable cases and data. Additionally, the prices of Shandong Chuangyuan's main products fluctuate significantly, making it difficult to reasonably and reliably predict its future production and operating scale and profitability, thus not meeting the applicable conditions for the income approach. However, Shandong Chuangyuan has a complete asset system, allowing for a reasonable valuation of each individual asset using the asset-based approach. According to the valuation report, the carrying amounts of the total assets, the total liabilities and the net assets of Shandong Chuangyuan were RMB6,464.82 million, RMB5,159.04 million and RMB1,305.78 million, respectively. The appraised value of total assets was RMB6,424.50 million, representing an impairment rate of 0.62%. The appraised value of total liabilities was RMB5,158.17 million, with an impairment rate of 0.02%. The appraised value of the net assets was RMB1,266.33 million, representing an impairment rate of 3.02%. Therefore, the appraised value of 41.5% equity interest in Shandong Chuangyuan was RMB525.53 million as at December 31, 2025. For further details, please refer to the Valuation Report of Shandong Chuangyuan in Appendix II to this circular.

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The original acquisition cost of Shandong Chuangyuan by Innovation Group was RMB799 million, comprising (i) RMB176.4 million, being the original capital contribution to Shandong Chuangyuan made by Innovation Group to hold 49% equity interests in Shandong Chuangyuan; (ii) RMB183.6 million, being the consideration paid by Innovation Group for acquisition of the 51% equity interests in Shandong Chuangyuan and the not paid-up capital contribution of RMB152.6 million of such 51% equity interests in Shandong Chuangyuan; and (iii) approximately RMB439 million, being the consideration paid by Innovation Group for acquisition of the 20% equity interests in Shandong Chuangyuan, following the previous capital increase of such 20% equity interests by an independent third-party shareholder to Shandong Chuangyuan. For further details of the historical shareholding changes of Shandong Chuangyuan, please refer to the section headed “History, Reorganization and Corporate Structure – Major Shareholding Changes of Our Group – Establishment and major shareholding changes of Shandong Chuangyuan” in the prospectus (the “Prospectus”) of the Company published on November 14, 2025.

Conditions Precedent

The completion of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is subject to the following conditions precedent being satisfied:

- (i) The Company having obtained the Independent Shareholders’ approval at the EGM for the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder;
- (ii) The Company having obtained all other necessary consents and approvals for approving the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder; and
- (iii) Innovation Group having obtained all necessary consents and approvals for approving the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder.

As of the Latest Practicable Date, except for the Independent Shareholders’ approval at the EGM as listed in (i) above, all other conditions precedent have been satisfied.

Completion

Both parties shall procure, assist and cooperate with Shandong Chuangyuan to complete applicable registration and filing in relation to the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan with the relevant industrial and commercial administration authority within seven (7) business days upon the payment of the First Installment Payment for Shandong Chuangyuan Acquisition.

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Information of Shandong Chuangyuan

Shandong Chuangyuan is a limited company established under the laws of PRC on November 12, 2018, which is held by Inner Mongolia Chuangyuan and Innovation Group as to 58.5% and 41.5%, respectively, as at the Latest Practicable Date. Shandong Chuangyuan is primarily engaged in the production and sale of alumina and other related products.

Set out below is the unaudited consolidated financial information of Shandong Chuangyuan for the financial years ended December 31, 2024 and 2025, respectively:

	For the year ended December 31,	
	2024	2025
	<i>RMB in millions</i>	<i>RMB in millions</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before taxation	2,049.64	359.53
Profit after taxation	1,537.23	269.65

Based on the unaudited consolidated financial information of Shandong Chuangyuan, the total assets value and net assets value of Shandong Chuangyuan as at December 31, 2025 were approximately RMB6,464.82 million and RMB1,305.78 million, respectively.

As at the Latest Practicable Date, the Company indirectly holds 58.5% equity interests in Shandong Chuangyuan. Upon completion of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan, Shandong Chuangyuan will become a wholly-owned subsidiary of the Company and its financial information will continue to be consolidated to the Company's accounts.

Reasons and Benefits for the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan

The Company's principal business comprises the production and sale of electrolytic aluminum, alumina and other related products, and it has established an integrated ecosystem for the electrolytic aluminum industry chain covering "energy – alumina refining – electrolytic aluminum smelting." As the most critical upstream raw material for the production of electrolytic aluminum, alumina is directly related to production continuity, cost stability and overall operating quality. Shandong Chuangyuan is principally engaged in the production and sale of alumina and provides raw material support for the Company's electrolytic aluminum production.

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To facilitate the alumina refining and aluminum smelting segments within the upstream aluminum production stage of the aluminum industry chain and achieve synergy effects, the Group historically acquired in aggregate 58.5% equity interests in Shandong Chuangyuan from Innovation Group through a series of equity transfers. The decision to acquire a 58.5% shareholding was made with the aim of securing a controlling interest in Shandong Chuangyuan, thereby optimising synergy effects within the Group's specialisation in the upstream aluminum industry. Such previous acquisition also accounted for (i) the Group's funds available at that time, especially given the considerable capital requirements for the Group's green energy power generation projects and overseas expansion initiatives, and (ii) the benefit of preserving flexibility for future possible acquisition decisions as negotiated by the Group and Innovation Group, depending on the Group's future capital expenditure and the volatility in alumina prices.

The Shares of the Company was listed on the Stock Exchange on November 24, 2025. As disclosed in the Prospectus, approximately 50.0% of the net proceeds received from the Listing will be used for expanding the Group's overseas production capacity and approximately 40.0% of the net proceeds will be used for the Group's green energy projects, providing sufficient support for the Company's capital needs for the Group's green energy power generation projects and overseas expansion initiatives. Considering the Group's internal funds and external financing available at this stage, the Group proposed to further acquire the remaining 41.5% equity interests in Shandong Chuangyuan. Such acquisition will also (i) enable the Company to establish a fully self-controlled, secure and efficient industrial chain layout, secure the Company's upstream alumina supply capacity, reduce operating risks arising from fluctuations in the market prices of raw materials, ensure the long-term stable operation of production, and enhance the Company's strategic position and risk resilience within the industry; and (ii) grant the Group full control over Shandong Chuangyuan and significantly simplify decision-making process. Based on the above, the Group considers that the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is also in line with the Group's strategy of further completing its capabilities across the electrolytic aluminum industry chain, with a strategic focus on achieving a high rate of self-sufficiency in alumina.

As disclosed in the section headed "The Proposed Acquisitions – I. The Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan – Information of Shandong Chuangyuan" above in this letter, the profit before taxation of Shandong Chuangyuan decreased in 2025 from 2024, which is attributable to (i) the significantly higher market price of alumina in 2024 compared to other typical years, resulting in the higher profit before taxation of Shandong Chuangyuan in 2024. Based on the data published by Antaike, the average price of alumina decreased from RMB4,076 per tonne in 2024 to RMB3,236 per tonne in 2025; and (ii) the increase of market price of bauxite, the raw materials for alumina production, in 2025. Based on the data published by Antaike, the average import price of bauxite in China increased from US\$66.4 per tonne in 2024 to US\$78.4 per tonne in 2025. Nevertheless, the Board considers the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is fair and reasonable and in the interests of the Company and its Shareholders as a whole, given (i) Shandong Chuangyuan remained profitable in 2025 and the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is still beneficial to increasing the Group's profit attributable to the parent company; and (ii) aside from financial performances, such acquisition will enable the Company to establish a fully self-controlled industrial chain layout.

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The Directors (excluding the independent non-executive Directors, who will provide their view in this circular after considering the letter from the Independent Financial Adviser) consider that (i) the terms of the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (ii) although the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole.

II. THE PROPOSED ACQUISITION OF TONGLIAO SMART MINING

The Principal Terms of the Equity Transfer Agreement of Tongliao Smart Mining

Date

March 17, 2026

Parties

- (1) Inner Mongolia Chuangyuan (as purchaser);
- (2) Innovation Group (as seller); and
- (3) Tongliao Smart Mining

LETTER FROM THE BOARD

Subject Matter

Pursuant to the Equity Transfer Agreement of Tongliao Smart Mining, Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the entire equity interests in Tongliao Smart Mining.

Consideration and Payment

The total consideration of the Proposed Acquisition of Tongliao Smart Mining is RMB1,000,813,100, which shall be paid by Inner Mongolia Chuangyuan to Innovation Group pursuant to the following schedule:

- (i) forty percent (40%) of such consideration, i.e. RMB400,325,200, shall be paid within fifteen (15) business days when all the conditions precedent set out below have been satisfied (the “**First Installment Payment for Tongliao Smart Mining Acquisition**”);
- (ii) forty percent (40%) of such consideration, i.e. RMB400,325,200, shall be paid within fifteen (15) business days from the date of completion of registration and filing in relation to the Proposed Acquisition of Tongliao Smart Mining with the relevant industrial and commercial administration authority, and transfer of all the documents and seals of Tongliao Smart Mining from Innovation Group to Inner Mongolia Chuangyuan; and
- (iii) remaining twenty (20%) of such consideration, i.e. RMB200,162,700, shall be paid within fifteen (15) business days following the completion of payment set out in (ii) above and confirmation among parties regarding no outstanding matters in relation to the Proposed Acquisition of Tongliao Smart Mining.

Approximately 30% of the consideration will be financed by Inner Mongolia Chuangyuan’s internal resources and approximately 70% of the consideration will be financed by its external borrowings. For the avoidance of doubt, the aforementioned funds do not involve any proceeds received by the Company as a result of the Listing. As at March 31, 2026, based on the unaudited management accounts of the Group, the cash and cash equivalents of Inner Mongolia Chuangyuan amounted to approximately RMB1.4 billion (excluding the proceeds received from the Listing), demonstrating that the Company has sufficient resources to settle the considerations.

The consideration was determined after arm’s length negotiations between Inner Mongolia Chuangyuan and Innovation Group with reference to the valuation of the entire equity interests in Tongliao Smart Mining by an independent valuer, China United Appraisal as at December 31, 2025 based on asset-based approach.

In preparing the valuation report, China United Appraisal considered three basic methods: the income approach, the market approach and the asset-based approach. China United Appraisal considered that given that the core asset of Tongliao Smart Mining, the exploration rights, has not yet been fully explored, the coal resource reserves are uncertain, and the development and utilization plan and preliminary design have not yet been prepared, the overall profit expectations are unclear,

LETTER FROM THE BOARD

and future cash flows cannot be reliably predicted. Therefore, the income approach was not selected for this appraisal. Furthermore, no recent transaction cases involving companies of similar size are available, and there are few comparable listed companies of similar size and business structure in the market. Therefore, the market approach was not selected for this appraisal. The asset-based approach, however, reflects the value of the enterprise from the perspective of acquisition and construction, providing a basis for the enterprise's operation, management, and performance evaluation after the economic activity is completed. Therefore, the asset-based approach is suitable for this appraisal. According to the valuation report, the carrying amounts of the total assets, the total liabilities and the net assets of Tongliao Smart Mining were RMB2,923.38 million, RMB1,922.63 million and RMB1,000.75 million, respectively. The appraised value of total assets was RMB2,923.45 million, representing an appreciation rate of 0.002%. The appraised value of total liabilities was RMB1,922.63 million, with no impairment or appreciation. The appraised value of the net assets was RMB1,000.81 million, representing an appreciation rate of 0.01%. Therefore, the appraised value of entire equity interests in Tongliao Smart Mining was RMB1,000.81 million as at December 31, 2025. For further details, please refer to the Valuation Report of Tongliao Smart Mining in Appendix III to this circular.

The original acquisition cost of Tongliao Smart Mining by Innovation Group was RMB1 billion, being the relevant capital contribution to Tongliao Smart Mining made by Innovation Group.

Conditions Precedent

The completion of the Proposed Acquisition of Tongliao Smart Mining is subject to the following conditions precedent being satisfied:

- (i) The Company having obtained the Independent Shareholders' approval at the EGM for the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder;
- (ii) The Company having obtained all other necessary consents and approvals for approving the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder; and
- (iii) Innovation Group having obtained all necessary consents and approvals for approving the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder.

As of the Latest Practicable Date, except for the Independent Shareholders' approval at the EGM as listed in (i) above, all other conditions precedent have been satisfied.

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Completion

Both parties shall procure, assist and cooperate with Tongliao Smart Mining to complete applicable registration and filing in relation to the Proposed Acquisition of Tongliao Smart Mining with the relevant industrial and commercial administration authority within seven (7) business days upon the payment of the First Installment Payment for Tongliao Smart Mining Acquisition.

Information of Tongliao Smart Mining

Tongliao Smart Mining is a limited company established under the laws of PRC on August 29, 2022, which is wholly-owned by Innovation Group as at the Latest Practicable Date. Tongliao Smart Mining is primarily engaged in mining, sales, washing and beneficiation of coal. Tongliao Smart Mining holds the exploration rights for coal resources in the No. 4 coalfield of the Huolinhe mining area in Inner Mongolia. The resource reserves of this coalfield are 962 million tonnes, the recoverable reserves are 481 million tonnes and the planned production capacity is 6 million tonnes/year.

Set out below is the consolidated financial information of Tongliao Smart Mining for the financial years ended December 31, 2024 and 2025, respectively:

	For the year ended December 31,	
	2024	2025
	<i>RMB in millions</i>	<i>RMB in millions</i>
	<i>(Unaudited)</i>	<i>(audited)</i>
Profit before taxation	-0.02	0.82
Profit after taxation	-0.02	0.52

Based on the audited consolidated financial information of Tongliao Smart Mining, the total assets value and net assets value of Tongliao Smart Mining as at December 31, 2025 were approximately RMB2,923.38 million and RMB1,000.75 million, respectively.

As at the Latest Practicable Date, the Company does not hold any equity interests in Tongliao Smart Mining. Upon completion of the Proposed Acquisition of Tongliao Smart Mining, Tongliao Smart Mining will become a wholly-owned subsidiary of the Company and its financial information will be consolidated to the Company's accounts.

LETTER FROM THE BOARD

Reasons and Benefits for the Proposed Acquisition of Tongliao Smart Mining

As mentioned above, the production and sale of electrolytic aluminum is one of the principal businesses of the Company. Power cost constitutes a major production cost of the Company and is a key factor affecting its operating results and market competitiveness. To ensure an adequate and stable power supply, the Company has leveraged the abundant lignite resources in Hologol City, Inner Mongolia, to construct coal-fired power plants in the vicinity of its electrolytic aluminum smelters, thereby providing a stable power supply for electrolytic aluminum production. Fluctuations in coal prices, supply stability and procurement costs are directly related to the control of power costs and the continuity of production operations.

Tongliao Smart Mining is principally engaged in coal mining, sales, coal washing and coal preparation. Tongliao Smart Mining holds the exploration rights for coal resources in the No. 4 coalfield of the Huolinhe mining area in Inner Mongolia. The exploration operations at the No. 4 Coalfield began in July 2025 and the first draft of the exploration report was available in February 2026, which sets out the key information and data of the No. 4 Coalfield, including its resource reserves, recoverable reserves, etc. In addition, at the beginning of 2026, the Company further learned that the preliminary designed production capacity of the No.4 Coalfield is substantially in line with the Company's annual coal consumption. Based on the information with respect to the No.4 Coalfield becoming available in this year, the Company recognized that No. 4 Coalfield was capable of meeting its coal requirements of the power supply for its electrolytic aluminum production. Accordingly, the Company considered Tongliao Smart Mining as a suitable acquisition candidate since then.

It's expected that the No.4 Coalfield will commence operation at the end of 2028. The Company considers that, upon the operation of No. 4 Coalfield, the Proposed Acquisition of Tongliao Smart Mining will: (1) by extending upstream into the core energy segment, further enhance the Company's ability to independently control its industrial chain, stabilize coal supply channels, reduce reliance on externally sourced coal from the market, effectively hedge against operating risks arising from significant fluctuations in coal prices, policy adjustments and other external factors, ensure a stable and reliable electricity supply for the Company's production, and improve overall operating efficiency and sustainable development capabilities; (2) facilitate the further optimization of the Company's industrial chain layout and the deep synergy among energy supply, power generation and aluminum smelting businesses; and (3) reduce the Company's costs in procurement, logistics and intermediate links, lower production costs, improve the profitability of electrolytic aluminum products, enhance the Company's cost advantages and resilience against cyclical fluctuations in industry competition, and provide strong support for the stability of its operating results.

LETTER FROM THE BOARD

Furthermore, although the Company is in the process of exploring wind and solar energy to establish a stable green power aluminum business, it's expected that the Company's proprietary green power plants and proprietary coal-fired thermal power plants will effectively complement each other, and thermal power will assist in peak adjustment, supply-demand balancing and stability enhancement. Such complementary approach optimizes the foresight and flexibility of the Company's power supply management, ensuring a stable and sufficient energy provision. Therefore, the Proposed Acquisition of Tongliao Smart Mining is beneficial to the energy provision optimization and the complementary arrangement between green and thermal power of the Company, and is in line with the Company's business strategy and development plan in the future.

The total capital expenditures on Tongliao Smart Mining to be incurred by the Company upon completion of the Proposed Acquisition of Tongliao Smart Mining is expected to be approximately RMB2,989 million, which is to be fulfilled by the Company during the three years ending on December 31, 2028 as follows: (i) RMB150 million in 2026, all of which will be funded by the Group's internal resources; (ii) RMB797 million in 2027, approximately 30% and 70% of which will be funded by the Group's internal resources and external borrowings, respectively; and (iii) RMB2,042 million in 2028, approximately 30% and 70% of which will be funded by the Group's internal resources and external borrowings, respectively.

The Directors (excluding the independent non-executive Directors, who will provide their view in this circular after considering the letter from the Independent Financial Adviser) consider that (i) the terms of the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (ii) although the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES

The Group

The Company is incorporated in the Cayman Islands as an exempted company with limited liability on July 4, 2023 and its Shares have been listed on the Main Board of the Stock Exchange since November 24, 2025. The Group focuses on alumina refining and aluminum smelting within the upstream of the aluminum industry chain, whose business mainly comprises the production and sales of electrolytic aluminum as well as alumina and other related types of products. As at the Latest Practicable Date, the Company is held as to 72.29% by Bloomsbury Holding, which is wholly owned by Mr. Cui Lixin.

Inner Mongolia Chuangyuan

Inner Mongolia Chuangyuan is a limited company established under the laws of the PRC on May 10, 2012 and an indirectly wholly-owned subsidiary of the Company as at the Latest Practicable Date. Inner Mongolia Chuangyuan is primarily engaged in production and sales of electrolytic aluminum.

Innovation Group

Innovation Group is a limited company established under the laws of the PRC on August 13, 2013, which is held by Mr. Cui Lixin and his associates, namely Yang Aimei, Geng Hongyu and Wang Wei as to 71.82%, 11.82%, 8.18% and 8.18%, respectively, as at the Latest Practicable Date. Innovation Group is a comprehensive enterprise engaged in high-end aluminum alloy production, metal materials research and development, intelligent manufacturing, new energy, carbon products, trade, and logistics.

For the information of Shandong Chuangyuan and Tongliao Smart Mining, please refer to the sections headed “The Proposed Acquisitions – I. The Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan – Information of Shandong Chuangyuan” and “The Proposed Acquisitions – II. The Proposed Acquisition of Tongliao Smart Mining – Information of Tongliao Smart Mining” of this letter, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan and the Proposed Acquisition of Tongliao Smart Mining were entered into on the same date with the same party, such transactions shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisitions, on an aggregated basis, are more than 5% but all of which are less than 25%, the Proposed Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Mr. Cui Lixin is the non-executive Director and one of the controlling Shareholders and Innovation Group is held as to 71.82% by Mr. Cui Lixin. Therefore, Innovation Group is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Proposed Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios in respect of the Proposed Acquisitions, on an aggregated basis, exceed 5%, the Proposed Acquisitions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to Mr. Cui Lixin's interests in Innovation Group, he is considered to have a material interest in the Equity Transfer Agreements and the transactions contemplated thereunder. Therefore, Mr. Cui Lixin has abstained from voting on the relevant Board resolutions in respect of approving the Equity Transfer Agreements and the transactions contemplated thereunder. Save for Mr. Cui Lixin, none of the other Directors has any material interest in the Equity Transfer Agreements and the transactions contemplated thereunder and was required to abstain from voting on the relevant Board resolutions in respect of approving such matters.

RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, has been established and considers that (i) the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (ii) although the Equity Transfer Agreements and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions in relation to the Equity Transfer Agreements and the transactions contemplated thereunder proposed at the EGM. The text of the letter from the Independent Board Committee is set out on page 21 of this circular.

THE EGM

The Company will convene and hold the EGM at 10:00 a.m. on Thursday, April 30, 2026 to consider and, where appropriate, approve the Equity Transfer Agreements and the transactions contemplated thereunder. A notice of the EGM is set out on pages EGM-1 to EGM-3 of this circular. The Company will publish an announcement of the poll results in the manner required under Rule 13.39(5) of the Listing Rules after the conclusion of the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the resolutions to be proposed at the EGM will be voted on by poll.

LETTER FROM THE BOARD

Any Shareholder with a material interest in the Equity Transfer Agreements and the transactions contemplated thereunder shall not vote. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders apart from Bloomsbury Holding, wholly owned by Mr. Cui Lixin, will be required to abstain from voting on the resolutions to approve the Equity Transfer Agreements and the transactions contemplated thereunder at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Bloomsbury Holding; and (ii) no obligation or entitlement of Bloomsbury Holding as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

The register of members of the Company will be closed from April 27, 2026 to April 30, 2026, both days inclusive, during which no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on April 30, 2026 shall be entitled to attend and vote at the EGM. To be eligible for attending and voting at the EGM, all share transfer documents accompanied by the relevant share certificates and other appropriate documents must be lodged with the Company's Hong Kong share registrar, 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 April 24, 2026 for registration.

If you intend to appoint a proxy to attend the EGM, you are required to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the form. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney authorizing the execution of the instrument or other authorization documents shall be notarized and must be served concurrently with the instrument. The form of proxy, together with the copies of the notarized power of attorney or other authorization documents, shall be deposited at the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, no later than 48 hours before the time designated for the EGM or any adjournment thereof (as the case may be) before the form becomes effective. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreements and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Equity Transfer Agreements and the transactions contemplated thereunder, as well as the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice. Having taken into account the terms of the Equity Transfer Agreements and the transactions contemplated thereunder, the information provided in the letter from the Board and the letter from the Independent Financial Adviser, the Independent Board Committee considers that (i) the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable; and (ii) although the Equity Transfer Agreements and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions as set out in the notice of EGM and to be proposed at the EGM for approving the Equity Transfer Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that (i) the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (ii) although the Equity Transfer Agreements and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole, and therefore recommends you to vote in favour of the ordinary resolutions to be proposed at the EGM.

Yours faithfully

For and on behalf of the Board

Chuangxin Industries Holdings Limited

創新實業集團有限公司

Mr. CUI Lixin

Chairman of the Board and Non-executive Director



Chuangxin Industries Holdings Limited

創新實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02788)

April 15, 2026

To the Independent Shareholders

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
PROPOSED ACQUISITION OF THE REMAINING EQUITY INTERESTS
IN SHANDONG CHUANGYUAN
AND
PROPOSED ACQUISITION OF TONGLIAO SMART MINING**

We refer to the circular issued by the Company to the Shareholders dated April 15, 2026 (the “**Circular**”) which this letter forms a part of. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the Equity Transfer Agreements and the transactions contemplated thereunder and to advise you in respect of the Equity Transfer Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” on pages 5 to 20 of the Circular. Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Independent Financial Adviser” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in their letter of advice, we are of the view that (i) the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable; and (ii) although the Equity Transfer Agreements and the transactions contemplated thereunder are not entered in the ordinary and usual course of business of the Group, they are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions for approving the Equity Transfer Agreements and the transactions contemplated thereunder at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Chuangxin Industries Holdings Limited

Mr. LIU Yanzhao
*Independent non-executive
Director*

Ms. ZHENG Juan
*Independent non-executive
Director*

Ms. SHEN Lingyan
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.

Rainbow Capital (HK) Limited

April 15, 2026

To the Independent Board Committee and the Independent Shareholders

Chuangxin Industries Holdings Limited
Zone C
Southwest Industrial Park
Huolinguole, Inner Mongolia
PRC

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
PROPOSED ACQUISITION OF THE REMAINING EQUITY INTERESTS
IN SHANDONG CHUANGYUAN
AND
PROPOSED ACQUISITION OF TONGLIAO SMART MINING**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Acquisitions, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated April 15, 2026 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On March 17, 2026, Inner Mongolia Chuangyuan, a wholly-owned subsidiary of the Company, Innovation Group and Shandong Chuangyuan entered into the Equity Transfer Agreement of Shandong Chuangyuan, pursuant to which Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the remaining 41.5% equity interests in Shandong Chuangyuan at a consideration of RMB525,527,000. On March 17, 2026, Inner Mongolia Chuangyuan, Innovation Group and Tongliao Smart Mining entered into the Equity Transfer Agreement of Tongliao Smart Mining, pursuant to which Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the entire equity interests in Tongliao Smart Mining at a consideration of RMB1,000,813,100.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan and the Proposed Acquisition of Tongliao Smart Mining were entered into on the same date with the same party, such transactions shall be aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Acquisitions, on an aggregated basis, are more than 5% but all of which are less than 25%, the Proposed Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Cui Lixin is the non-executive Director and one of the controlling Shareholders and Innovation Group is held as to 71.82% by Mr. Cui Lixin. Therefore, Innovation Group is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the Proposed Acquisitions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios in respect of the Proposed Acquisitions, on an aggregated basis, exceed 5%, the Proposed Acquisitions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Equity Transfer Agreements and the transactions contemplated thereunder. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group or Innovation Group that could reasonably be regarded as relevant to our independence. There was no engagement or connection between the Group or Innovation Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or Innovation Group. Accordingly, we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules and are qualified to give independent advice in respect of the Proposed Acquisitions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. No material facts have been withheld or omitted from the information provided and referred to in the Circular and all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available and corroborated and substantiated any public information referred to in this letter to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Innovation Group or any of their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Equity Transfer Agreements and the transaction contemplated thereunder are fair and reasonable, we have taken into account the principal factors and reasons set out below:

1. Information of the Parties

The Group

The Group focuses on alumina refining and aluminum smelting within the upstream of the aluminum industry chain, whose business mainly comprises the production and sales of electrolytic aluminum as well as alumina and other related types of products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out in the table below is a summary of the audited consolidated financial information of the Group for the years ended December 31, 2024 and 2025 (“FY2024” and “FY2025”, respectively) as extracted from the Company’s annual results announcement for FY2025:

	FY2025	FY2024
	RMB’000	RMB’000
Revenue	18,680,567	15,163,182
– Electrolytic aluminum	13,621,878	12,883,738
– Alumina and other related types of products	4,416,908	1,849,457
– Others	641,781	429,987
Cost of sales	(14,055,943)	(10,886,722)
Gross profit	4,624,624	4,276,460
– Electrolytic aluminum	4,115,702	3,469,253
– Alumina and other related types of products	204,987	579,601
– Others	303,935	227,606
Other income	106,044	55,243
Other expenses	(18,013)	(11,172)
Listing expenses	(18,367)	(16,438)
Other gains and losses	(116,315)	18,471
Selling and marketing expenses	(2,532)	(563)
Administrative expenses	(388,423)	(279,018)
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets	408	412
Share of results of joint ventures	(26,376)	(851)
Finance costs	(680,184)	(761,647)
Profit before tax	3,480,866	3,280,897
Income tax expense	(561,765)	(651,377)
Profit for the year	2,919,101	2,629,520
Profit for the year attributable to the Shareholders	2,730,811	2,056,227

The Group recorded revenue of approximately RMB18,680.6 million for FY2025, representing a year-on-year increase of approximately 23.2% from approximately RMB15,163.2 million for FY2024, which was primarily attributable to (i) the increase in revenue from electrolytic aluminum products by approximately 5.7% from approximately RMB12,883.7 million for FY2024 to approximately RMB13,621.8 million for FY2025, mainly due to the increase in the sales price of such products in 2025; and (ii) the substantial growth in revenue from alumina and other related types of products by approximately 138.8% from approximately RMB1,849.5 million for FY2024 to approximately RMB4,416.9 million for FY2025, which was primarily driven by the significant expansion in the production and sales volume of such products in 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's gross profit margin was approximately 24.8% for FY2025, representing a decrease of approximately 3.4 percentage points from approximately 28.2% for FY2024, which was mainly due to (i) the decline in gross profit margin of alumina business from 31.3% for FY2024 to 4.6% for FY2025 as a result of the decrease in the sales prices of alumina and other related types of products in 2025; and (ii) partially offset by the increase in gross profit margin of electrolytic aluminum business from 26.9% for FY2024 to 30.2% for FY2025 as a result of the year-on-year increase in the sales price of electrolytic aluminum products and the decrease in product costs. Notwithstanding the decrease in the Group's gross profit margin, the Group's gross profit for FY2025 increased by approximately 8.1% year-on-year, primarily attributable to the overall growth in revenue.

The Group's net profit attributable to the Shareholders for FY2025 was approximately RMB2,730.8 million, representing an increase of approximately 32.8% from approximately RMB2,056.2 million for FY2024, which was mainly due to the increase in gross profit.

As at December 31, 2025, the Group had net assets attributable to the Shareholders of approximately RMB9,623.1 million, representing an increase of approximately RMB8,368.3 million from RMB1,254.7 million as at December 31, 2024. Such increase was mainly due to the net profit generated during the year and the net proceeds of approximately RMB5,637.5 million from the Company's global offering.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Inner Mongolia Chuangyuan

Inner Mongolia Chuangyuan is an indirectly wholly-owned subsidiary of the Company and is primarily engaged in production and sales of electrolytic aluminum.

Innovation Group

Innovation Group is a comprehensive enterprise engaged in high-end aluminum alloy production, metal materials research and development, intelligent manufacturing, new energy, carbon products, trade, and logistics. Innovation Group is owned by Mr. Cui Lixin and his associates.

Shandong Chuangyuan

Shandong Chuangyuan is held by Inner Mongolia Chuangyuan and Innovation Group as to 58.5% and 41.5%, respectively, as at the Latest Practicable Date. Shandong Chuangyuan is primarily engaged in the production and sale of alumina and other related products.

Set out below is the unaudited consolidated financial information of Shandong Chuangyuan for the financial years ended December 31, 2024 and 2025, respectively:

	For the year ended December 31,	
	2024	2025
	<i>RMB in millions</i>	<i>RMB in millions</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit before taxation	2,049.64	359.53
Profit after taxation	1,537.23	269.65

Based on the unaudited consolidated financial information of Shandong Chuangyuan, the total assets value and net assets value of Shandong Chuangyuan as at December 31, 2025 were approximately RMB6,464.82 million and RMB1,305.78 million, respectively. The decrease in net profit for the year ended December 31, 2025 was mainly due to (i) the significant drop in alumina prices in 2025 compared with 2024; and (ii) the increase of market price of bauxite, the raw materials for alumina production, in 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tongliao Smart Mining

Tongliao Smart Mining is wholly-owned by Innovation Group as at the Latest Practicable Date. Tongliao Smart Mining is primarily engaged in mining, sales, washing and beneficiation of coal. Tongliao Smart Mining holds the exploration rights for coal resources in the No. 4 coalfield of the Huolinhe mining area in Inner Mongolia. The resource reserves of this coalfield are 962 million tonnes, the recoverable reserves are 481 million tonnes and the planned production capacity is 6 million tonnes/year.

Set out below is the consolidated financial information of Tongliao Smart Mining for the financial years ended December 31, 2024 and 2025, respectively:

	For the year ended December 31,	
	2024	2025
	<i>RMB in millions</i>	<i>RMB in millions</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
(Loss)/Profit before taxation	(0.02)	0.82
(Loss)/Profit after taxation	(0.02)	0.52

Based on the audited consolidated financial information of Tongliao Smart Mining, the total assets value and net assets value of Tongliao Smart Mining as at December 31, 2025 were approximately RMB2,923.38 million and RMB1,000.75 million, respectively. Tongliao Smart Mining acquired the exploration rights of the No. 4 coalfield of the Huolinhe mining area through an auction in 2025, and as at the Latest Practicable Date, it remained in the exploration stage.

2. Reasons for and benefits of the Proposed Acquisitions

Shandong Chuangyuan

As disclosed in the prospectus (the “**Prospectus**”) of the Company dated 14 November 2025, to facilitate the alumina refining and aluminum smelting segments within the upstream aluminum production stage of the aluminum industry chain and achieve synergy effects, during the reorganization of the Group, Innovation Group transferred in aggregate 58.5% of the equity interests in Shandong Chuangyuan to Inner Mongolia Chuangyuan. The decision to acquire a 58.5% shareholding was made with the aim of securing a controlling interest in Shandong Chuangyuan, thereby optimising synergy effects within the Group’s specialisation in the upstream aluminum industry. As disclosed in the Prospectus, the Group may consider further acquiring the remaining equity interests in Shandong Chuangyuan.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan will (i) enable the Company to establish a fully self-controlled, secure and efficient industrial chain layout, secure the Company's upstream alumina supply capacity, reduce operating risks arising from fluctuations in the market prices of raw materials, ensure the long-term stable operation of production, and enhance the Company's strategic position and risk resilience within the industry; and (ii) grant the Group full control over Shandong Chuangyuan and significantly simplify decision-making process.

In evaluating the reasons and benefits of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan as considered by the Directors, we have performed the following independent work:

- (i) We reviewed the Prospectus and noted that the Proposed Acquisition of the Remaining Equity Interest in Shandong Chuangyuan is in line with the Group's plan disclosed therein. Notwithstanding the significant decline in the net profit of Shandong Chuangyuan for FY2025 as compared to FY2024, Shandong Chuangyuan remained profitable in 2025 and the Proposed Acquisition of the Remaining Equity Interest in Shandong Chuangyuan is strategically intended to secure the supply of raw materials for the production of electrolytic aluminum. During 2024 and the five months ended May 31, 2025, the Group's alumina self-sufficiency rate was approximately 84% and 70%, respectively. As discussed in the section headed "1. Information of the Parties – The Group", the gross profit margin of the Group's electrolytic aluminum business increased from approximately 26.9% for FY2024 to approximately 30.2% for FY2025, which was primarily attributable to the year-on-year increase in the average selling price of electrolytic aluminum products coupled with the reduction in production costs. Accordingly, we are of the view that the Proposed Acquisition of the Remaining Equity Interest in Shandong Chuangyuan will facilitate enhanced cost control and create synergistic effects for the Group's overall operations; and
- (ii) Based on our review of the data published by the Shanghai Futures Exchange, alumina futures prices increased by 43.02% in 2024 but declined by 41.95% in 2025. We consider that obtaining full control of Shandong Chuangyuan, thereby securing a self-sufficient supply of alumina, would help mitigate the impact of significant upstream price volatility on the Company's performance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Tongliao Smart Mining

The aluminum smelting process requires a continuous and stable electricity supply. Electricity costs represent a major portion of production costs for all electrolytic aluminum companies. As disclosed in the Prospectus, leveraging the abundant natural resources in Huolinguole, Inner Mongolia, the Group has established power plants and electricity generation facilities that utilize thermal power. The Group's rate of electricity self-sufficiency was approximately 88% and 87% in 2024 and the five months ended May 31, 2025, respectively. Fluctuations in coal prices, supply stability and procurement costs are directly related to the control of power costs and the continuity of production operations.

As stated in the Letter from the Board, the Proposed Acquisition of Tongliao Smart Mining will: (i) by extending upstream into the core energy segment, further enhance the Company's ability to independently control its industrial chain, stabilize coal supply channels, reduce reliance on externally sourced coal from the market, effectively hedge against operating risks arising from significant fluctuations in coal prices, policy adjustments and other external factors, ensure a stable and reliable electricity supply for the Company's production, and improve overall operating efficiency and sustainable development capabilities; (ii) facilitate the further optimization of the Company's industrial chain layout and the deep synergy among energy supply, power generation and aluminum smelting businesses; and (iii) reduce the Company's costs in procurement, logistics and intermediate links, lower production costs, improve the profitability of electrolytic aluminum products, enhance the Company's cost advantages and resilience against cyclical fluctuations in industry competition, and provide strong support for the stability of its operating results.

The exploration operations at the No. 4 Coalfield began in July 2025 and the first draft of the exploration report was available in February 2026, which sets out the key information and data of the No. 4 Coalfield, including its resource reserves, recoverable reserves, etc. It's expected that the No.4 Coalfield will commence operation at the end of 2028. The total capital expenditures on Tongliao Smart Mining to be incurred by the Company upon completion of the Proposed Acquisition of Tongliao Smart Mining is expected to be approximately RMB2,989 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In this regard, we have obtained and reviewed the draft exploration report. We noted that Tongliao Smart Mining has established preliminary operation plan for the No. 4 Coalfield. Taking into account that (i) the No. 4 Coalfield is expected to commence operation by the end of 2028, which is not in the distant future and allows the relevant resources to be converted into economic benefits to the Group within a reasonably foreseeable period; (ii) if the acquisition were postponed until after the completion of the exploration work, the valuation based on an income approach may increase significantly compared with the current valuation based on the asset-based approach, thereby potentially raising the acquisition cost; (iii) approximately RMB1,002 million of the expected capital expenditures will be funded by the Group's internal resources over the next three years, while the Group recorded net cash flows generated from operating activities of approximately RMB4,925 million for FY2025, which is sufficient to cover the relevant internal funding needs and is not expected to have material adverse impact on the Group's cash flow; (iv) the remaining capital expenditures of approximately RMB1,987 million will be funded by external borrowings, which would increase the Company's gearing ratio from 64.1% as at 31 December 2025 to approximately 66.4%, without resulting in material adverse impact; and (v) the acquisition of coal resources will enhance the Group's energy security and is consistent with the Group's long-term development strategy, we consider the Proposed Acquisition of Tongliao Smart Mining to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

Taking into account the above factors, we concur with the Directors that the Proposed Acquisitions are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the Equity Transfer Agreements

Shandong Chuangyuan

Pursuant to the Equity Transfer Agreement of Shandong Chuangyuan, Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the remaining 41.5% equity interests in Shandong Chuangyuan. The total consideration of the Proposed Acquisition of the Remaining Equity Interests in Shandong Chuangyuan is RMB525,527,000. The consideration will be financed by Inner Mongolia Chuangyuan's internal resources and external borrowings.

The consideration was determined after arm's length negotiations between Inner Mongolia Chuangyuan and Innovation Group with reference to the valuation of the 41.5% equity interests in Shandong Chuangyuan (the "**Shandong Chuangyuan Valuation**") by an independent valuer, Huayong Appraisal as at December 31, 2025 (the "**Valuation Reference Date**") based on asset-based approach. The valuation prepared by Huayong Appraisal for the 41.5% equity interests in Shandong Chuangyuan as at December 31, 2025 is RMB525,527,000.

In assessing the fairness and reasonableness of the Shandong Chuangyuan Valuation, we have taken into the following factors:

(i) Qualification and scope of work of Huayong Appraisal

We have reviewed Huayong Appraisal's qualification and experience in conducting valuation. We noted that Huayong Appraisal is a valuation firm independent with the Group and Innovation Group. It is principally engaged in provision of asset valuation services and has experience serving listed companies, including, among others, China Hongqiao Group Limited and Weiqiao Textile Company Limited.

We have reviewed the terms of Huayong Appraisal's engagement agreement with the Company, in particular, their scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in the valuation report.

Based on the above, we are of the view that the scope of work of Huayong Appraisal is appropriate and Huayong Appraisal is qualified to perform the valuation. We therefore consider it appropriate to rely on their work and opinion.

(ii) Valuation methodologies and assumptions

We have reviewed the valuation report and discussed with Huayong Appraisal the methodologies, bases and assumptions adopted in arriving at the Shandong Chuangyuan Valuation. Huayong Appraisal has considered three generally accepted approaches, namely, market approach, income approach, and asset-based approach and adopted the asset-based approach in the Shandong Chuangyuan Valuation. We concur with Huayong Appraisal that the asset-based approach is the most appropriate valuation methodology after considering the following factors:

- (a) Shandong Chuangyuan is a non-listed company, and there is a scarcity of publicly available transactions involving companies with business structures, asset scales and profitability levels that closely match those of Shandong Chuangyuan. In addition, key operating data, financial metrics and transaction backgrounds of comparable transactions are not fully accessible. Accordingly, the market approach was considered not appropriate;
- (b) the income approach requires significant level of unobservable and subjective assumptions. Shandong Chuangyuan is principally engaged in the production and sale of alumina and related products. The prices of such products are subject to significant fluctuations driven by multiple factors, including upstream raw material supply, downstream market demand and industry policy adjustments. As a result, the future scale of operations and profitability of Shandong Chuangyuan cannot be reasonably or reliably forecast, and the conditions for applying the income approach are not satisfied; and
- (c) the asset-based approach determines equity value by assessing the fair values of the enterprise's individual assets and liabilities, and deriving the net value by deducting the appraised value of liabilities from the aggregate appraised value of the assets. Given that Shandong Chuangyuan's assets and liabilities are identifiable and that Huayong Appraisal was able to perform valuations on each of them, the asset-based approach was considered the most appropriate.

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In addition to the factors above considered by Huayong Appraisal, we have also taken into account that: (a) the significant volatility in alumina prices in 2024 and 2025 makes it difficult to accurately forecast Shandong Chuangyuan's future cash flows; (ii) although we considered the comparable company approach under the market approach, the only Hong Kong-listed company primarily engaged in alumina production (i.e. contributing over 50% of total revenue), Nanshan Aluminium International Holdings Limited (stock code: 2610), is substantially larger in scale than Shandong Chuangyuan and therefore not comparable; and (iii) we also extended our search to include companies listed on the Shanghai and Shenzhen Stock Exchanges, but we did not identify any listed peers that derive more than 50% of their total revenue from alumina production. Accordingly, we concur with Huayong Appraisal that the asset-based approach is the most appropriate valuation methodology, and we did not adopt alternative valuation approaches to cross-check the valuation results.

We have also reviewed the key assumptions adopted by Huayong Appraisal and consider the assumptions to be standard and consistent with market practices. These assumptions include, but not limited to, the going concern status of the target company, the absence of material changes in the macroeconomic environment, and the accuracy of the information provided by management. We consider that Huayong Appraisal has not adopted any unreasonable assumptions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iii) Valuation

The following table sets forth the difference between the appraised value and the net book value of the assets and liabilities of Shandong Chuangyuan as at 31 December 2025:

	Book Value as at 31 December 2025	Fair Value as at 31 December 2025	Difference
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	<i>A</i>	<i>B</i>	<i>C= B-A</i>
Current Assets	2,666.27	2,652.89	(13.38)
Non-current Assets:	3,798.55	3,771.61	(26.94)
– Fixed assets	3,188.88	3,157.56	(31.32)
– Construction in progress	7.68	–	(7.68)
– Engineering materials	19.70	18.22	(1.48)
– Intangible assets	425.11	438.64	13.53
– Right-of-use assets	157.19	157.19	–
Total Assets	6,464.82	6,424.50	(40.32)
Current Liabilities	3,417.32	3,417.32	–
Non-current Liabilities	1,741.72	1,740.85	(0.87)
Total Liabilities	5,159.04	5,158.17	(0.87)
Net Assets	1,305.78	1,266.33	(39.45)

We noted that the appraised net asset value of Shandong Chuangyuan is RMB1,266.33 million, representing a decrease of approximately 3.02% from its book value of RMB1,305.78 million. The decrease in appraised value was mainly due to (a) a decrease of RMB13.38 million in current assets, (b) a decrease of RMB31.32 million in fixed assets; and (c) a decrease of RMB7.68 million in construction-in-progress, partially offset by an increase of RMB13.53 million in intangible assets.

We have reviewed and discussed with Huayong Appraisal the reasons for the major differences between the appraised value and the book value mentioned above:

- (a) The decrease in the appraised value of current assets was mainly due to the decline in market prices of certain inventories as at the Valuation Reference Date. In assessing the market prices adopted by Huayong Appraisal, we have independently searched the market prices for such inventories on the websites of Sublime China Information (<https://www.sci99.com/>) and BAIINFO (<http://www.baiinfo.com>), which are independent and well recognized commodity information provider in the PRC, and no material differences were identified compared to the prices adopted by Huayong Appraisal;

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- (b) The decrease in the appraised value of fixed assets was primarily attributable to the inclusion of unreasonable capitalised financing costs and deferred expenses in the book value of certain equipment. The unreasonable capitalised financing costs primarily arose from the excessive capitalisation of interest, as the actual construction periods exceeded reasonable timelines and the interest rates during the construction periods were higher than those at the Valuation Benchmark Date. Furthermore, the deferred expenses are overstated because the book value of certain fixed assets retained the value of original components removed during renovation. The appraised value of equipment assets is determined by the replacement cost and the comprehensive newness rate. Based on on-site inspection results, the current technical status of the equipment assets, and considering factors such as manufacturer, useful life, utilization rate, working environment, and maintenance, the newness rate is comprehensively determined by applying the useful-life method and the observation scoring method. The comprehensive newness rates adopted by Huayong Appraisal range from 15% to 100%. Based on our review, we noted the comprehensive newness rates to be generally consistent with the equipment assets' service history and consider the comprehensive newness rates adopted by Huayong Appraisal to be fair and reasonable;
- (c) The decrease in the appraised value of construction-in-progress resulted from projects that had already been classified as fixed assets and reflected in the appraised value of fixed assets;
- (d) The appreciation in the appraised value of intangible assets was due to a significant increase in land prices as at the Valuation Reference Date compared with the land acquisition cost. Considering that the book value of the land use rights represents the original acquisition cost less accumulated amortization, we consider that it is reasonable to determine the appraised value with reference to the latest market prices. Shandong Chuangyuan's intangible assets mainly consist of land use rights. In arriving the valuation of the land use rights, the market comparison method and the benchmark land premium coefficient correction method were adopted by Huayong Appraisal. The market comparison method and the benchmark land premium coefficient correction method determine the appraised value of the subject land by adjusting the market price and the locally published benchmark land price, respectively. These adjustments account for differences between the subject land and the comparable transactions or benchmark lands in terms of region, land use term, plot ratio, and other micro conditions. We have obtained and reviewed the price adjustments made by Huayong Appraisal for each land and we consider that these adjustments fairly and reasonably reflect the differences between the subject land and the comparable lands.

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Based on the above review, we consider that Huayong Appraisal has reasonably assessed each asset and liability of Shandong Chuangyuan, and the appraised values do not differ materially from their respective book values. The consideration of RMB525,527,000 represents 41.5% of the appraised value of RMB1,266.33 million.

Tongliao Smart Mining

Pursuant to the Equity Transfer Agreement of Tongliao Smart Mining, Inner Mongolia Chuangyuan shall conditionally acquire, and Innovation Group shall conditionally sell, the entire equity interests in Tongliao Smart Mining. The total consideration of the Proposed Acquisition of Tongliao Smart Mining is RMB1,000,813,100. The consideration will be financed by Inner Mongolia Chuangyuan's internal resources and external borrowings.

The consideration was determined after arm's length negotiations between Inner Mongolia Chuangyuan and Innovation Group with reference to the valuation of the entire equity interests in Tongliao Smart Mining (the "**Tongliao Smart Mining Valuation**") by an independent valuer, China United Appraisal as at December 31, 2025 based on asset-based approach. The valuation prepared by China United Appraisal for the entire equity interests in Tongliao Smart Mining as at December 31, 2025 is RMB1,000,813,100.

In assessing the fairness and reasonableness of the Tongliao Smart Mining Valuation, we have taken into the following factors:

(i) Qualification and scope of work of China United Appraisal

We have reviewed China United Appraisal's qualification and experience in conducting valuation. We noted that China United Appraisal is a valuation firm independent with the Group and Innovation Group. It is principally engaged in provision of asset valuation services and has experience serving listed companies, including, among others, Aluminum Corporation of China Limited, Harbin Electric Company Limited.

We have reviewed the terms of China United Appraisal's engagement agreement with the Company, in particular, their scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in the valuation report.

Based on the above, we are of the view that the scope of work of China United Appraisal is appropriate and China United Appraisal is qualified to perform the valuation. We therefore consider it appropriate to rely on their work and opinion.

(ii) Valuation methodologies and assumptions

We have reviewed the valuation report and discussed with China United Appraisal the methodologies, bases and assumptions adopted in arriving at the Tongliao Smart Mining Valuation. China United Appraisal has considered three generally accepted approaches, namely, market approach, income approach, and asset-based approach and adopted the asset-based approach in the Tongliao Smart Mining Valuation. We concur with China United Appraisal that the asset-based approach is the most appropriate valuation methodology after considering the following factors:

- (a) as the exploration right held by Tongliao Smart Mining has not yet completed the exploration process, it is difficult to identify comparable listed companies or comparable transactions. Accordingly, the market approach was considered not appropriate;
- (b) given that the exploration right held by Tongliao Smart Mining has not yet completed the exploration process, the coal reserve volume remains uncertain, and the development and design plan has not yet been finished, Tongliao Smart Mining's overall profitability outlook is uncertain and the future cash flows cannot be reliably estimated. Accordingly, the income approach was considered not appropriate; and
- (c) the asset-based approach determines equity value by assessing the fair values of the enterprise's individual assets and liabilities, and deriving the net value by deducting the appraised value of liabilities from the aggregate appraised value of the assets. Given that Tongliao Smart Mining's assets and liabilities are identifiable and that China United Appraisal was able to perform valuations on each of them, the asset-based approach was considered the most appropriate.

Taking into account that Tongliao Smart Mining is still in the exploration stage, we concur with the above views of China United Appraisal and we did not adopt alternative valuation approaches to cross-check the valuation results.

We have also reviewed the key assumptions adopted by China United Appraisal and consider the assumptions to be standard and consistent with market practices. These assumptions include, but not limited to, the going concern status of the target company, the absence of material changes in the macroeconomic environment, and the accuracy of the information provided by management. We consider that China United Appraisal has not adopted any unreasonable assumptions.

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(iii) Valuation

The following table sets forth the difference between the appraised value and the net book value of the assets and liabilities of Tongliao Smart Mining as at 31 December 2025:

	Book Value as at 31 December 2025 RMB million A	Fair Value as at 31 December 2025 RMB million B	Difference RMB million C= B-A
Current Assets	3.48	3.48	–
Non-current Assets:	2,919.90	2,919.97	0.07
– Construction in progress	64.65	64.72	0.07
– Intangible assets	2,855.25	2,855.25	–
Total Assets	2,923.38	2,923.45	0.07
Current Liabilities	22.63	22.63	–
Non-current Liabilities	1,900.00	1,900.00	–
Total Liabilities	1,922.63	1,922.63	–
Net Assets	1,000.75	1,000.81	0.07

We noted that the appraised net asset value of Tongliao Smart Mining is RMB1,000.81 million, representing an increase of approximately 0.01% from its book value of RMB1,000.75 million.

The principal asset of Tongliao Smart Mining is its intangible asset, the exploration right. As the exploration work has not been completed, the income approach could not be applied to assess the value of the exploration right. China United Appraisal therefore adopted the verified, unamortised original book value of the exploration right, being the consideration paid for the exploration right, as the appraised value. In this regard, we have reviewed the “Public Announcement of the Results of the Listing and Transfer of Exploration Rights” published by the Department of Natural Resources of Inner Mongolia Autonomous Region, which stated that Tongliao Smart Mining won the bid for the exploration right on March 24, 2025 for RMB2,855.25 million. Given that the auction price reflects the market value of the exploration rights and the transaction occurred in 2025, we consider it reasonable to adopt the winning bid as the appraised value.

Based on our review, the valuation appreciation of construction in progress arises from the exploration engineering costs for the exploration rights. The appraised value of the exploration engineering costs includes the carrying amount and the cost of capital. We have reviewed the interest rates used by China United Appraisal to calculate the cost of capital and consider them to be consistent with the prevailing market rates of the People’s Bank of China and major commercial banks in the PRC.

Based on the above review, we consider that China United Appraisal has reasonably assessed each asset and liability of Tongliao Smart Mining, and the appraised values do not differ materially from their respective book values. The consideration of RMB1,000,813,100 is equal to the appraised net asset value of Tongliao Smart Mining.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conclusion

Based on the above, we are of the view that the Shandong Chuangyuan Valuation and the Tongliao Smart Mining Valuation are fair and reasonable and accordingly the terms of the Equity Transfer Agreements are fair and reasonable.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Equity Transfer Agreements are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that, although the entering into of the Equity Transfer Agreements is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Equity Transfer Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the 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. DISCLOSURE OF INTERESTS

Interests and short positions of the Directors and the chief executive of the Company in shares and underlying shares

As at the Latest Practicable Date, the Directors and chief executive of the Company had the following 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 are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange:

(a) *Interests in shares and underlying shares of the Company*

Name of Director	Capacity/Nature of interest	Number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of shareholding in the Company ⁽²⁾
Mr. Cui Lixin ⁽³⁾	Interests in controlled corporation	1,500,000,000	72.29%
	Total	<u>1,500,000,000</u>	<u>72.29%</u>

Notes:

- (1) All interests stated are long positions.
- (2) As at the Latest Practicable Date, the Company had 2,075,000,000 issued Shares.
- (3) Bloomsbury Holding, which is wholly owned by Mr. Cui Lixin, directly held 1,500,000,000 Shares of the Company as of the Latest Practicable Date. As such, Mr. Cui Lixin is deemed to be interested in the Shares held by Bloomsbury Holding.

(b) Interests in associated corporations

Name of associated corporation	Name of shareholder	Nature of interest	Approximate percentage of shareholding in associated corporation
Shandong Chuangyuan ⁽¹⁾	Mr. Cui Lixin	Interests in controlled corporation	41.5%
Bloomsbury Holding ⁽²⁾	Mr. Cui Lixin	Beneficial owner	100%

Notes:

- (1) As at the Latest Practicable Date, Shandong Chuangyuan was owned as to 41.5% by Innovation Group, which was in turn owned as to 71.82% by Mr. Cui Lixin. As such, Mr. Cui Lixin is deemed to be interested in the equity interests in Shandong Chuangyuan held by Innovation Group under the SFO.
- (2) As at the Latest Practicable Date, Bloomsbury Holding was directly wholly owned by Mr. Cui Lixin.

Save as disclosed above, as at the Latest Practicable date, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the persons (other than Directors and chief executive of the Company) or corporations who had an interest or short position in the shares and/or underlying shares of the Company which has to be disclosed to the Company under the provisions of 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 Shareholder	Capacity	Number of Shares/ underlying Shares held ⁽¹⁾	Approximate percentage of interest ⁽²⁾
Mr. Cui ⁽³⁾	Interests in controlled corporation	1,500,000,000	72.29%
Bloomsbury Holding ⁽³⁾	Beneficial owner	1,500,000,000	72.29%

Notes:

- (1) All interests stated are long positions.
- (2) As at the Latest Practicable Date, the Company had 2,075,000,000 issued Shares.
- (3) Bloomsbury Holding, which is wholly owned by Mr. Cui Lixin, directly held 1,500,000,000 Shares as of the Latest Practicable Date. As such, Mr. Cui Lixin is deemed to be interested in the Shares held by Bloomsbury Holding.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any persons (other than Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein. Save as disclosed above, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

4. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company, under which they agreed to act as executive Directors for an initial term of three years commencing from his or her respective date of appointment. Either party has the right to give not less than three-month prior written notice to terminate the contract.

Each of the non-executive Director and the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from his or her respective date of appointment or until the third annual general meeting of the Company after the date of the Listing (whichever is earlier) (subject to re-election as and when required under the articles of association of the Company) or until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than three month's prior notice in writing.

Save as disclosed above, as at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) save as the equipment to be leased by the Group from Innovation New Material Technology Co., Ltd. (“**Innovation New Material**”) pursuant to the the products and services procurement and equipment leasing framework agreement dated March 17, 2026 entered into between the Company and Innovation New Material, an associate of Mr. Cui Lixin (please refer to the announcement of the Company dated March 17, 2026 for details), none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group;
- (b) other than Mr. Cui Lixin who serves as a director of Bloomsbury Holding, none of the Directors is also an employee or director of any substantial Shareholder of the Company; and
- (c) other than Mr. Cui Lixin who is interested in (i) the continuing connected transactions as disclosed in the section headed “Connected Transactions” in the Prospectus; (ii) the products and services procurement and equipment leasing framework agreement dated March 17, 2026 entered into between the Company and Innovation New Material as disclosed in the announcement of the Company dated March 17, 2026; and (iii) the Equity Transfer Agreements, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the business of the Group.

6. QUALIFICATION OF EXPERTS AND CONSENTS

The qualifications of the experts who have given an opinion or advice in this circular are as follow:

Name	Qualification
Rainbow Capital (HK) Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Shandong Huayong Assets Appraisal Co., Ltd.	independent professional valuer
China United Assets Appraisal Group Co., Ltd.	independent professional valuer

As at the Latest Practicable Date, each of the experts mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors have confirmed that there is no material adverse change in the financial or trading position of the Company since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

A copy of the Equity Transfer Agreement of Shandong Chuangyuan and the Equity Transfer Agreement of Tongliao Smart Mining will be available on display online on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (www.innovationigi.com) from the date of this circular up to and including the date of the EGM (being a period of not less than 14 days).

This report was prepared in accordance with China Asset Appraisal Standards

**THE VALUE OF TOTAL SHAREHOLDERS' EQUITY IN
SHANDONG CHUANGYUAN NEW MATERIAL TECHNOLOGY CO., LTD.
IN RESPECT OF THE EQUITY TRANSACTION BETWEEN
SHANDONG INNOVATION GROUP CO., LTD. AND
INNER MONGOLIA CHUANGYUAN METAL CO., LTD.
ASSET VALUATION REPORT
Lu Hua Ping Bao Zi (2026) No. 11**

(Volume 1 of 1)

**Shandong Huayong Assets Appraisal Co., Ltd.
March 2, 2026**

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STATEMENT

(I) This asset valuation report is prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and the Professional Codes of Ethics issued by the China Appraisal Society.

(II) The principals or other users of this asset valuation report shall use the asset valuation report in accordance with the provisions of laws, administrative regulations and the scope of use specified in the asset valuation report. The asset appraisal agency and its asset valuers take no liability in case of violation of the aforesaid provisions by the principals or other users of the asset valuation report in their use of the asset valuation report.

(III) The asset valuation report is only intended to be used by the principals, other users of the asset valuation report as specified in the asset valuation engagement contract and users of the asset valuation report as stipulated by laws and administrative regulations. Save for the above, no other institution or individual shall be deemed as users of the asset valuation report.

(IV) The asset appraisal agency and its asset valuation professionals remind users of the asset valuation report to correctly interpret the valuation conclusion, which does not represent the realisable price of the valuation target and may not be deemed as a guarantee for the realisable price of the valuation target.

(V) The asset appraisal agency and its asset valuation professionals are in compliance with the laws, administrative regulations and rules for asset appraisal with adherence to the principles of independence, objectivity and impartiality, and assume responsibility for the asset valuation report issued in accordance with laws.

(VI) The asset list related to the valuation target was reported by the asset owners, who is legally responsible for the authenticity, completeness and legality of the information provided by them.

(VII) The asset appraisal agency and its asset valuation professionals have no any existing or expected interest in the valuation target in the valuation report and any relevant parties, nor any bias in respect of the relevant parties.

(VIII) The asset valuers have conducted on-site inspections on the valuation target and the assets involved in the valuation report. The asset valuers have paid necessary attention to the legal ownership status of the valuation target and the assets involved, verified the legal ownership information of the valuation target and the assets involved, made proper disclosure regarding identified issues; and requested the asset owners and other relevant parties to perfect the titles in order to fulfil the requirements for the issuance of the asset valuation report.

(IX). The analyses, judgements and results in the asset valuation report issued by the asset appraisal agency are subject to the assumptions and restrictions set out therein. Users of the asset valuation report shall fully consider the assumptions, restrictions and descriptions of specific issues set out in the asset valuation report and their impact on the valuation conclusion.

(X) The asset appraisal agency and its asset valuers possess the necessary practice qualifications and professional competence for this valuation engagement. No other appraisal agency or expert work results were used during the valuation process.

**THE VALUE OF TOTAL SHAREHOLDERS' EQUITY IN
SHANDONG CHUANGYUAN NEW MATERIAL TECHNOLOGY CO., LTD.
IN RESPECT OF THE EQUITY TRANSACTION BETWEEN
SHANDONG INNOVATION GROUP CO., LTD. AND
INNER MONGOLIA CHUANGYUAN METAL CO., LTD.**

**SUMMARY OF
ASSET VALUATION REPORT
Lu Hua Ping Bao Zi (2026) No. 11**

To Shandong Innovation Group Co., Ltd. (山東創新集團有限公司) and Inner Mongolia Chuangyuan Metal Co., Ltd. (內蒙古創源金屬有限公司):

Shandong Huayong Assets Appraisal Co., Ltd. (山東華永資產評估有限公司) has been engaged by Shandong Innovation Group Co., Ltd. and Inner Mongolia Chuangyuan Metal Co., Ltd., to appraise the market value of the total shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd. (山東創源新材料科技有限公司) as at December 31, 2025, by using generally accepted asset valuation methods in accordance with necessary valuation procedures and the requirements of relevant laws, regulations and asset valuation standards and under the principle of independence, objectivity and impartiality. The key information and the valuation conclusions from the main text of the valuation report are summarized as follows:

I. PURPOSE OF VALUATION

Shandong Innovation Group Co., Ltd. intends to transfer its equity interests in Shandong Chuangyuan New Material Technology Co., Ltd. to Inner Mongolia Chuangyuan Metal Co., Ltd. The purpose of this valuation is to express a professional opinion on the fair market value of all shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd. as at the valuation benchmark date, so as to provide value reference for this equity transaction.

II. TARGET AND SCOPE OF VALUATION

Target of valuation: the value of all shareholders' equity of Shandong Chuangyuan New Material Technology Co., Ltd.

Scope of valuation: all assets and liabilities of Shandong Chuangyuan New Material Technology Co., Ltd. as at the valuation benchmark date.

III. TYPE OF VALUE: Market value

IV. VALUATION BENCHMARK DATE: December 31, 2025

V. VALUATION APPROACHES: Cost approach (asset-based approach)

VI. VALUATION CONCLUSION

After implementing the asset valuation procedures and methods, and based on the assumptions disclosed in this report, the value of all shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd. as at December 31, 2025 is: RMB one billion two hundred and sixty-six million three hundred and thirty thousand one hundred only (**RMB1,266.3301 million**).

VII. VALIDITY PERIOD OF THE VALUATION REPORT

This report is valid for one year from December 31, 2025, the valuation benchmark date.

VIII. SPECIAL MATTERS AFFECTING THE VALUATION CONCLUSION

Users of the asset valuation report should fully consider the assumptions, limiting conditions, notes on special matters, and their impact on the valuation conclusion stated in the report.

The following matters are beyond the practice level and competence of the company's asset valuers to value and estimate, but may indeed affect the valuation conclusions. Users of the valuation report are advised to pay particular attention to:

(i) The financial position as of December 31, 2025 provided by Shandong Chuangyuan New Material Technology Co., Ltd. was reasonably adjusted by the valuers after performing the valuation procedures. The adjusted financial position was verified and confirmed by Shandong Chuangyuan New Material Technology Co., Ltd. This valuation was conducted based on the adjusted data. Users of this report are hereby reminded to take note of this fact.

(ii) The valuation conclusion in this report reflects the fair value of the valuation target determined according to the principles of the open market under this valuation purpose. The valuation conclusion shall not be considered a guarantee of the realisable price of the valuation target.

(iii) Shandong Chuangyuan New Material Technology Co., Ltd., as a guarantor, provided guarantees for short-term loans, project financing, and letters of credit of Inner Mongolia Chuangyuan Metal Co., Ltd. with several banks including Huolin Gol Sub-branch of ICBC and Tongliao Huolinhe Sub-branch of MENGSAHNG BANK, with a repayment obligation of RMB6,252.00 million.

(iv) Incomplete or defective title documents

As of the valuation benchmark date, some of the houses and buildings under this valuation have completed property rights registration, and the floor area was based on the area stated in the certificates; for houses and buildings without property rights registration, the floor area was based on the area measured on-site by the valuers and confirmed by the asset owners. If the enterprise needs to complete property rights registration at a later stage, the floor area should be based on the survey area issued by an institution with surveying and mapping qualifications. If there is a significant difference in area, the valuation conclusion should be adjusted based on the survey area.

(v) Limitations of and treatments on the asset valuation procedures and relevant impacts on valuation conclusions

During this valuation, the asset valuers did not perform technical detection on the concealed works and internal structures (parts that were invisible to naked eyes) of houses and buildings and machinery and equipment. This valuation conclusion was a judgment made through on-site investigation without the aid of any detection instruments assuming that relevant engineering data provided by the appraised entity was true and valid.

IMPORTANT NOTE

The above content is extracted from the main text of the valuation report. To comprehend the details of this valuation project and properly understand the valuation conclusions, readers should read the main text of the asset valuation report and pay special attention to the type of value and its definition, valuation assumptions and limiting conditions, notes on special matters, and their impact on the valuation conclusion.

**THE VALUE OF TOTAL SHAREHOLDERS' EQUITY IN
SHANDONG CHUANGYUAN NEW MATERIAL TECHNOLOGY CO., LTD.
IN RESPECT OF THE EQUITY TRANSACTION BETWEEN
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**MAIN TEXT OF
ASSET VALUATION REPORT
Lu Hua Ping Bao Zi (2026) No. 11**

To Shandong Innovation Group Co., Ltd. (山東創新集團有限公司) and Inner Mongolia Chuangyuan Metal Co., Ltd.(內蒙古創源金屬有限公司):

Shandong Huayong Assets Appraisal Co., Ltd.(山東華永資產評估有限公司) has been engaged by Shandong Innovation Group Co., Ltd. and Inner Mongolia Chuangyuan Metal Co., Ltd., to appraise the market value of the total shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd. (山東創源新材料科技有限公司) as at December 31, 2025, by using generally accepted asset valuation methods in accordance with necessary valuation procedures and the requirements of relevant laws, regulations and asset valuation standards and under the principle of independence, objectivity and impartiality. The asset valuation is hereby reported as follows:

I. THE PRINCIPALS, OWNER OF THE ASSETS AND OTHER USERS OF THE ASSET VALUATION REPORT OTHER THAN THE PRINCIPALS

(I) The principals: Shandong Innovation Group Co., Ltd. and Inner Mongolia Chuangyuan Metal Co., Ltd.

Basic Information of principal 1: Shandong Innovation Group Co., Ltd.

Shandong Innovation Group Co., Ltd. was established with approval from the Binzhou Zouping Administration for Market Regulation and holds a business license.

Unified Social Credit Code: 913716260757806974

Organization Type: Limited liability company (Invested or controlled by natural persons)

Legal Representative: Wang Wei (王偉)

Registered Capital: RMB300.00 million

Date of Establishment: August 13, 2013

Registered Address: North Side, East End of Huixian Fifth Road, Zouping, Binzhou City, Shandong Province (山東省濱州市鄒平市會仙五路東首北側)

Scope of Business: General items: investment activities with own funds; information consulting services (excluding licensed information consulting services); metal ore sales; non-metallic ore and its product sales; property management; vegetable cultivation; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (except for items subject to approval in accordance with laws, business activities can be conducted independently with the business license in accordance with laws).

Basic Information of principal 2: Inner Mongolia Chuangyuan Metal Co., Ltd.

Inner Mongolia Chuangyuan Metal Co., Ltd. was established with approval from the Hologola Administration for Market Regulation and holds a business license.

Unified Social Credit Code: 911505815973313970

Organization Type: Limited liability company (sole proprietorship of legal person invested or controlled by non-natural persons)

Legal Representative: Cao Yong (曹勇)

Registered Capital: RMB5,370.00 million

Date of Establishment: May 10, 2012

Registered Address: Area C, Southwest Industrial Park, Hologola, Tongliao City, Inner Mongolia Autonomous Region (內蒙古自治區通遼市霍林郭勒市市區西南工業園區C區內)

Scope of Business: General items: metal material manufacturing; common non-ferrous metal smelting; metal product sales; graphite and carbon product sales; synthetic material sales; coal and its product sales; mechanical equipment leasing; non-residential real estate leasing; labor services (excluding labor dispatch); import/export of goods. (Except for items subject to approval in accordance with laws, business activities can be conducted independently with the business license in accordance with laws) Permitted projects: Power generation, power transmission, power supply (distribution) business; catering services. (For items subject to approval in accordance with laws, business activities can only be conducted upon approval by the relevant authorities, specific business items shall be subject to approval documents or permits from relevant authorities)

(II) Appraised entity: Shandong Chuangyuan New Material Technology Co., Ltd.

1. Basic Information

Shandong Chuangyuan New Material Technology Co., Ltd. was established with approval from the Binzhou Wudi County Administration for Market Regulation and holds a business license.

Unified Social Credit Code: 91371623MA3NJE136L

Organization Type: Other limited liability company

Legal Representative: Guo Wei (郭偉)

Registered Capital: RMB450.00 million

Date of Establishment: November 12, 2018

Address: North of Zhahe Bridge, North Side of Yanhe Road, Chengkou Town, Wudi County, Binzhou City, Shandong Province (山東省濱州市無棣縣埕口鎮貳河橋以北、沿河路北側)

Scope of Business: General items: production and sales of alumina, aluminum hydroxide, chemical alumina; wholesale and retail of ash, coal slag, iron powder, red mud, bentonite, water purifier, corundum, coal ash, desulfurized gypsum, calcium oxalate, refractory materials, building materials; heat supply; electricity supply; cargo transport agency services; logistics services; public service platform system services; import and export business within the scope of filing (For items subject to approval in accordance with laws, business activities can only be conducted upon approval by the relevant authorities).

2 History

Shandong Chuangyuan New Material Technology Co., Ltd. (formerly known as Shandong Luyu Bochuang Aluminum Co., Ltd. (山東魯渝博創鋁業有限公司)) was established on November 12, 2018, funded by Chongqing Bosai Mining (Group) Co., Ltd. (重慶市博賽礦業(集團)有限公司) with a registered capital of RMB183.60 million and its capital contribution of 100%.

In February 7, 2019, Chongqing Bosai Mining (Group) Co., Ltd. transferred 100% of its equity interests in Shandong Chuangyuan Company to Shandong Innovation Group Co., Ltd. Upon the transfer, Shandong Innovation Group Co., Ltd. held 100% of its equity interests, and the registered capital was increased to RMB360.00 million.

On June 21, 2023, Shandong Wudi Qixing High-tech Aluminum Material Co., Ltd. (山東無棣齊星高科技鋁材有限公司) make capital contribution in Shandong Chuangyuan Company. Upon the capital contribution, the registered capital of Shandong Chuangyuan Company was RMB450.00 million. Among this, Shandong Innovation Group Co., Ltd. subscribed for RMB360.00 million, accounting for 80%; Shandong Wudi Qixing High-tech Aluminum Material Co., Ltd. subscribed for RMB90.00 million, accounting for 20%.

On August 9, 2023, Shandong Wudi Qixing High-tech Aluminum Material Co., Ltd. transferred its 20% equity interest in Shandong Chuangyuan Company to Shandong Innovation Group Co., Ltd. Upon the transfer, Shandong Innovation Group Co., Ltd. subscribed for RMB450.00 million, accounting for 100%.

On September 14, 2023, Shandong Luyu Bochuang Aluminum Co., Ltd. was renamed to Shandong Chuangyuan New Material Technology Co., Ltd.

On January 29, 2024, Shandong Innovation Group Co., Ltd. transferred its 58.5% equity interest in Shandong Chuangyuan Company to Inner Mongolia Chuangyuan Metal Co., Ltd. Upon the transfer, Shandong Innovation Group Co., Ltd. held its 41.5% equity interest, and Inner Mongolia Chuangyuan Metal Co., Ltd. held its 58.5% equity interest.

3 *Main Assets of the company*

The assets of Shandong Chuangyuan New Material Technology Co., Ltd. include current assets and non-current assets. The main assets are summarized as follows:

Current assets mainly include monetary funds, financial assets held for trading, notes receivable, accounts receivable, prepayments, other receivables, inventories and other current assets. Inventories mainly consist of raw materials, work in progress and finished goods. Non-current assets include fixed assets, construction in progress, construction materials, intangible assets, and right-of-use assets. Fixed assets include buildings (structures), machinery and equipment, vehicles and electronic equipment. Intangible assets include land use rights and financial software. Right-of-use assets include an aircraft under finance lease.

4. Financial Condition and Operating Condition

Since its establishment in 2018, Shandong Chuangyuan New Material Technology Co., Ltd. has been primarily engaged in the production and sales of metallurgical-grade alumina, aluminum hydroxide, multi – variety alumina, as well as heat and electricity supply. The company has completed major projects including an 800,000 tons/year alumina project, 1.2 million tons/year and 1.5 million tons/year aluminum hydroxide projects, an aluminum-based new material project, and a heat and electricity cogeneration project, forming a complete industrial chain from basic raw materials to high-end new materials. Several core projects have been selected as major provincial projects, preferred provincial projects, and key municipal projects. The company is under normal production and operation, with a positive development trend. The asset status for 2024 and the valuation benchmark date is as follows:

Balance Sheet

Unit: RMB'0,000

Items	December 31, 2025	December 31, 2024	Items	December 31, 2025	December 31, 2024
Current assets:			Current liabilities:		
Monetary funds	11,231.99	25,043.29	Short-term loans	185,253.80	31,267.18
Financial assets held for trading	100.30	100.00	Financial liabilities held for trading		
Derivative financial assets			Derivative financial liabilities		
Notes receivable	100.15	109.81	Notes payable	10,000.00	4,500.00
Accounts receivable	11,741.35	54,594.69	Accounts payable	60,801.93	85,278.79
Receivables financing			Advances from customers	76,040.84	9,585.79
Prepayments	154,180.28	129,335.25	Contract liabilities		
Other receivables	1,542.46	5,649.79	Staff payroll payable	909.68	2,370.20
Inventories	87,730.14	65,312.11	Taxes payable	7,738.03	38,827.05
Contract Assets			Other payables	987.98	29,637.35
Assets held for sale			Liabilities held for sale		
Non-current assets due within one year			Non-current liabilities due within one year		
Other current assets			Other current liabilities		1,798.46
Total current assets	266,626.66	280,144.94	Total current liabilities	341,732.25	203,264.82
Non-current assets:			Non-current liabilities:		
Debt investments			Long-term borrowings	102,961.00	61,601.00
Other debt investments			Bonds payable		
Long-term receivables			Including: Preference shares		
Long-term equity investments			Perpetual bonds		
Other equity instrument investments			Lease liabilities	11,626.70	
Other non-current financial assets			Long-term payables	59,584.14	10,900.94
Investment properties			Provisions		

APPENDIX II VALUATION REPORT A FOR SHANDONG CHUANGYUAN

Items	December 31, 2025	December 31, 2024	Items	December 31, 2025	December 31, 2024
Fixed assets	318,887.58	213,401.37	Special payables		
Construction in progress	767.57	14,150.97	Deferred tax liabilities		
Construction materials	1,969.50	733.71	Other non-current liabilities		
Oil and gas assets			Total non-current liabilities	174,171.84	72,501.94
Right-of-use assets			Total liabilities	515,904.09	275,766.76
Intangible assets	42,511.49	41,632.75	Owners' equity (shareholders' equity):		
Right-of-use assets	15,719.15		Paid-in capital (share capital)	45,000.00	45,000.00
Goodwill			Other equity instruments		
Long-term prepaid expenses			Including: Preference shares		
Deferred tax assets			Perpetual bonds		
Other non-current assets			Capital reserve	34,901.12	34,901.12
			Less: treasury shares		
			Other comprehensive income		
			Special reserves	36.55	304.70
			Surplus reserves	25,412.12	22,715.66
			Undistributed profits	25,228.08	171,375.50
			Total owners' equity		
Total non-current assets	379,855.30	269,918.81	(shareholders' equity)	130,577.87	274,296.99
Total assets	646,481.96	550,063.74	Total liabilities and owners' equity	646,481.96	550,063.74

Note: The financial data presented in the above balance sheet was unaudited.

5. Main Accounting Policies Adopted

- (1) Accounting system: The Accounting Standards for Business Enterprises and supplementary regulations;
- (2) Accounting period: The company adopts the calendar year as its financial year, i.e., from January 1 to December 31;
- (3) Accounting principles and pricing basis: The accounting principles is based on the accrual basis, assets are measured at actual cost;
- (4) Functional currency: Renminbi;

(5) *Inventories*

① Classification of inventories

Inventories refer to the finished products or commodities held by Shandong Chuangyuan Company for sale in daily activities, products in progress in the production process, materials and supplies consumed in the production process or labor service process, etc. Inventories mainly include raw materials, products in progress, finished products (stock commodities), etc.

② Inventories cost and measurement method for inventories delivered

When inventories are acquired, they are initially measured at actual cost. When inventories are delivered, the weighted average method is used to determine their actual cost.

③ Methods for provision for inventory impairment

As at the balance sheet date, inventories are measured at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of inventories is recognised as a provision for inventories impairment, and is recognised in profit or loss. The impairment is provided on an individual item basis, but for inventories that are numerous and low in unit price, the impairment is provided by inventory category.

④ Inventory system

Shandong Chuangyuan Company maintains a perpetual inventory system.

(6) *Fixed Assets*

① Recognition Criteria for Fixed Assets

Fixed assets are tangible assets held for the production of goods, provision of services, rental, or administrative purposes, with a useful life of more than one accounting year. Fixed assets are recognised when the following conditions are met: it is probable that the economic benefits associated with the fixed asset will flow to the entity, and the cost of the fixed asset can be reliably measured.

② Classification and Depreciation Method of Fixed Assets

The Shandong Chuangyuan Company's fixed assets are primarily classified into buildings and structures, machinery and equipment, transportation equipment, electronic equipment, and others. Depreciation is calculated using the straight-line method. The useful lives and estimated residual values of each category of fixed assets are determined based on the nature and usage of the fixed assets. At the end of each year, the useful lives, estimated residual values, and depreciation methods are reviewed, and adjustments are made if there are differences from previous estimates. All fixed assets of the Shandong Chuangyuan Company are depreciated, except for those fully depreciated but still in use and land accounted for separately.

Category of Fixed Asset	Useful life	Residual Rate	Annual Depreciation Rate
Buildings and structures	10-20 years	5%	4.75-9.5%
Machinery and equipment	5-10 years	5%	9.5-19.00%
Transportation equipment	4 years	5%	23.75%
Electronic equipment	3 years	5%	31.67%-
Tools and furniture	3-20 years	5%	4.75-31.67%

(7) *Intangible Assets*

① Initial measurement of intangible assets

Intangible assets are initially measured at cost. The costs of an externally acquired intangible asset comprise its purchase price, relevant taxes and any other expenditure directly attributable to bringing the asset to its intended use. If the purchase price of an intangible asset is delayed beyond the normal credit conditions and is substantially in the nature of financing, the cost of the intangible asset shall be determined on the basis of the present value of the purchase price.

On the premise that the exchange of non-monetary assets has commercial substance and the fair value of the assets received or the assets surrendered can be measured reliably, the book-entry value of the intangible assets received from the exchange of non-monetary assets shall be determined on the basis of the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable; for exchange of non-monetary assets that do not meet the above prerequisites, the book value of the assets surrendered and the relevant taxes and surcharges payable shall be taken as the cost of the intangible assets received, with profits or losses not recognized.

The book-entry value of intangible assets acquired through absorption and merger of enterprises under common control shall be determined according to the book value of the merged party; the book-entry value of intangible assets acquired by means of absorption and merger of enterprises not under common control shall be determined at fair value.

② Useful life and amortization of intangible assets

For intangible assets arising from contractual rights or other legal rights, the useful life should not exceed the period stated under the contractual rights or other legal rights; where contractual rights or other legal rights allow an extension upon expiry and renewal, and there is evidence that no substantial costs are involved in renewal, the period of renewal will be included as part of the useful life; for intangible assets without explicit contractual or legal provisions, the company determines the period over which the intangible asset is expected to generate economic benefits by considering various factors (such as engaging relevant experts for assessment, comparing with industry peers, and the company's historical experience); where the period over which the intangible asset is expected to generate economic benefits cannot be reasonably determined, the company classifies such intangible asset as an intangible asset with an indefinite useful life.

Intangible assets with finite useful lives are reasonably amortized over their useful lives in a manner that reflects the expected pattern of consumption of the economic benefits associated with the asset. When the expected pattern of consumption cannot be reliably determined, the straight-line method is used. Intangible assets with indefinite useful lives are not amortized during the holding period, but their useful lives are reviewed annually and impairment tests are performed.

(8) Right-of-use Assets

Right-of-use assets refer to the right of the company as a lessee to use the leased assets during the lease term. At the lease commencement date, the company, as a lessee, recognizes a right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low-value assets which are accounted for using a simplified approach.

The company shall make the initial measurement of the right-of-use assets at the cost, which includes:

- ① The initial measurement amount of the lease liabilities;
- ② For lease payments paid on or before the lease commencement date, if there is a lease incentive, the amount related to the lease incentive already enjoyed shall be deducted;
- ③ Initial direct costs incurred by the company as a lessee;
- ④ The costs expected to be incurred by the company for the purpose of dismantling and removing the leased assets, restoring the site where the leased asset is located or restoring the leased assets to the condition agreed in the lease term.
- ⑤ The company depreciates right-of-use assets using the straight-line method. If the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated over the remaining useful life of the underlying asset. If it is not reasonably certain to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated over the shorter of the lease term and the remaining useful life of the leased asset.

⑥ The company determines whether a right-of-use asset is impaired and accounts for any identified impairment loss in accordance with Accounting Standards for Business Enterprises No. 8 – Asset Impairment.

⑦ When the company remeasures the lease liability in accordance with the standards, the corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining amount is included in profit or loss.

If the lease scope is shortened or the lease term is shortened as a result of the lease change, the company shall reduce the carrying amount of the right-of-use assets accordingly, and include the gains or losses related to the partial or complete termination of the lease in profit or loss. If the lease liability is remeasured due to other lease changes, the company shall adjust the carrying amount of the right-of-use assets accordingly

(III) Other Users of the Asset Valuation Report other than the Principals

According to the asset valuation engagement contract, the users of this valuation report are the principals and the relevant parties involved in the proposed economic transaction.

II. PURPOSE OF VALUATION

Shandong Innovation Group Co., Ltd. intends to transfer its equity interests in Shandong Chuangyuan New Material Technology Co., Ltd. to Inner Mongolia Chuangyuan Metal Co., Ltd. The purpose of this valuation is to express a professional opinion on the fair market value of all shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd. as at the valuation benchmark date, so as to provide value reference for this equity transaction.

III. TARGET AND SCOPE OF VALUATION

(i) Target and Scope of Valuation

According to the engagement requirements of the asset valuation engagement contract, the valuation target is the value of all shareholders' equity in Shandong Chuangyuan New Material Technology Co., Ltd.

The scope of valuation covers all assets and liabilities of Shandong Chuangyuan New Material Technology Co., Ltd. as at December 31, 2025, as reported in the Balance Sheet. Their carrying amount were as follows:

Total assets were RMB6,464.8196 million, including current assets of RMB2,666.2666 million and non-current assets of RMB3,798.5530 million.

Total liabilities were RMB5,159.0409 million, including current liabilities of RMB3,417.3225 million and non-current liabilities of RMB1,741.7184 million.

The above data are unaudited and represent the amounts adjusted by the valuers after verification of relevant matters.

(ii) Legal Ownership Status, Economic Condition, and Physical Condition of Major Assets

1. Inventories

The inventories under this valuation include raw materials, work in progress and finished goods. Raw materials mainly consist of bauxite, coal, liquid caustic soda, feed coal, packaging materials, and other auxiliary materials. Work in progress mainly includes raw materials such as bauxite and liquid caustic soda being processed, and unfinished aluminum hydroxide products. Finished goods are mainly aluminum hydroxide and alumina products. All are assets required for the production and operation of the company.

2. Fixed assets

(1) Building assets

The building assets under this valuation are divided into aluminum plant assets and power plant assets based on the project and location. These includes 153 houses and buildings and 77 structures. Among the aluminum plant assets, there are 108 houses and buildings with a total floor area of 164,371.75 square meters, mainly including office buildings, main plant buildings of coal gas station, dry coal sheds for coal gas station, complex building, and raw material grinding workshops, constructed with frame, steel and mixed structures. There are 50 structures, mainly including factory roads, red mud stockyard, evaporation circulating water tanks, and bauxite protective sheds. Among the power plant assets, there are 45 houses and buildings with a total floor area of 73,533.8 square meters, including main plant buildings, dry coal sheds, dormitories and canteens, constructed with frame, steel and mixed structures. There are 27 structures, mainly including plant roads, boundary walls and chimneys. As inspected on site, the above assets are in good condition.

A total of 153 houses and buildings are included in the valuation scope, of which 73 have completed property rights registration. The registration certificate numbers are Lu (2025) Wudi County Real Estate Title No. 0000859, Lu (2025) Wudi County Real Estate Title No. 0001391, Lu (2025) Wudi County Real Estate Title No. 0000869, Lu (2025) Wudi County Real Estate Title No. 0000855 and Lu (2025) Wudi County Real Estate Title No. 0000860, Lu (2025) Wudi County Real Estate Title No. 0000840, Lu (2025) Wudi County Real Estate Title No. 0000841, Lu (2025) Wudi County Real Estate Title No. 0000842, with a total certified area of 88,078.84 square meters; 80 buildings have not completed property rights registration, with a total floor area of 149,826.71 square meters.

Among the building assets included in the valuation scope, the buildings under the Real Estate Title Certificate titled with Lu (2025) Wudi County Real Estate Title No. 0000841 and Lu (2025) Wudi County Real Estate Title No. 0000859 are all mortgaged to Binzhou Wudi Sub-branch of Dongying Bank Co., Ltd. (東營銀行股份有限公司濱州無棣支行), and the buildings under the Real Estate Title Certificate titled with Lu (2025) Wudi County Real Estate Title No. 0001391 are all mortgaged to Jinan Branch of Bank of Beijing Co., Ltd. (北京銀行股份有限公司濟南分行).

(2) Equipment assets

The equipment assets under this valuation include machinery and equipment, vehicles, electronic equipment, and furniture and fixtures, the details of which are as follows:

Machinery and equipment: The list of machinery and equipment comprises of 6,670 units (sets, pieces, items), including boilers, electrostatic bag precipitators, generators, steam turbines, and other production-specific equipment and power distribution equipment for the Power Plant Phase I 2*25MW Cogeneration Project and the Power Plant Phase II 1*80,000kW Backpressure Unit Cogeneration Project; ball mills, seven-effect falling film evaporators, dryers, pan filters and other production-specific equipment and power distribution equipment for the 800,000 t/a Alumina Phase I Project, 1.2 million t/a Aluminum Hydroxide Phase II Project and 1.5 million t/a Aluminum Hydroxide Phase III Project; gasifiers and their power distribution systems for the Gasifier Project; rotary kilns, high-temperature drying systems, storage and packaging equipment, and preheating high-temperature kiln equipment for the Aluminum-based New Material Project; red mud transport pipelines and quick-opening chamber filter presses and other production-specific equipment for the Red Mud Stockyard Project. The above appraised equipment is installed and used in the thermal power plant of Shandong Chuangyuan New Material Technology Co., Ltd., and the production plants of Phase I, II and III Aluminum Hydroxide. Currently, the equipment is in good condition and can operate normally.

Electronic equipment and furniture and fixtures: The electronic equipment under the valuation mainly includes computers, printers, monitors, desks and chairs, fitness equipment and X-ray fluorescence spectrometers, with a total actual quantity of 9,733 units (sets, pieces, items, pairs). They are installed in the office building and various workshops of Shandong Chuangyuan New Material Technology Co., Ltd. They are maintained timely, in good condition and can operate normally.

Vehicles: The vehicles under the valuation mainly include Buick GL8ES small passenger cars, Great Wall light multi-purpose trucks, Toyota sedans and electric small passenger cars, with a total actual quantity of 11 vehicles. These vehicles are maintained timely, in good condition and can operate normally.

APPENDIX II VALUATION REPORT A FOR SHANDONG CHUANGYUAN

Rights restrictions: As of the valuation benchmark date, certain equipment was under finance lease (sale and leaseback), the details of which are as follows:

Breakdown List of Assets under Finance Lease

Contract Signing Date	Contract Number	Name of Lessor	Asset Category	Asset Quantity (Items)	Financing Amount (RMB0'000)	Lease Term	Original Appraised Value (RMB0'000)	Net Appraised Value (RMB0'000)
2024.12.25	PYFLBH0124013926	Puyin Financial Leasing Co., Ltd. (浦銀金融租賃股份有限公司)	Equipment	41	35000	36 months	52,151.20	32,954.12
2025.01.10	RHZL-2024-101-0751-SDCY	China Power Investment Ronghe Financial Leasing Co., Ltd. (中電投融和融資租賃有限公司)	Equipment	56	10000	36 months	11,544.40	7,397.41
2025.03.03	ZHZL(2502HZ012)	AVIC International Financial Leasing Co., Ltd. (中航國際融資租賃有限公司)	Equipment	121	20000	36 months	28,381.89	18,890.96
2025.11.10	RHZL-2025-101-0575-SDCY	China Power Investment Ronghe Financial Leasing Co., Ltd. (中電投融和融資租賃有限公司)	Equipment	71	12000	36 months	14,971.04	10,071.26
Total							229,816.19	154,346.66

3. Construction in progress

The construction in progress included in this valuation scope comprises of the 1.5 million tons/year Aluminum Hydroxide Project and the 1x80,000kW Backpressure Unit Cogeneration Project in Lubei Industrial Park. The book value represents costs or expenses incurred by the company that have not yet been allocated to fixed assets, which has been appraised within the corresponding fixed assets.

4. Land use rights

Included in this valuation scope are 25 parcels of land use rights, with a total area of 2,988,186.43 square meters and a book value of RMB424.8381 million.

(1) Land registration status

All 25 land parcels have completed property rights registration. See Table 1 for details of the lands.

APPENDIX II VALUATION REPORT A FOR SHANDONG CHUANGYUAN

(2) Land rights status

The land parcels under the valuation are owned by the State, and the land use rights were lawfully acquired by Shandong Chuangyuan New Materials Technology Co., Ltd. through transfer or assignment. As of the valuation benchmark date, the land use right under Lu (2025) Wudi County Real Estate Title No. 0000859 was mortgaged to Binzhou Wudi Sub-branch of Dongying Bank Co., Ltd. (東營銀行股份有限公司濱州無棣支行) and the land use right under Lu (2025) Wudi County Real Estate Title No.0001391 was mortgaged to Jinan Branch of Bank of Beijing Co., Ltd.; among the 17 red mud stockyard land parcels, except for Lu (2025) Wudi County Real Estate Title No. 0008402, the remaining 16 land parcels were mortgaged. Among these, 10 were mortgaged to Binzhou Wudi Sub-branch of Dongying Bank Co., Ltd., and 6 were mortgaged to Shandong Wudi Rural Commercial Bank Co., Ltd. (山東無棣農村商業銀行股份有限公司). The remaining land parcels are not mortgaged. None of the land is under seizure. See Table 1 for details.

Table 1 List of Land Parcels

No.	Title Certificate No.	Name of Land Parcel Land Location		Term of Use	Land Nature	Land Use	Approved		Area (m ²)	Remarks
							Land Usage	Development		
							Term	Level		
1	Lu (2025) Wudi County Real Estate Title No. 0000859	Power plant land	East of Xinmajia River, North of Shanghezhuang Village, Chengkou Town	2013.9.30-2063.9.29	Transfer	Industrial land	50	Five Accesses and One Clearance (access to road, water, electricity, telecommunication and gas and land clearance)	145345.00	mortgaged to Binzhou Wudi Sub-branch of Dongying Bank Co., Ltd.
2	Lu (2025) Wudi County Real Estate Title No. 0001391	Power plant land	East of Xinmajia River, North of Shanghezhuang Village, Chengkou Town	2013.9.30-2063.9.29	Transfer	Industrial land	50	Five Accesses and One Clearance	85302.00	mortgaged to Jinan Branch of Bank of Beijing Co., Ltd.
3	Lu (2025) Wudi County Real Estate Title No. 0000860	Aluminum plant land	East of Daji Road, North of Majia River	2019.9.1-2069.8.31	Transfer	Industrial land	50	Five Accesses and One Clearance	88095.00	
4	Lu (2025) Wudi County Real Estate Title No. 0000869	Aluminum plant land	East of Daji Road, North of Majia River	2019.9.1-2069.8.31	Transfer	Industrial land	50	Five Accesses and One Clearance	243848.00	
5	Lu (2025) Wudi County Real Estate Title No. 0000855	Aluminum plant land	East of Daji Road, North of Majia River	2021.2.25-2071.2.24	Transfer	Industrial land	50	Five Accesses and One Clearance	105782.00	

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No.	Title Certificate No.	Name of		Term of Use	Land Nature	Land Use	Approved		Area (m ²)	Remarks
		Land Parcel	Land Location				Land Usage Term	Development Level		
6	17 land parcels including Lu (2024) Wudi County Real Estate Title No. 0005198, Lu (2025) Wudi County Real Estate Title No. 0008402	Red mud stockyard land	North of Shuigou Village, West of Daji Road	2022.1.25-2072.1.24	Transfer	Industrial land	50	Five Accesses and One Clearance	1898883.00	Except for the land with Lu (2025) Wudi County Real Estate Title No. 0008402, the remaining 16 parcels of land have been all mortgaged, of which 10 have been mortgaged to Binzhou Wudi Sub-Branch of Dongying Bank Co., Ltd. and 6 are have been mortgaged to Shandong Wudi Rural Commercial Bank Co., Ltd.
7	Lu (2025) Wudi County Real Estate Title No. 0000840	年產150萬噸氫氧化鋁項目用地 Land for 1.5M t/a aluminum hydroxide project	East of Daji Road, North of Majia River	2024.1.10-2074.1.9	Transfer	Industrial land	50	Five Accesses and One Clearance	90757.00	
8	Lu (2024) Wudi County Real Estate Title No. 0000347	Land for 1.5M t/a aluminum hydroxide project	East of Daji Road, North of Majia River	2024.1.10-2074.1.9	Transfer	Industrial land	50	Five Accesses and One Clearance	260039.00	
9	Lu (2026) Wudi County Real Estate Title No. 0000188	Land for 1.5M t/a aluminum hydroxide project	East of Daji Road, North of Majia River	2025.11.5-2075.11.4	Transfer	Industrial land	50	Five Accesses and One Clearance	70135.43	

(3) Land utilization status

As at the valuation benchmark date, land parcel titled with Lu (2026) Wudi County Real Estate Title No. 0000188 had not yet commenced construction. All other land parcels have been fully developed and utilized, with buildings erected thereon being in good condition.

5. *Right-of-use assets*

The right-of-use assets included in this valuation scope consist of one Bombardier Global 6000 aircraft acquired by the company through finance lease, primarily used for business travel and office purposes. The lease term is 5 years (March 2025 to March 2030), with an option to purchase at a contract price of RMB100 at the end of the lease term.

- (iii) The assets and liabilities included in the valuation scope are consistent with those as reported by the appraised entity.

IV. TYPE OF VALUE AND ITS DEFINITION

Considering the valuation purpose, market conditions and the valuation target of this engagement, where there are no special restrictions or requirements on the market conditions and the use of the valuation target, market value was selected as the type of value in this valuation, the specific definition of which is as follows:

The market value is defined as the estimated amount of the value for which the valuation subject should exchange on the Valuation Reference Date between a willing buyer and a willing seller in a normal and arm's length transaction, where the parties have each acted rationally without compulsion.

V. VALUATION BENCHMARK DATE

- 1 The valuation benchmark date for this engagement is December 31, 2025
- 2 The valuation benchmark date is determined by Shandong Innovation Group Co., Ltd., Inner Mongolia Chuangyuan Metal Co., Ltd. and Shandong Chuangyuan New Material Technology Co., Ltd. based on this economic transaction and the purpose of the valuation.

VI. BASIS OF VALUATION**(i) Basis of Economic Transaction**

The Asset Valuation Engagement Contract entered into between Shandong Innovation Group Co., Ltd., Inner Mongolia Chuangyuan Metal Co., Ltd. and Shandong Huayong Assets Appraisal Co., Ltd.

(ii) Applicable Laws and Regulations and Relevant Documents:

1. Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) (effective from December 1, 2016);
2. Civil Code of the People's Republic of China (《中華人民共和國民法典》) (effective from January 1, 2021);
3. Company Law of the People's Republic of China (《中華人民共和國公司法》) and relevant laws and regulations;
4. Urban Real Estate Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》) (Third Amendment on August 26, 2019);
5. Land Administration Law of the People's Republic of China (《中華人民共和國城市房地產管理法》) (Third Amendment on August 26, 2019);
6. Regulations for the Implementation of the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法實施條例》) (Third Revision on July 2, 2021, effective from September 1, 2021);
7. Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》) (Second Amendment on April 23, 2019, effective from the date of promulgation);
8. Interim Regulations on the Assignment and Transfer of Urban State-owned Land Use Rights of the People's Republic of China (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) (as amended on November 29, 2020);

9. Measures of Shandong Province for Implementing the Land Administration Law of the People's Republic of China 《山東省實施<中華人民共和國土地管理法>辦法》 (as adopted on August 22, 1999, Third Amendment on July 24, 2015);
10. Measures of Shandong Province for Land Expropriation Management 《山東省土地徵收管理辦法》 (as promulgated on August 17, 2010, amended on December 31, 2023 and December 13, 2024, and effective from February 1, 2024);
11. Measures for the Financial Supervision and Administration of the Asset Appraisal Industry 《資產評估行業財政監督管理辦法》 (Order No. 97 of the Ministry of Finance of the PRC, effective from January 2, 2019);
12. Enterprise Income Tax Law of the People's Republic of China 《中華人民共和國企業所得稅法》 (as amended on December 29, 2018);
13. Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China 《中華人民共和國企業所得稅法實施條例》 (as amended on April 23, 2019);
14. Wudi County Territorial Space Master Plan (2021-2035) 《無棣縣國土空間總體規劃(2021-2035年)》);
15. Chengkou Town Territorial Space Plan of Wudi County (2021-2035) 《無棣縣埕口鎮國土空間規劃(2021-2035年)》);
16. Wudi County Land Resources 《無棣縣土地資源》);
17. Regulations on the Mandatory Scrapping Standards for Motor Vehicles 《機動車強制報廢標準規定》 (effective from May 1, 2013);
18. Technical Specifications for Operation Safety of Motor Vehicles (GB7258-2017) 《機動車運行安全技術條件》 (GB7258 – 2017));
19. Administrative Measures for the Circulation of Used Vehicles 《二手車流通管理辦法》 (as revised on September 14, 2017);

20. Rules for the Implementation of the Administrative Measures for the Circulation of Used Vehicles (《二手車流通管理辦法實施細則》);
21. Relevant policies, regulations and other documents issued by the People's governments of Binzhou City and Wudi County;
22. Other laws, regulations, documents and requirements issued by the State and relevant government departments.

(iii) Basis of Standards and Technical Standards:

1. Basic Standards for Asset Appraisal (Cai Zi [2017] No. 43) (《資產評估基本準則》(財資[2017]43號));
2. Code of Ethics for Asset Appraisal (Zhong Ping Xie [2017] No. 30) (《資產評估職業道德準則》(中評協[2017]30號));
3. Asset Appraisal Practice Standards—Asset Appraisal Procedures (Zhong Ping Xie [2018] No. 36) (《資產評估執業準則—資產評估程序》(中評協[2018]36號));
4. Asset Appraisal Practice Standards—Asset Appraisal Report (Zhong Ping Xie [2018] No. 35) (《資產評估執業準則—資產評估報告》(中評協[2018]35號));
5. Asset Appraisal Practice Standards—Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33) (《資產評估執業準則—資產評估委託合同》(中評協[2017]33號));
6. Asset Appraisal Practice Standard—Asset Appraisal Files (Zhong Ping Xie [2018] No. 37) (《資產評估執業準則—資產評估檔案》(中評協[2018]37號));
7. Asset Appraisal Practice Standard—Asset Appraisal Approaches (Zhong Ping Xie [2019] No. 35) (《資產評估執業準則——資產評估方法》中評協[2019]35號);
8. Asset Appraisal Practice Standards—Real Estate (Zhong Ping Xie [2017] No. 38) (《資產評估執業準則—不動產》(中評協[2017]38號));
9. Asset Appraisal Practice Standards—Machinery and Equipment (Zhong Ping Xie [2017] No. 39) (《資產評估執業準則—機器設備》(中評協[2017]39號));
10. Asset Appraisal Practice Standards—Enterprise Value (Zhong Ping Xie [2018] No. 38) (《資產評估執業準則—企業價值》(中評協[2018]38號));

11. Asset Appraisal Standards Terminology 2020 (Zhong Ping Xie [2020] No. 31) 《資產評估準則術語2020》(中評協[2020]31號);
12. Expert Guidance No. 8 for Asset Appraisal – Verification and Validation in Asset Appraisal (Zhong Ping Xie [2019] No. 39) 《資產評估專家指引第8號 – 資產評估中的核查驗證》(中評協[2019]39號);
13. Guidance on Types of Value in Asset Appraisal (Zhong Ping Xie [2017] No. 48) 《資產評估價值類型指導意見》(中評協[2017]48號);
14. Guidance on Legal Ownership of Appraisal Targets (Zhong Ping Xie [2017] No. 48) 《資產評估對象法律權屬指導意見》(中評協[2017]48號);
15. Guidelines for Quality Control of Asset Appraisal Agencies' Business (Zhong Ping Xie [2017] No. 46) 《資產評估機構業務質量控制指南》;
16. National Standard of the People's Republic of China: Current Land Use Classification (GB/T21010-2017) (中華人民共和國國家標準《土地利用現狀分類》(GB/T21010-2017));
17. Guidelines for Classification of Land and Sea for Territorial Space Survey, Planning and Use Control (Zi Ran Zi Fa [2023] No. 234) 《國土空間調查、規劃、用途管制用地用海分類指南》(自然資發[2023]234號);
18. Regulations for Gradation and Classification on Urban Land of the People's Republic of China (GB/T18507-2014) (中華人民共和國《城鎮土地分等定級規程》(GB/T18507 – 2014));
19. Regulations for Valuation on Urban Land of the People's Republic of China (GB/T18508-2014) (中華人民共和國《城鎮土地估價規程》(GB/T18508 – 2014));
20. Technical Specifications for the Valuation of Land Premium of State-owned Construction Land Use Rights (Guo Tu Zi Ting Fa [2018] No. 4) 《國有建設用地使用權出讓地價評估技術規範》(國土資廳發[2018]4號);
21. Standards for Real Estate Appraisal (GB/T50291-2015) 《房地產估價規範》(GB/T50291-2015));
22. Standards for Identification and Assessment of Used Vehicles (GB/T30323-2013) 《二手車鑒定評估技術規範》(GB/T30323-2013));
23. Accounting Standards for Business Enterprises 《企業會計準則》.

(iv) Basis of Title

1. List of appraised assets submitted by the asset owners, financial statements as of the valuation benchmark date and other related materials;
2. Real estate title certificates, land transfer contracts and vehicle registration certificates;
3. Asset transfer agreements, mortgage contracts, finance lease contracts, construction contracts, machinery and equipment purchase contracts and invoices, etc.
4. Enterprise financial materials;
5. Other title certification materials.

(v) Basis of Price Determination

1. 2025 Mechanical and Electrical Product Price Information Query System (《2025機電產品價格信息查詢系統》) published by China Machine Press;
2. Latest Commonly Used Asset Appraisal Data and Parameter Manual (《最新資產評估常用數據與參數手冊》) published by China Economic Science Press;
3. Relevant information provided by the asset owners and explanations/descriptions from relevant personnel regarding the condition of the appraised assets;
4. Data and information obtained by the valuers through on-site inspection, verification and identification;
5. Current market price information collected by the valuers; recent price information obtained from inquiries to relevant sales companies and online price queries, and relevant price information provided by the enterprise;
6. Currently valid documents regarding consumption quotas and price lists for construction and installation projects issued by the Department of Housing and Urban-Rural Development of Shandong Province;

7. Notice of the Department of Housing and Urban-Rural Development of Shandong Province on Issuing the Composition and Calculation Rules for Construction Project Costs in Shandong Province (2022 Edition) (Lu Jian Biao Zi [2022] No. 5) (山東省住房和城鄉建設廳關於發佈《山東省建設工程費用項目組成及計算規則(2022版)》的通知(魯建標字[2022]5號));
8. Notice of Binzhou Housing and Urban-Rural Development Bureau on Adjusting the Guiding Unit Price of Comprehensive Workdays for Construction Projects Quota in Binzhou and the Binzhou Price List for Various Professional Quotas (November 28, 2022) (濱州市住房和城鄉建設局《關於調整濱州市建設工程定額人工綜合工日指導單價及各專業定額濱州市價目表的通知》(2022年11月28日));
9. Notice of Binzhou Housing and Urban-Rural Development Bureau on Issuing the 2022 Reference Cost Indicators for Building Construction and Municipal Road Projects in Binzhou Central City (May 15, 2023) (濱州市住房和城鄉建設局《關於發佈2022年度濱州市中心城區房屋建築和市政道路工程造價參考指標的通知》(2023年5月15日));
10. Engineering cost information and market price information collected by the valuers;
11. Notice of the National Development and Reform Commission on Further Liberalizing Prices for Professional Services in Construction Projects (Fa Gai Jia Ge [2015] No. 299) (《國家發展改革委關於進一步放開建設項目專業服務價格的通知》(發改價格[2015]299號));
12. Notice of Wudi County Finance Bureau on Forwarding the Notice of Binzhou Finance Bureau on Further Standardizing Matters Related to Urban Infrastructure Supporting Fees (Di Cai Shui [2023] No. 5) (無棣縣財政局《關於轉發<濱州市財政局〈關於進一步規範城市基礎設施配套費有關事項的通知〉的通知》(棣財稅[2023]5號));
13. Notice of Wudi County Finance Bureau on Adjusting the Collection Standards for Urban Infrastructure Supporting Fees and Related Issues (Di Cai Zong [2018] No. 4) (無棣縣財政局《關於調整城市基礎設施配套費徵收標準等有關問題的通知》(棣財綜[2018]4號));
14. Current standards related to building condition ratings, reliability assessments and dangerous building assessments;

15. Notice of Wudi County People’s Government on Publishing the Updated Results of Urban Land Grades and Benchmark Land premiums in Wudi County (Di Zheng Fa [2024] No. 5) 《無棣縣人民政府關於公佈無棣縣城鎮土地級別與基準地價更新成果的通知》(棣政發[2024]5號);
16. 2023 Application Manual for Benchmark Land premiums in Wudi County Urban Area and Established Towns (March 2024) 《2023年無棣縣城區及建制鎮基準地價應用手冊》(2024年3月);
17. Benchmark Land premium Map for Land in Chengkou Town, Wudi County;
18. Information searched from LandChina website (<http://www.landchina.com/>);
19. Government procurement winning bid prices from the Public Resource Trading Center;
20. Price information from gldjc.com;
21. Other relevant materials.

VII. VALUATION APPROACHES

(i) Selection of Valuation Approaches

According to the relevant provisions of the Asset Appraisal Practice Standards-Enterprise Value, the value of all shareholders’ equity of an enterprise can be appraised using three basic approaches: the market approach, the income approach and the cost approach (asset-based approach). The valuation approaches was selected after taking into consideration and comprehensive analysis of the valuation purpose, the operating characteristics of the valuation target, market environment and the sufficiency of data collection. The specific explanation is as follows:

1. Explanation for Not Adopting the Market Approach

The market approach is a method that comparing the valuation target with equity transaction cases of comparable companies of similar size in the same industry in the open market, analyzing and adjusting for differences in transaction circumstances, date, region and individual factors, to determine the value of the valuation target.

The market approach was not adopted in this valuation for the following reasons: the appraised entity is an unlisted company, and there is a scarcity of comparable whole-company equity transaction cases in the open market that highly match the business structure, asset size, and profitability level of the appraised entity, and key operational data, financial indicators, and transaction backgrounds of similar enterprise transactions cannot be fully obtained, making it impossible to meet the requirements the market approach regarding the comparability and completeness of comparable cases and data.

2. Explanation for Not Adopting the Income Approach

The income approach refers to the appraisal idea of determining the value of the valuation target by capitalizing or discounting the expected future income of the appraised entity. The two commonly used methods under the income approach are the capitalization method and the discounted future income method. The following three prerequisites are required for the application of the income method in this valuation:

- (1) the price paid by the investor(s) when investing in an enterprise will not exceed the present value converted from the expected future earnings of the enterprise (or similar enterprises with the same level of risks as the enterprise).
- (2) the future earnings of the enterprise can be reasonably forecasted.
- (3) the rate of return corresponding to the level of risks of the enterprise's future income can be reasonably estimated.

The income approach was not adopted in this valuation for the following reasons: the appraised entity is mainly engaged in the production and sale of alumina, aluminum hydroxide and other products, the prices of such products are significantly influenced by multiple factors such as upstream raw material supply, downstream market demand and industry policy controls, leading to high volatility, and the future production scale and profitability level of the enterprise are difficult to predict reasonably and reliably, which does not meet the applicable conditions for the income approach.

3. Explanation for Adopting the Cost Approach (Asset-Based Approach)

The cost approach (asset-based approach) is a method that determines the value of all shareholders' equity by reasonably appraising the fair value of each individual asset and liability of the enterprise as at the valuation benchmark date, and then subtracting the appraised value of liabilities from the sum of the appraised values of individual assets. The basic formula is:

Value of all shareholders' equity = sum of appraised values of individual assets – appraised value of liabilities

The cost approach (asset-based approach) was adopted in this valuation for the following reasons: the appraised entity has a complete asset system, covering conventional asset types such as current assets, fixed assets, intangible assets and right-of-use assets, the ownership of each asset is clearly defined, and the related information is detailed and reliable, the economic and technical parameters, market price information, etc., required for the valuation are fully available, allowing for a reasonable appraisal of each individual asset using the cost approach, and the process and results are objective and verifiable, meeting the purpose and requirements of this valuation.

Based on the above analysis, the cost approach (asset-based approach) was adopted to appraise the value of all shareholders' equity of the appraised entity.

(ii) Specific Valuation Process and Valuation Methods for Individual Assets under the Cost Approach**1. Valuation of Current Assets***(1) Valuation of monetary funds*

Monetary funds include cash, bank deposits, and other monetary funds.

For the valuation of cash, after verifying consistency of cash accounts, statement, and reporting list, a physical count of cash was conducted, and the amount was reconciled back to the valuation benchmark date, and after confirming the consistency between record in the accounts and the actual status, the appraised value was determined based on the carrying amount as at the valuation benchmark date.

For the valuation of bank deposits, the actual bank balances were confirmed by reconciling bank statements, the bank reconciliation statements provided by the enterprise were reviewed, and outstanding items were analyzed, and after confirming no factors affecting net assets, the appraised value was determined based on the carrying amount. For foreign currency deposits, the appraised value was determined by converting the foreign currency balance into RMB balance at the exchange rate on the benchmark date.

For the valuation of other monetary funds, financial vouchers for payment transactions were reviewed to confirm the balances of letter of credit deposits, and after confirming no factors affecting net assets, the appraised value was determined based on the carrying amount.

(2) Valuation of financial assets held for trading

The financial assets held for trading are formed by the company's purchase of futures products, with the carrying balance representing the margin for participating in futures trading. After confirming that there are no factors affecting net assets, the assessed value was determined based on the carrying amount.

(3) Valuation of receivables

Receivables include notes receivable, accounts receivable, prepayments, and other receivables. During the valuation process, after verifying consistency between accounts, statement and reporting list, the occurrence time, transaction background, reasons for formation, and credit status of the debtor/payee were checked item by item. The valuers determined the appraised value by conducting verification procedures such as reviewing financial books, checking original vouchers on a sampling basis and performing the procedures on confirmations and based on comprehensive analysis of factors such as aging, collection records, and contract terms, as well as the nature, recoverability and actual performance of each type of receivable.

(4) *Valuation of inventories*

Inventories include raw materials, work in progress and finished goods.

A. Valuation of raw materials

Based on the reporting by the asset owner, raw materials were physically counted, changes in quantity between the count date and the valuation benchmark date were analyzed, and the quantity of raw materials was determined based on the actual count results. The valuation methods for raw materials under different circumstances are as follows:

① For raw materials purchased recently, when price changes are minimal, the carrying amount is close to the current market price. The appraised value was based on the carrying amount or market value. The market approach or cost approach could be used.

② For raw materials purchased long ago with significant price fluctuations, the appraised value was based on the material price closest to the current market price or market value.

③ For raw materials lacking accurate current prices, the material price was adjusted using price change data of substitutes. Supply and demand were analyzed to determine the supply-demand relationship for the material, thereby adjusting the material price. Adjustment was made using the price change index of similar products in the market.

④ Valuation of obsolete materials. The appraised value was determined after deducting the value of expired, deteriorated, damaged, scrapped, and unusable parts.

B. Valuation of work in progress

For work in progress, the valuers reviewed the detailed ledger, vouchers, and other materials to confirm the reasonableness of cost carry-forward and the accuracy of the amount. As calculated, the book balance of work in progress was deemed reasonable. The appraised value of work in progress was based on its carrying amount in this valuation.

C. Valuation of finished goods

The valuers selected finished goods with relatively large period-end balances, high stock-in and stock-out frequency, and high unit prices for sample counting, combined with stock-in and stock-out documents, to verify the quantity as of the valuation benchmark date. They reviewed vouchers, VAT invoices and related contracts to confirm the authenticity of finished goods sales. As verified, no inventory shortages or obsolescence were found, confirming the consistency between record in the accounts and the actual status.

2. Valuation of fixed assets

The fixed assets of Shandong Chuangyuan New Material Technology Co., Ltd. include building assets and equipment assets.

I. Valuation of building assets

A total of 153 houses and buildings were included in this valuation scope, including office buildings, main plant buildings of coal gas station, dry coal sheds for coal gas station, complex building, and raw material grinding workshop with a total floor area of 238,167.39 square meters, the most structures of which are frame, steel and mixed structures. There are 77 structures, mainly including factory roads, red mud stockyards, evaporation circulating water tanks and bauxite protective sheds. All assets are required for the company's normal production and operation. Comparable or similar transaction cases are not available in the market, and the valuation targets do not have the ability to generate income independently, the market approach and income approach could not be used. Based on the valuation purpose and materials collected, the cost approach was used for the valuation.

Calculation formula for the "cost approach":

Appraised value = replacement cost – physical depreciation – functional depreciation – economic depreciation

or

Appraised value = replacement cost × comprehensive newness rate

A. Determination of replacement cost

Replacement cost = comprehensive construction and installation cost + preliminary expenses and other costs + capital cost

(1) Determination of comprehensive construction and installation cost (A):

Based on on-site investigation and the completeness of as-built drawings and project settlement material collection, one of or a combination of methods such as the re-budgeting method, settlement adjustment method, comparable coefficient adjustment method, or unit cost indicator method are used to determine the comprehensive construction and installation cost of the building (structure).

① Re-budgeting method: The comprehensive construction and installation cost of typical buildings (structures) as at the valuation benchmark date is calculated through re-compilation of the bill of quantities based on the materials such as the project construction contract, as-built drawings, project settlement of the to-be-appraised buildings (structures) with reference to the on-site survey results, and in accordance with the prevailing budget quota and charge quota of construction, decoration, and installation project quotas in Shandong Province.

② Settlement adjustment method: For buildings (structures) with complete as-built drawings and project settlement materials, the comprehensive construction and installation cost for such buildings (structures) is determined after adjusted for the comprehensive construction and installation cost settlement of such buildings (structures) based on the work quantities confirmed in the settlement materials, by analyzing the various cost components in the comprehensive construction and installation cost settlement of buildings (structures) and with reference with the prices information for labor, materials, etc., in the local market as at the valuation benchmark date and relevant cost documentation.

③ Comparable coefficient adjustment method: For buildings (structures) of which design drawings and project settlement materials are incomplete, the comprehensive construction and installation cost for such buildings (structures) is arrived as adjusted for the comprehensive construction and installation cost of a typical project case after making comparison between the gross floor area, structural type, floor height, number of storey, span, materials, internal and external decoration, construction quality, repair and maintenance, etc. of the typical project case and those of the to-be-appraised buildings (structures) and with reference to the labour cost, material cost and growth rate of the machinery cost of such typical project case calculated using the re-budgeting method.

④ Unit cost indicator estimation method: For certain buildings (structures) constructed in earlier years, whose historical book costs no longer have reference value, and for which project drawings and final account materials are incomplete, the comprehensive construction and installation cost for such buildings (structures) is arrived by adopting the unit cost indicator method after comprehensive analysis, and with reference to the previous experience from similar projects.

Based on on-site inspection and the materials collected, the settlement adjustment method and unit cost indicator estimation method were adopted in this valuation.

(2) Determination of preliminary expenses and construction-related costs (b):

Preliminary expenses and construction-related costs mainly include construction entity management fees, survey and design fees, project supervision fees, project bidding fees, environmental impact assessment fees, etc. According to the relevant regulations of the State, Shandong Province, Binzhou City and Wudi County, and based on the type and characteristics of the valuation target, they were determined at discretion based on the following items:

Table 2 List of Construction-Related Costs

No.	Cost item	Base for charging	Charging basis
1	Survey and design fees	Excess progressive	Fa Gai Jia Ge [2015] No. 299, Can Kao Ji Jia Ge [2002] No. 10
2	Project supervision fees	Excess progressive	Fa Gai Jia Ge [2015] No. 299, Can Kao Ji Jia Ge [2002] No. 10
3	Bidding agency fees	Excess progressive	Fa Gai Jia Ge [2015] No. 299, Can Ji Jia Ge [2002] No. 1980, Fa Gai Jia Ge [2011] No. 534
4	Construction entity management fees	Excess progressive	MoF Cai Jian [2016] No. 504
5	Infrastructure supporting fees	Exemption for industrial enterprises	Di Cai Shui [2018] No. 4 Di Cai Shui [2023] No. 5
6	Other fees: including planning fees, feasibility study fees, safety inspection fees, and setting-out and alignment inspection fees	Comprehensive charge at 0.5%-1% of project cost	

(3) Determination of capital cost (C):

Capital cost is the interest during the construction period calculated based on the rated construction period, average funds invested, and the appropriate loan interest rate. The loan prime rate (LPR), as announced by the National Interbank Funding Center authorized by the People's Bank of China on December 22, 2025, was used: 1-year LPR was 3.0% and 5-year LPR was 3.5%. Funds were assumed to be evenly invested.

$$\text{Capital cost (C)} = [(A) + (B)] \times [(1 + \text{annual interest rate})^{\text{construction period}/2} - 1]$$

(4) Determination of replacement cost:

Replacement cost = comprehensive construction and installment cost + preliminary expenses and other costs + capital cost

$$= (A) + (B) + (C)$$

B. Determination of newness rate

The newness rate of houses and buildings is determined comprehensively using the useful-life method and the scoring method according to the real estate appraisal standards.

① Newness rate under the useful-life method

The newness rate under the useful-life method is calculated as the difference between the economic useful life of the building and its effective useful life, divided by the economic useful life of the building.

Newness rate under the useful-life method = remaining useful life of houses and buildings ÷ economic useful life of houses and buildings × 100%

② Newness rate under the scoring method

The scoring method involves assigning scores separately for structure, decoration and equipment based on the actual technical condition of buildings with different structures. The formula is:

Newness rate under the scoring method = (structure score × G + decoration score × S + equipment score × B) × 100%

G— Structure score correction factor;

S— Decoration score correction factor;

B— Equipment score correction factor.

③ Comprehensive newness rate

Comprehensive newness rate = Newness rate under the useful-life method × 40% + Newness rate under the scoring method × 60%

C. Determination of appraised value

Appraised value = replacement cost × comprehensive newness rate

II. Valuation of equipment using the replacement cost method

The machinery and equipment under the valuation are not independently operated and cannot generate profit individually, and there are no transaction cases in the secondary market for comparison. Therefore, the income approach and market comparison approach cannot be used. Accordingly, the replacement cost method was adopted for the valuation of these assets, i.e.:

Appraised value = replacement cost × comprehensive newness rate

A. Determination of replacement cost

For machinery and electronic equipment, the calculation formula is:

Replacement cost = acquisition cost + transportation and miscellaneous expenses+ installation and commissioning expenses + other expenses + capital cost.

That is, the prevailing market price of equipment with the same or similar specifications and models is determined by reviewing price information, directly inquiring with manufacturers, or online searches, and the replacement value of the equipment under the valuation is determined by considering reasonable expenses such as transportation and miscellaneous expenses, installation and commissioning expenses, other fees and capital costs. For equipment where transportation and miscellaneous expenses and installation and commissioning expenses are bore by the manufacturer and small equipment, transportation and miscellaneous expenses and installation and commissioning expenses are not considered in the valuation. For high-value equipment with long installation periods, capital costs are considered. Other costs mainly include design fees, supervision fees, etc.

For vehicles, the replacement cost calculation formula is: Replacement cost = acquisition cost + vehicle purchase tax + other expenses. Other expenses mainly include license fees, etc.

B. Determination of newness rate

Based on on-site inspection results, the introduction of the current technical status of the equipment by the enterprise's professional and technical personnel, and considering factors such as manufacturer, useful life, utilization rate, working environment, and maintenance, the newness rate is comprehensively determined by applying the useful-life method and the observation scoring method. The calculation formula is as follows:

Comprehensive newness rate = newness rate under the useful-life method × 40% + newness rate under the observation scoring method × 60%.

For vehicles in service, based on on-site inspection results and the introduction of the current technical status by the enterprise's professional and technical personnel, considering factors such as useful life, mileage driven and maintenance, the theoretical newness rate is determined by applying the useful-life method, and then weighted with the technical condition newness rate to determine the comprehensive newness rate.

The calculation formula is as follows:

Comprehensive newness rate = theoretical newness rate × 60% + technical condition newness rate × 40%

Wherein:

Mileage newness rate = (prescribed mileage – actual mileage)/stipulated mileage × 100%

Service life newness rate = (prescribed service life – actual service life)/prescribed service life × 100%.

C. Determination of appraised value

Appraised value = replacement cost × comprehensive newness rate

3. Valuation of construction in progress

The formation and composition of the carrying amount of construction in progress were reviewed and analyzed. The carrying amount consists of preliminary expenses, material purchase costs, project management fees, and project payments made by Shandong Chuangyuan Company for the construction projects. During the valuation, consultations were held with the management and engineering technical personnel of Shandong Chuangyuan Company regarding the feasibility of the construction in progress projects. The reasonableness of the carrying amount of construction in progress was analyzed to judge the consistency between the book balance and physical progress. The valuation was conducted on this basis.

The carrying amount of construction in progress represents engineering costs, material costs, and preliminary expenses that have been incurred by the company but not yet allocated to fixed assets. This portion of value has already been considered in the valuation of the corresponding fixed assets and has been appraised within the value of those fixed assets. Therefore, the appraised value for these construction in progress items was 0.

4. Valuation of construction materials

The valuers conducted sample counts of construction materials, focusing on categories with relatively large period-end balances and high unit prices, and verified the quantity as at the valuation benchmark date by referring to stock-in and stock-out documents. The authenticity of procurement transactions and the accuracy of book unit prices were verified by reviewing vouchers, VAT invoices, and purchase contracts.

For quantity changes between the count date and the valuation benchmark date, the valuers made adjustments for subsequent events. The verified actual quantity was used as the appraised quantity. As analyzed, the market prices of construction materials as at the valuation benchmark date had minor fluctuations, and their book purchase unit prices (excluding tax) were generally consistent with prevailing market prices.

In this valuation, the appraised unit price was determined based on the verified quantity and the purchase unit price excluding VAT, using the following formula:

Appraised unit price of construction materials = purchase unit price of the materials (excluding VAT);

Appraised value of construction materials = Σ (appraised unit price of construction material × verified quantity).

5. Valuation of land use rights

I. Method Selection

According to appraisal standards and the Regulations for Valuation on Urban Land (《城镇土地估价规程》), land valuation methods include the market comparison approach, income capitalization approach, residual approach, cost approach method and benchmark land premium coefficient correction approach. The choice of valuation method should follow the technical principles of land valuation, based on the development level of the local real estate market, and by considering the valuation purpose and specific characteristics of the valuation project (nature of land use) to select the appropriate valuation method.

(1) The market comparison approach is a method that, based on the substitution principle, compares recent comparable transaction cases within the same market supply and demand circle with the transaction status, transaction date, regional and individual factors of the valuation target and make correction thereof to derive the market price of the valuation target as at the valuation date.

As investigated, there were many primary market transfer cases surrounding the land parcels under the valuation in recent years, and comparable transaction cases were available. Therefore, the market comparison approach was suitable for the valuation.

(2) The income capitalization approach is a method that estimates the objective and reasonable price of the land parcels under the valuation by capitalizing the expected future normal annual net income (land rent) into present value as at the valuation date at a certain land capitalization rate and summing them up. The fundamental principle is the capitalization of future land rent.

As investigated on site, there were no land parcels used purely for leasing within the same supply and demand circle as the land parcels under the valuation. Land income materials are difficult to obtain. Therefore, the income capitalization approach cannot be used for the valuation.

(3) The residual approach is a method that estimates the price of the land parcels under the valuation upon completion of development based on normal transaction price and by deducting the estimated normal development costs and related professional expenses, interest, profits and taxes to be incurred. The residual approach is often used under the following three scenarios: first, for valuing land pending development or land requiring redevelopment after acquisition/renovation; second, for valuing land that is only to be developed and prepared for direct use; third, for separately valuing land in existing real estate.

As of the valuation benchmark date, land parcel tiled with Lu (2026) Wudi County Real Estate Title No. 0000188 had not yet commenced construction, and detailed planning indicators for future development were not available. All other land parcels have been fully developed and utilized, with assets erected thereon being under normal use, and the enterprise has no investment intention for re-planning and construction. Therefore, the residual approach was not suitable for the valuation.

(4) The benchmark land premium coefficient correction method is a method that generates the price of the valuation target on the valuation benchmark date by comparing the regional condition of the valuation object with the average condition of its region pursuant to the substitution principle, and processing the regional factor correction and other relevant adjustments according to the correction system of benchmark land premium.

The red mud stockyard land is located outside the benchmark land premium coverage area of Chengkou Town. The remaining land parcels are within the industrial grade II coverage area of Chengkou Town. The benchmark date of the previous round of benchmark land premiums in Wudi County was January 1, 2023. Although over three years have passed until the valuation date, since Wudi County has not yet issued a new round of benchmark land premiums, and land premium changes in Chengkou Town have been minimal, the benchmark land premiums remain highly current. Therefore, the benchmark land premium coefficient correction method can be used with reference to the industrial grade II benchmark land premium of Chengkou Town.

(5) The cost approach method is a method that determines land premium based mainly on the sum of costs incurred for land development, plus a certain amount of profit, interest, taxes payable, and landowner's equity. The cost approach method is suitable for three circumstances: first, for valuing newly developed land, such as new development zones; second, for areas with underdeveloped land markets and few land transaction cases where the market comparison approach cannot be used; third, for valuing land for special uses such as schools, parks, hospitals, and other public buildings and welfare facilities that have neither income nor few transaction cases.

The to-be-appraised land parcels are located in the Lubei High-tech Development Zone, Chengkou Town. Due to the need for industrial economic development, the land transfer prices in the surrounding government primary market differ somewhat from the cost of land developed after expropriating collective land. Therefore, the cost approach method is not suitable for this valuation.

In summary, the market comparison method and the benchmark land premium coefficient correction method were determined as the basic methods for this valuation. Finally, the results calculated under the two methods were compared and analyzed with the land premium levels of similar land in the regional land market where the valuation target is located to comprehensively determine the land valuation result.

II. Technical Route of the Valuation:**A. MARKET COMPARISON APPROACH**

In arriving the price of a subject land, based on the substitution principle, the subject land is compared with similar land transaction cases that have occurred in the recent past, and based on the known prices, corrections are made for differences in transaction circumstances, date, regional factors and individual factors to derive the price of the subject land as of the valuation date. The calculation formula is: subject land premium = price of the comparable case land × transaction circumstance index of the subject land/transaction circumstance index of the comparable case land × valuation date price index of the subject land/transaction date price index of the comparable case land × regional factor condition index of the subject land/regional factor condition index of the comparable case land × individual factor condition index of the subject land/individual factor condition index of the comparable case land.

B. BENCHMARK LAND PREMIUM COEFFICIENT CORRECTION APPROACH

The benchmark land premium coefficient correction approach is a method to derive the land premium of the subject land by determining the correction coefficients and adjusting the benchmark land premium based on the local benchmark land premium level, with reference to the same land grade as the subject land, the land premium standards and various correction factor tables for that type of land use, and taking into account the differences in regional conditions, individual conditions, land use term, market conditions, plot ratio, micro location conditions and other factors. The basic formula is:

$$P=P1b \times (1 \pm \sum Ki) \times Kj + D$$

Wherein: P – Price of the subject land;

P1b – Benchmark land premium for a specific use and grade (homogeneous region);

$\sum Ki$ – Land premium related correction coefficients;

Kj – Other correction coefficients related to valuation date, plot ratio and land use term, etc.;

D – Land development degree related correction coefficient

6. Valuation of right-of-use assets*(1) Verification of book value*

The valuers conducted item-by-item verification and analysis of the original book value, accumulated depreciation, and formation process of the book value of the right-of-use assets. As verified, this right-of-use asset was recognized by the appraised entity under the relevant provisions of the Accounting Standards for Business Enterprises No. 21 – Leases. When acquiring the Bombardier Global 6000 aircraft through finance lease, the original book value was recorded at the lower of the fair value of the leased asset at the commencement date of the lease term and the present value of the minimum lease payments, with a corresponding lease liability recognized. Subsequent accumulated depreciation was provided according to the established depreciation policy. The depreciation method, depreciation period, and estimated net residual value all complied with the requirements of the Accounting Standards for Business Enterprises and the appraised entity's accounting policies.

(2) Review of provision of depreciation

The valuers calculated and reviewed the depreciation provision in conjunction with the actual situation of the aircraft corresponding to this right-of-use asset: the reasonableness of the depreciation period was analyzed by taking into account the estimated useful life of the aircraft and the lease term as agreed in the lease contract; the applicability of the depreciation method (straight-line method/units of production method) was verified based on the expected consumption pattern of the aircraft's economic benefits; the accuracy and timeliness of the depreciation amounts for each period were verified against the depreciation schedule, confirming that there were no instances of under-provision, over-provision, or omission of depreciation.

(3) Valuation method and valuation conclusion

In this valuation, the cost approach (book value method) was used for the right-of-use assets. The valuation premises are: ① the lease contract is legal and valid, and the appraised entity can fulfill its lease obligations normally and continue to enjoy the right to use the aircraft; ② the appraised entity continues to operate, and the right-of-use asset is used normally for its existing purpose, with no signs of idleness, damage, or significant impairment; ③ the depreciation policy, estimated useful life and other accounting estimates are reasonable, with no significant abnormal adjustments.

As verified, the book records of the appraised entity's right-of-use assets are true and complete, the accounting policies are appropriately selected, depreciation is reasonably provided, and the book value can fairly reflect the actual value of the right-of-use assets as of the valuation benchmark date. In this valuation, the appraised value is determined based on the verified book value of the right-of-use assets, i.e.: appraised value of right-of-use assets = verified original book value – verified accumulated depreciation.

7. Valuation of liabilities

Based on the valuation declaration schedule, the valuers reviewed, verified and validated the basis of occurrence, book amount, formation background and repayment obligations for each type of liability item by item. The appraised value of liabilities was determined based on the statutory repayment obligations that the appraised entity actually needs to bear after the valuation purpose is realized. For liability items listed in the books but not actually required to be borne by the appraised entity, the appraised value was recognized as zero.

VIII. IMPLEMENTATION PROCESS AND CIRCUMSTANCES OF THE VALUATION PROCEDURE

After accepting the valuation engagement, Shandong Huayong Assets Appraisal Co., Ltd. immediately formed an asset valuation team, formulated a valuation plan, officially entered the site, and commenced valuation work. In accordance with the relevant provisions of national authorities on asset appraisal standards and relevant national regulations, we appraised the assets and liabilities within the valuation scope. The specific steps are as follows:

(i) Specifying the basic matters of the valuation engagement

1. learning from the principals whether there are other users of the report other than the principals, and understanding the users of the valuation report and their relationship with the principals;
2. understanding the economic transaction related to the valuation engagement and defining the valuation purpose;
3. understanding the basics of the valuation target and the specific types, distributions and characteristics of the assets included in the valuation scope; understanding the industry, legal environment, accounting policies and equity position of the appraised entity;
4. determining the value type based on the valuation purpose and reaching an agreement with the principals regarding the meaning of the specific value type;
5. assisting the principals in determining the valuation benchmark date on the principle that the conclusion of the valuation can be effectively served for the purpose of the valuation
6. clarifying the restrictions on the use of the valuation report, and obtaining the principals' understanding;
7. negotiating with the principals to determine when and how the valuation report will be delivered;
8. negotiating with the principals to determine the total fee of valuation service, the payment schedule and methods;
9. other important matters that need to be specified, such as the collaboration and coordination between the principals and the appraised entity.

(ii) Entering into asset valuation engagement contract

The valuers conducted a comprehensive analysis and evaluation on the professional capabilities, independence and business risks based on the specific conditions of the valuation engagement, and entered into an asset valuation engagement contract with the principals which sets out the liabilities and obligations to be assumed by each party.

(iii) Preparation of valuation plan

After accepting the engagement, the project leader prepared the valuation plan. Specific steps, time schedules, personnel arrangements and technical schemes for on-site surveys, collection of valuation materials, evaluation and estimation, preparation and submission of valuation reports were arranged and planned and reported to the relevant person in charge of the appraisal agency for review and approval before implementation.

(iv) On-site investigation**1. On-site investigation personnel organization and implementation time**

- (1) January 31, 2026 – February 6, 2026: Organized the valuers to check the accounting status of current assets and liabilities, verified receivables and payables and conduct the procedures of confirmations, and reviewed whether the book records and related accounting treatments are correct;
- (2) February 7, 2026 – February 14, 2026: Organized the valuers to conduct physical counts of tangible assets;
- (3) February 15, 2026 – February 26, 2026: Checked and reviewed the asset inventory valuation schedule, verified relevant documents and materials and property title documents, and verified the results of the asset inventory.

2 On-site investigation process

Based on the relevant principles and provisions of asset valuation and the characteristics of the enterprise's operations, the valuers guided the appraised enterprise in conducting inventory of assets and collecting information and they then verified the assets within the valuation scope with a focus on their titles and validated the information collected by following the steps set out below:

(1) Guiding the enterprise in the asset reporting

The valuers entered the premises of the enterprise and guided it to register and report each of the assets and liabilities within the valuation scope according to the ‘Breakdown List of Asset Inventory Valuation, the List of Valuation Information’ provided by the appraisal agency and their completion requirements based on the result of self-checks on its assets; guide the asset reporting enterprise to classify, sort out and analyze relevant financial data of its historical operating conditions and make preliminary predictions on future earning, and urge the enterprise to prepare relevant information required for the valuation under the List of Valuation Information.

(2) Reviewing the breakdown list of asset reporting

The valuers reviewed relevant accounting records and information on the conditions, performance, economic and technical metrics and process of production of the valuation target, and examined the breakdown list of asset reporting provided by the enterprise to ensure there is no duplicate or omission of every asset within the valuation scope and the number and value of assets and other information on the list are accurate and complete, and confirmed the authenticity of the financial data reported by the enterprise.

(3) Conducting on-site inspection

On-site inspection mainly involves field investigation and understanding of the current condition of tangible assets. Based on the breakdown list of buildings, structures, machinery and equipment (including mechanical equipment, vehicles and electronic equipment) provided by the enterprise, the quantity, functional characteristics, usage and operating status and integrity of tangible assets were inspected and verified one by one to form detailed on-site verification records.

For inventory counting, the valuers selected samples of inventories with relatively large period-end balances, high stock-in and stock-out frequency and high unit prices for spot-check counting and supplemented the breakdown list of inventory valuation based on stock-in and stock-out documents and the verification results.

For house and building assets, in addition to verifying original documents such as lists, the valuers investigated the floor area, external dimensions, eaves height, storey height, column spacing, span, quantity, location, structural type, decoration standards, functional use, and sturdiness of the buildings one by one and supplemented the breakdown list of building valuation based on the verification results;

For structure assets, the valuers investigated and verified the dimensions, structural type, construction practices, functionality, and current usage status and supplemented the breakdown list of structures valuation based on the verification results;

For equipment assets, based on the list, the valuers investigated the name, specifications and models, manufacturer, purchase date, and commissioning date of the equipment on-site and understood the performance, technical condition, maintenance status, etc. of equipment, and supplemented the breakdown list of machinery and equipment valuation based on the verification results;

For land use rights, based on the list, the valuers focused on the method of land acquisition, registration status, rights status, and development and utilization status.

(4) Verifying titles

The verification of titles mainly involved the verification of the buildings, machinery and equipment, land use rights, and significant claims and debts within the valuation scope and the confirmation of whether or not the ownership of assets reported by the enterprise is clear, the source of assets is lawful and the division of interest in assets is complete and clear based on the result of verification.

(5) Improving the breakdown list of assets valuation

Based on the results of on-site inspection, the content of the breakdown list of assets valuation was further improved to ensure consistency across the accounts, certificates, statements and facts of all assets within the valuation scope.

(6) Investigating the operating condition of the enterprise

Based on the historical operational data provided by the enterprise, the valuers enquired and understood the enterprise's production and operation practices, operation and management capacity, plans for future development, the position of its key products in the industry and the market and current production and sales information, internal and external conditions for the enterprise's continued operation and other factors which may affect the same.

(7) Exchanging opinions

The valuers exchanged their opinions on the preliminary results of asset counting with the principals, and formed the verification conclusion with analysis and modification as appropriate.

(v) Collecting valuation information

The valuation data mainly include the title documentation and pricing basis for the valuation subjects. The title documentation is collected directly from the relevant enterprises. For the pricing basis, such data are compiled through a combination of original cost information of asset construction and acquisition provided by the enterprises, relevant market price information researched by the valuation personnel, and standards issued by the government.

(vi) Assessment and estimation

A preliminary conclusion was made by using appropriate valuation methods based on relevant conditions such as the valuation target, type of value, and the valuation information collection, conducting necessary analysis, sorting out and consolidation of the valuation information collected, performing analysis, calculation and judgment with corresponding formulas and parameters.

(vii) Determining valuation results through comprehensive analysis

The project leader formed a preliminary valuation conclusions through a comprehensive analysis of the preliminary valuation results. Significant issues are reported to the head of the entity, who arranged for relevant parties to discuss the same. Without prejudice to the independent judgment on the final valuation conclusions, the project leader had necessary communications with the principals or relevant parties authorised by the principals on the content of the valuation report, so as to form the final valuation conclusion.

(viii) Preparing and submitting the valuation report

Following the assessment, estimation and comprehensive analysis, in accordance with the requirements under laws, regulations and asset evaluation standards, a valuation report was prepared and reviewed internally before submitting the valuation report to the principals as required under the asset valuation engagement contract.

IX. VALUATION ASSUMPTIONS**(i) Basic assumptions**

1. Transaction assumption: all assets to be appraised are assumed to be in the process of transaction, and the valuation appraised by the valuers is based on a simulated market taking into account the terms of transaction of the assets to be appraised;
2. Open market assumption: open market assumption is an assumption of the conditions of the market the assets proposed to enter and of how the assets will be affected given such market conditions. Open market refers to fully developed and mature market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, noncompulsory or unrestricted conditions.
3. Asset continuous use assumption: it refers to the assumption that the assets of the appraised entity will continue to be used as of the valuation benchmark date according to their current purpose, usage method, usage frequency, usage environment, asset scale, etc. Under continuous use assumption, changed use of the assets and the best condition of use will not be taken into account, and the scope of use of the valuation results is limited.
4. Going concern assumption: assuming that the appraised entity will continue as a going concern after the valuation benchmark date.

(ii) General assumptions

1. No material changes are expected in relevant laws, regulations and policies of the PRC relating to the industry in which the appraised entity operates;
2. No other material changes are expected in the socio-economic environment and economic development, except for changes already known to the public;
3. Changes in the prevailing bank loan interest rates and foreign exchange rates in the PRC can be maintained within a reasonable range;
4. There will be no material changes in the current national tax system, except for changes already known to the public;
5. There will be no material changes from other force majeure or unforeseeable factors;
6. The inflation factors are not considered in the calculation of the values of various parameters, and prices are constant prices.

(iii) Specific assumptions

1. For the information materials provided by the asset owner and other parties on which all or part of the value valuation conclusions in this valuation report are based, we only conducted an independent review according to the valuation procedures. It is assumed that the materials provided by the principals are true and reliable, and the description of the assets by the relevant parties is objective and true.
2. The asset owner legally owns, uses and disposes of the valuation target and enjoys the right to its income.
3. It is assumed that the internal structure of the valuation target has no significant quality issues that affect its value.
4. It is assumed that the assets involved in the valuation target have no significant defects or legal restrictions that affect their value.
5. In this valuation, unless otherwise specified, no consideration is given to the impact of possible mortgages or guarantees on the equity or related assets of the appraised entity on the appraised value, nor is consideration given to the impact of changes in national macroeconomic policies or natural forces and other force majeure events on asset prices.
6. There are no force majeure factors or unforeseen events causing material and adverse effects on the enterprise.

This valuation report and its conclusions were made based on the above valuation assumptions and limiting conditions, as well as the principles, basis, conditions, methods, and procedures determined in this valuation report. If the above preconditions change, this valuation report and its conclusions will generally become invalid automatically.

X. VALUATION CONCLUSION

(i) Valuation conclusion:

After implementing the above-mentioned asset valuation procedures and methods, as of December 31, 2025, under the above-mentioned valuation purpose, type of value and assumptions, the value of all shareholders' equity in Shandong Chuangyuan New Materials Technology Co., Ltd. is reflected as follows:

Assets: Book value was RMB6,464,819,600 and appraised value was RMB6,424,496,300, representing a depreciation of RMB40,323,300 and depreciation rate of 0.62%

Liabilities: Book value was RMB5,159,040,900 and appraised value was RMB5,158,166,200, representing a depreciation of RMB874,700 and depreciation rate of 0.02%;

Net assets: Book value was RMB1,305,778,700 and appraised value was RMB1,266,330,100, representing a depreciation of RMB39,448,600 and depreciation rate of 3.02%. See details in the table below:

Summary Table of Valuation Results

As of December 31, 2025

Unit: RMB'0,000

Item		Book Value A	Appraised Value B	Appreciation or depreciation C=B-A	Appreciation Rate % D=C/A×100%
Current assets	1	266,626.66	265,288.73	-1,337.93	-0.50
Non-current assets	2	379,855.30	377,160.90	-2,694.40	-0.71
Including: Financial assets available for sale	3				
Held-to-maturity investments	4				
Long-term receivables	5				
Long-term equity investments	6				
Investment property	7				
Fixed assets	8	318,887.58	315,755.75	-3,131.83	-0.98
Construction in progress	9	767.57		-767.57	-100.00
Construction Materials	10	1,969.50	1,821.67	-147.84	-7.51
Disposal of fixed assets	11				

APPENDIX II VALUATION REPORT A FOR SHANDONG CHUANGYUAN

Item		Book Value A	Appraised Value B	Appreciation or depreciation C=B-A	Appreciation Rate % D=C/A×100%
Productive biological assets	12				
Oil and gas assets	13				
Intangible assets	14	42,511.49	43,864.34	1,352.84	3.18
Development expenses	15				
Goodwill	16				
Long-term prepaid expenses	17				
Deferred tax assets	18				
Right-of-use assets	19	15,719.15	15,719.15		
Total assets	20	646,481.96	642,449.63	-4,032.33	-0.62
Current liabilities	21	341,732.25	341,731.87	-0.38	
Non-current liabilities	22	174,171.84	174,084.76	-87.08	-0.05
Total liabilities	23	515,904.09	515,816.62	-87.47	-0.02
Net assets (owners' equity)	24	130,577.87	126,633.01	-3,944.86	-3.02

Detailed information on the valuation conclusion can be found in the valuation breakdown list in this report.

(ii) Analysis of reasons for depreciation or appreciation in valuation

After appraising the assets and liabilities provided by the appraised entity, the all shareholders' equity (net assets) depreciated by RMB39,4486 million, representing a depreciation of 3.02%. Specific reasons for the depreciation or appreciation are analyzed as follows:

1. Prepayments depreciated by RMB1.7180 million in the valuation, representing a depreciation of 0.11%. The main reason for the appreciation is: some prepayments represent amounts paid early by the company for which goods or services have been received. However, due to the company not having obtained invoices and incomplete settlement procedures, they were treated as expenses in the valuation, resulting in an appraised value of 0.
2. Other receivables depreciated by RMB0.15 million in the valuation, representing a depreciation of 0.97%. The main reason for the depreciation is: some other receivables have been confirmed by the company as irrecoverable, resulting in an appraised value of 0.
3. Inventories depreciated by RMB13.4247 million in the valuation, representing a depreciation of 1.53%. The main reason for the appreciation is: the market prices of raw materials and work in progress as of the valuation benchmark date decreased.

4. Other current assets appreciated by RMB1.9133 million in the valuation. The main reason for the appreciation is there is input VAT to be deducted that the company has incurred but not yet recorded.
5. Building assets depreciated by RMB15.9267 million in the valuation, representing a depreciation of 2.14%. The main reasons for the appreciation are:

Firstly, the depreciation period used in financial accounting is relatively short, and in the valuation, the newness rate was calculated based on the normal economic useful life; secondly, the construction-related costs and capital costs are not included in some assets' book values, and these are included in the appraised value.

6. The equipment assets depreciated by RMB15.3916 million in the valuation, representing a depreciation of 0.63%. The main reasons for the depreciation is:

Unreasonable capital costs and deferred expenses were allocated to the book value of certain equipment.

7. Construction in progress depreciated by RMB7.6757 million in the valuation. The main reasons for the depreciation is:

The listed construction in progress has been completed, but the company has not transferred such investment to the corresponding fixed assets. When appraising the fixed assets, the valuation was conducted based on the actual condition of each fixed asset. To avoid duplication, the appraised value for this construction in progress is 0.

8. Construction materials depreciated by RMB1.4784 million in the valuation, representing a depreciation of 7.51%. The main reasons for the depreciation is the existence of materials and goods that have been issued but not yet accounted for.
9. Intangible assets – Land use rights appreciated by RMB13.5284 million in the valuation, representing an appreciation rate of 3.18%. The main reasons for the appreciation is:

Some land parcels were acquired earlier, and land premiums as of the valuation benchmark date have increased significantly as compared to the time of acquisition.

XI. NOTES ON SPECIAL MATTERS

The following matters are beyond the practice level and competence of the company's asset valuers to value and estimate, but may indeed affect the valuation conclusions. Users of the valuation report are advised to pay particular attention to:

(i) During the execution of this valuation engagement, we conducted necessary inspections of the legal ownership information of the valuation target and the sources thereof provided by the principals and relevant parties. However, we do not express any opinion or give any confirmation or guarantee as to the legal ownership of the valuation target. The asset owners and relevant parties are responsible for the authenticity, accuracy and completeness of the ownership information on which this report is based.

(ii) This valuation was conducted based on the scope of assets and liabilities entrusted by the principal for valuation and was limited to the on-site asset and liability scope jointly confirmed by the involved parties. The appraisal agency and the signing asset valuers assume no responsibility for expressing opinions on assets and liabilities outside the valuation scope determined by the principals.

(iii) During the valuation process, the valuers discovered the following matters that may affect the valuation conclusion but are beyond the professional level and competence of the valuers to assess and estimate. Report users are reminded to pay attention to the impact of these matters on the valuation conclusion and use the valuation conclusion reasonably:

1. Shandong Chuangyuan New Material Technology Co., Ltd., as a guarantor, provided guarantees for short-term loans, project financing, and letters of credit of Inner Mongolia Chuangyuan Metal Co., Ltd. with several banks including Huolin Gol Sub-branch of ICBC and Tongliao Huolinhe Sub-branch of MENGSAHNG BANK, with a repayment obligation of RMB6,252.00 million.
2. During this valuation, the asset valuers did not perform technical detection on the concealed works and internal structures (parts that were invisible to naked eyes) of houses and buildings and machinery and equipment. This valuation conclusion was a judgment made through on-site investigation without the aid of any detection instruments assuming that relevant engineering data provided by the appraised entity was true and valid.
3. Some of the houses and buildings under this valuation have completed property rights registration, and the floor area was based on the area stated in the certificates; for houses and buildings without property rights registration, the floor area was based on the area measured on-site by the valuers and confirmed by the asset owners. If the enterprise needs to complete property rights registration at a later stage, the floor area should be based on the survey area issued by an institution with surveying and mapping qualifications. If there is a significant difference in area, the valuation conclusion should be adjusted based on the survey area.

(iv) Asset mortgages, pledges and other rights restrictions

After reviewing the enterprise's credit report, mortgage contracts, finance lease contracts, and other materials, the rights restrictions on the assets of Shandong Chuangyuan New Material Technology Co., Ltd. are as follows:

1. Real estate mortgage:

Breakdown List of Real Estate Mortgage

No.	Certificate No.	Mortgagee	Mortgage Term	Collateral Type	Certified Area (m ²)	Mortgaged Area (m ²)	Remarks
1	Lu (2025) Wudi County Real Estate Title No. 0000859	Binzhou Wudi Subbranch of Dongying Bank Co., Ltd.	2025.11.10-2028.10.21	Land use rights, houses and buildings	Land use rights 145,345, Houses and buildings 1,079.88	145,345.00	4 houses and buildings
2	Lu (2025) Wudi County Real Estate Title No. 0001391	Jinan Branch of Bank of Beijing Co., Ltd.	2025.7.3-2027.1.2	Land use rights, houses and buildings	Land use rights 85,302, Houses and buildings 32,048.62	85,302.00	21 houses and buildings
3	Lu (2025) Wudi County Real Estate Title No. 0000841	Binzhou Wudi Subbranch of Dongying Bank Co., Ltd.	2025.5.23-2026.6.18	Land use rights, houses and buildings	Land use rights 96,507, Houses and buildings 1,100.26	96,507.00	2 houses and buildings
4	Lu (2024) Wudi County Real Estate Title Nos. 0005198, 0005200, 0005206, 0005233, 0005250, 0005242, 0005244, 0005230, 0005229	Binzhou Wudi Subbranch of Dongying Bank Co., Ltd.	2025.5.23-2026.6.18	Land use rights	993,729.00	993,729.00	
5	Lu (2024) Wudi County Real Estate Title Nos. 0005205, 0005221	Shandong Wudi Rural Commercial Bank Co., Ltd. (山東無棣農村商業銀行股份有限公司)	2025.1.24-2028.1.23	Land use rights	243,294.00	243,294.00	
6	Lu (2024) Wudi County Real Estate Title Nos. 0005202, 0005227	Shandong Wudi Rural Commercial Bank Co., Ltd.	2025.4.11-2028.2.19	Land use rights	213,830.00	213,830.00	
7	Lu (2024) Wudi County Real Estate Title Nos. 0005238, 0005220	Shandong Wudi Rural Commercial Bank Co., Ltd.	2025.4.12-2028.2.19	Land use rights	235,657.00	235,657.00	

APPENDIX II VALUATION REPORT A FOR SHANDONG CHUANGYUAN

2. Assets under finance lease: As of the valuation benchmark date, certain equipment assets were under finance lease through sale and leaseback arrangements. One Bombardier Global 6000 aircraft was acquired through finance lease. Ownership of the assets is restricted during the lease term (ownership of the leased assets belongs to the lessor, the appraised entity has the right to use), specific details of which are as follows:

Breakdown List of Equipment under Finance Lease

Contract Signing Date	Contract Number	Name of Lessor	Asset Category	Asset Quantity (Items)	Financing Amount (RMB0'000)	Lease Term	Original Appraised Value (RMB0'000)	Net Appraised Value (RMB0'000)
2024.12.25	PYFLBH0124013926	Puyin Financial Leasing Co., Ltd.(浦銀金融租賃股份有限公司)	Equipment	41	35000	36 months	52,151.20	32,954.12
2025.01.10	RHZL-2024-101-0751-SDCY	China Power Investment Ronghe Financial Leasing Co., Ltd.(中電投融和融資租賃有限公司)	Equipment	56	10000	36 months	11,544.40	7,397.41
2025.03.03	ZHZL(25)02HZ012	AVIC International Financial Leasing Co., Ltd. (中航國際融資租賃有限公司)	Equipment	121	20000	36 months	28,381.89	18,890.96
2025.11.10	RHZL-2025-101-0575-SDCY	China Power Investment Ronghe Financial Leasing Co., Ltd.(中電投融和融資租賃有限公司)	Equipment	71	12000	36 months	14,971.04	10,071.26
2025.03.19	ZHZL(25)01ZL008	Lan'er Leasing (Tianjin) Co., Ltd. (南爾租賃(天津)有限公司)	Aircraft	1	13432	60 month	15,719.15	15,719.15
Total							122,767.67	85,032.90

(v) Significant subsequent events

Subsequent events refer to events that occur between the valuation benchmark date and the valuation report date that may have an impact on the valuation results. In this valuation, there are no significant subsequent events other than those disclosed in the report.

(vi) In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the valuation benchmark date, the principles set out below shall be followed:

1. In the event that the quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;
2. In the event that the pricing standard of the assets changes significantly impacting the asset valuation results, the principals shall timely engage qualified asset appraisal agency to redetermine the appraised value;
3. For changes in the quantity and the pricing standards of assets after the valuation benchmark date, the principals should give full consideration and make corresponding adjustments when actually pricing the assets.

(vii) Limitations of and treatments on the asset valuation procedures and relevant impacts on valuation conclusions

1. During this valuation, the asset valuers did not perform technical detection on the equipment's technical parameters and performance as at the valuation benchmark date, but made judgment through site investigation assuming that relevant technical data and running records provided by the appraised entity were true and valid.
2. During this valuation, the asset valuers did not perform technical detection on the concealed works and internal structures (parts that were invisible to naked eyes) of buildings (structures). This valuation conclusion was a judgment made through on-site investigation without the aid of any detection instruments assuming that relevant engineering data provided by the appraised entity was true and valid.

- (viii) The valuation conclusion was arrived at in accordance with the aforesaid valuation principles, bases, premises, methods and procedures, and is only established under the conditions that the aforesaid valuation principles, bases and premises exist.
- (ix) The valuation conclusions are issued by our appraisal agency and are subject to the practice level and competence of the asset valuers of our agency.
- (x) In accordance with the requirements of the asset valuation, the valuation measurements are based, in part, on existing policy provisions and, in part, on industry practices, statistical parameters or generic parameters commonly used in valuations. In the event of significant changes in the economic environment in the future, the valuers will not be liable for results different from those in this valuation as a result of changes in the prerequisites.
- (xi) The results of this valuation reflect the current fair market value of the valuation target for the purpose of the valuation, which was determined in accordance with the principles of the open market on the assumption that the appraised enterprise continue as a going concern, without taking into account the impact of the price that may be paid by special counterparties in addition to the price or a reduction to the price on the appraised value, and without taking into account the impact of changes in the national macroeconomic policy and the force of nature and other force majeure on the price of the assets. The valuation results are generally invalidated when other circumstances change such as the aforementioned conditions and the going concern principle and the principle of ownership change followed in this valuation.

Users of the report are advised to pay attention to the above special matters.

XII. LIMITATIONS ON THE USE OF THE VALUATION REPORT

1. This valuation report may only be used for the purpose of valuation and usages stated in the valuation report. If the principals or other users of the asset valuation report fail to use the asset valuation report in accordance with laws, administrative regulations and the scope of use specified in the asset valuation report, the asset appraisal agency and its asset valuation professionals shall not be liable.
2. This asset valuation report can only be used by the users specified in the valuation report. Except for the principals, other users of the asset valuation report as agreed in the asset valuation engagement contract and users of the asset valuation report as stipulated by laws and administrative regulations, no other institution or individual shall be a user of the asset valuation report.
3. The users of the asset valuation report should correctly interpret and use the valuation conclusion, which is not equivalent to the realisable value of the valuation target and should not be regarded as a guarantee for the realisable value of the valuation target.
4. Without the consent of the appraisal agency that issued the valuation report, the contents of this valuation report shall not be extracted, quoted or disclosed in the public media, unless otherwise provided by laws and regulations and agreed by the relevant parties.
5. According to relevant national regulations on valuation management, this valuation report is legally effective only after being signed and sealed by the person in charge of the appraisal agency and the asset valuers. Copies are invalid.
6. According to relevant national regulations, the valid period of use for this valuation report is one year, from December 31, 2025, the valuation benchmark date, to December 30, 2026. If the asset condition or market condition changes significantly as compared to that as at the valuation benchmark date during this period, the principals should engage an appraisal agency to re-appraise.
7. All or part of the content of this report is subject to interpretation by Shandong Huayong Assets Appraisal Co., Ltd.

XIII. VALUATION REPORT DATE

The date of this valuation report is March 12, 2026.

Shandong Huayong Assets Appraisal Co., Ltd.
March 12, 2026

This report was prepared in accordance with China Asset Appraisal Standards

**VALUATION PROJECT FOR THE VALUE OF
TOTAL SHAREHOLDERS' EQUITY
IN TONGLIAO SMART MINING CO., LTD.
IN RESPECT OF PROPOSED ACQUISITION
OF 100% INTEREST EQUITY
IN TONGLIAO SMART MINING CO., LTD.
BY INNER MONGOLIA CHUANGYUAN METAL CO., LTD.
ASSET VALUATION REPORT
Zhong Lian Ping Bao Zi [2026] No. 0794**

China United Assets Appraisal Group Co., Ltd.

March 14, 2026

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STATEMENT

- I. This asset valuation report is prepared in accordance with the Basic Rules for Asset Appraisal issued by the Ministry of Finance and the Asset Appraisal Practice Standards and the Professional Codes of Ethics issued by the China Appraisal Society.
- II. The principals or other users of this asset valuation report shall use the asset valuation report in accordance with the provisions of laws, administrative regulations and the scope of use specified in the asset valuation report. The asset appraisal agency and its asset valuers take no liability in case of violation of the aforesaid provisions by the principals or other users of the asset valuation report in their use of the asset valuation report.

The asset valuation report is only intended to be used by the principals, other users of the asset valuation report as specified in the asset valuation engagement contract and users of the asset valuation report as stipulated by laws and administrative regulations. Save for the above, no other institution or individual shall be deemed as users of the asset valuation report.

The asset appraisal agency and its asset valuers remind users of the asset valuation report to correctly interpret and apply the valuation conclusion, which does not represent the realisable price of the valuation target and may not be deemed as a guarantee for the realisable price of the valuation target.

- III. The truthfulness, legality and completeness of the information provided by the principals and other relevant parties are the prerequisite for the effectiveness of the valuation conclusion. The list of assets and liabilities within the scope of valuation, and ownership certificates were provided by the principals and the appraised entities and confirmed by seal or other means.
- IV. The asset appraisal agency and its asset valuers have no existing or expected interest in the valuation target in the asset valuation report, nor any existing or expected interest in any relevant parties, nor any bias in respect of the relevant parties.
- V. The asset valuers have conducted on-site inspections on the valuation target and the assets involved in the asset valuation report. The asset valuers have paid necessary attention to the legal ownership status of the valuation target and the assets involved, verified the legal ownership information of the valuation target and the assets involved.
- VI. The analyses, judgements and results in the asset valuation report issued by the asset appraisal agency are subject to the assumptions and restrictions set out therein. Users of the asset valuation report shall fully consider the assumptions, restrictions and descriptions of specific issues set out in the asset valuation report and their impact on the valuation conclusion.
- VII. The asset appraisal agency and its asset valuers are in compliance with the laws, administrative regulations and rules for asset appraisal with adherence to the principles of independence, objectivity and impartiality, and assume responsibility for the asset valuation report issued in accordance with laws.

**VALUATION PROJECT FOR THE VALUE OF
TOTAL SHAREHOLDERS' EQUITY
IN TONGLIAO SMART MINING CO., LTD.
IN RESPECT OF PROPOSED ACQUISITION
OF 100% EQUITY INTEREST
IN TONGLIAO SMART MINING CO., LTD.
BY INNER MONGOLIA CHUANGYUAN METAL CO., LTD.
ASSET VALUATION REPORT
Zhong Lian Ping Bao Zi [2026] No. 0794**

To Inner Mongolia Chuangyuan Metal Co., Ltd. and Shandong Innovation Group Co., Ltd.:

China United Assets Appraisal Group Co., Ltd. has been engaged by the Company to appraise the market value of total shareholders' equity in Tongliao Smart Mining Co., Ltd. as at December 31, 2025, the valuation benchmark date in respect of the economic transaction on the proposed acquisition of 100% equity interest in Tongliao Smart Mining Co., Ltd. by Inner Mongolia Chuangyuan Metal Co., Ltd. by using the asset-based approach in accordance with necessary valuation procedures and the requirements of relevant laws, administrative regulations and asset valuation standards and under the principle of independence, objectivity and impartiality. The asset valuation is hereby reported as follows:

I. THE PRINCIPALS, APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT

The principals for this asset valuation are Inner Mongolia Chuangyuan Metal Co., Ltd. and Shandong Innovation Group Co., Ltd., and the appraised entity is Tongliao Smart Mining Co., Ltd.

(I) Overview of the Principal I

Name: Inner Mongolia Chuangyuan Metal Co., Ltd. ("Inner Mongolia Chuangyuan Metal")

Type: Limited liability company (sole proprietorship of legal person invested or controlled by non-natural persons)

Address: Area C, Southwest Industrial Park, Hologola, Tongliao City, Inner Mongolia Autonomous Region (內蒙古自治區通遼市霍林郭勒市市區西南工業園區 C 區內)

Legal Representative: Cao Yong (曹勇)

Registered Capital: RMB5,370,000,000

Date of Establishment: May 10, 2012

Business Term: May 10, 2012 to May 9, 2062

Uniform Social Credit Code: 911505815973313970

Scope of Business: Metal material manufacturing; common non-ferrous metal smelting; metal product sales; graphite and carbon product sales; synthetic material sales; coal and its product sales; mechanical equipment leasing; non-residential real estate leasing; labor services (excluding labor dispatch); import/export of goods. (Except for items subject to approval in accordance with laws, business activities can be conducted independently with the business license in accordance with laws) Permitted projects: Power generation, power transmission, power supply (distribution) business; catering services. (For items subject to approval in accordance with laws, business activities can only be conducted upon approval by the relevant authorities, specific business items shall be subject to approval documents or permits from relevant authorities)

(II) Overview of the Principal II

Name: Shandong Innovation Group Co., Ltd. (“Shandong Innovation Group”)

Type: Limited liability company (invested or controlled by natural persons)

Address: North Side, East End of Huixian Fifth Road, Zouping, Binzhou City, Shandong Province (山東省濱州市鄒平市會仙五路東首北側)

Legal Representative: Wang Wei (王偉)

Registered Capital: RMB300,000,000

Date of Establishment: August 13, 2013

Business Term: August 13, 2013 to August 13, 2043

Uniform Social Credit Code: 913716260757806974

Scope of Business: Investment activities with own funds; information consulting services (excluding licensed information consulting services); metal ore sales; non-metallic ore and its product sales; property management; vegetable cultivation; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion (except for items subject to approval in accordance with laws, business activities can be conducted independently with the business license in accordance with laws)

(III) Overview of the Appraised Entity**1. Basic Information of the Enterprise**

Company Name: Tongliao Smart Mining Co., Ltd. (“Tongliao Smart Mining”)

Type: Limited liability company (sole proprietorship of legal person invested or controlled by non-natural persons)

Address: Area C, Southwest Industrial Park, Holingola, Tongliao City, Inner Mongolia Autonomous Region (內蒙古自治區通遼市霍林郭勒市市區西南工業園區 C 區內)

Legal Representative: Wang Feng (王鳳)

Registered Capital: RMB1,000,000,000

Date of Establishment: August 29, 2022

Business Term: August 29, 2022 to December 31, 2099

Uniform Social Credit Code: 91150581MABX7KTJXL

Scope of Business: Coal mining; coal and its product sales; coal washing and processing

2. History and Shareholder Structure

Tongliao Smart Mining has a registered capital of RMB1 billion and was established on August 29, 2022. It is a wholly-owned subsidiary of Shandong Innovation Group.

As of the valuation benchmark date, the shareholder name, capital contribution and contribution ratio were as follows:

Table 1 Capital Contribution and Contribution Ratio

Shareholder Name	Subscribed	Subscribed	Paid-in	Paid-in
	Capital	Shareholding	Capital	Shareholding
	(RMB'0,000)	Ratio	(RMB'0,000)	Ratio
		(%)		(%)
Shandong Innovation Group Co., Ltd.	100,000.00	100	100,000.00	100
Total	100,000.00	100	100,000.00	100

3. Main Business Operations

As of the valuation benchmark date, Tongliao Smart Mining had not yet commenced substantive operations. The core asset of the company was the coal resource exploration rights of the No. 4 well field in the Huolin River Mining Area, Inner Mongolia Autonomous Region. These exploration rights were at the detailed exploration stage, and exploration work was underway.

4. Assets, Financial, and Operating Conditions

As of December 31, 2025, the valuation benchmark date, based on the audited financial statements, Tongliao Smart Mining had total assets of RMB2,923,384,700, liabilities of RMB1,922,634,800 and net assets of RMB1,000,749,900.

Assets and financial conditions for the recent years are shown in the table below:

Table 2 Assets, Liabilities and Financial Conditions

Unit: RMB'0,000

Items	December 31, 2023	December 31, 2024	December 31, 2025
Total assets	524.28	523.39	292,338.47
Liabilities	0.72	0.00	192,263.48
Net assets	523.56	523.39	100,074.99

APPENDIX III VALUATION REPORT OF TONGLIAO SMART MINING

Items	2023	2024	2025
Revenue	0.00	0.00	0.00
Total profit	24.22	-0.17	82.23
Net profit	23.50	-0.17	51.59
Net cash flow from operating activities	32.12	-0.89	1,736.89
Net cash flow from investing activities	0.00	0.00	-286,862.54
Net cash flow from financing activities	22.04	0.00	284,669.09
Audit report No.	Unaudited	Unaudited	Lu Ai Zhi Nuo Shen Zi [2026] No. 0057
Audit opinion			Unqualified opinion
Auditor			Shandong Aizhinuo Certified Public Accountants (General Partnership) (山東艾智諾會計師 事務所(普通合夥))

5. Key Accounting Policies Adopted by the company

The Accounting Standards for Business Enterprises – Basic Standard (Ministry of Finance Order No. 33, amended in July 2014) and 42 specific standards such as the Accounting Standards for Business Enterprises No. 1 – Inventory promulgated by the Ministry of Finance on February 15, 2006.

(IV) Relation between the principals and the appraised entity

The principals for this asset valuation are Inner Mongolia Chuangyuan Metal and Shandong Innovation Group, and the appraised entity is Tongliao Smart Mining. Inner Mongolia Chuangyuan Metal, the principal I, intends to acquire 100% equity interest of Tongliao Smart Mining, the appraised entity. Shandong Innovation Group, the principal II, is the shareholder of the appraised entity, holding 100% of its equity interest.

(IV) Other Users of the Asset Valuation Report

No other users of the report are specified in the asset valuation engagement contract.

Unless otherwise provided by national laws and regulations, any organization or individual without confirmation from the valuation agency and the principals shall not become a user of this valuation report by virtue of the access to this report.

II. PURPOSE OF VALUATION

According to the Shareholder Resolution of Inner Mongolia Chuangyuan Metal Co., Ltd., Inner Mongolia Chuangyuan Metal intends to acquire 100% equity interest of Tongliao Smart Mining Co., Ltd.

The purpose of this asset valuation is to reflect the market value of the total shareholders' equity of Tongliao Smart Mining as at the valuation benchmark date and to provide a value reference for the aforementioned economic transaction.

III. TARGET AND SCOPE OF VALUATION

The target of valuation is the value of total shareholders' equity in Tongliao Smart Mining. The scope of valuation covers all assets and liabilities of Tongliao Smart Mining. As of the valuation benchmark date, based on the audited financial statements, the total assets were RMB2,923,384,700, total liabilities were RMB1,922,634,800 and net assets were RMB1,000,749,900. Among these, current assets were RMB3,481,400, non-current assets were RMB2,919,903,300; current liabilities were RMB22,634,800 and non-current liabilities were RMB1,900,000,000.

The above asset and liability data were extracted from the balance sheet of Tongliao Smart Mining as of December 31, 2025, audited by Shandong Aizhinuo Certified Public Accountants (General Partnership). The valuation was conducted based on the audited data of the enterprise.

The target and scope of the valuation engagement were identical to those involved in the economic transaction.

(I) Main Assets

As of the valuation benchmark date, Tongliao Smart Mining had total assets of RMB2,923,384,700, which mainly included construction in progress and intangible asset – exploration rights. As of the valuation benchmark date, none of the main assets of the appraised entity were mortgaged or pledged.

In particular:

1. Construction in progress

Construction in progress includes exploration services expenses related to the exploration rights, interest expenses, land requisition compensation fees, employee salaries, etc.

2. Exploration rights

The exploration rights are the coal resources exploration rights of the No. 4 Well Field in the Huolin River Mining Area, Inner Mongolia Autonomous Region. The exploration rights holder is Tongliao Smart Mining Co., Ltd. The exploration area is 26.2472 km², delineated by 13 corner points. The mineral exploration permit is valid for 5 years, i.e. from June 17, 2025, to June 16, 2030. As of the valuation benchmark date, the exploration rights were at the detailed exploration stage, and exploration work was underway.

On March 10, 2025, the Department of Natural Resources of Inner Mongolia Autonomous Region entrusted the Inner Mongolia Autonomous Region Public Resources Trading Center to implement the public listing and transfer project for the coal resource exploration rights of the No. 4 Well Field in the Huolin River Mining Area, Inner Mongolia Autonomous Region. On March 24, 2025, Tongliao Smart Mining Co., Ltd. won the bid for the coal resource exploration rights of the No. 4 Well Field in the Huolin River Mining Area, Inner Mongolia Autonomous Region at a bid price of RMB2.85525 billion (RMB Two Billion Eight Hundred Fifty-Five Million Two Hundred Fifty Thousand Only). According to the financial documents provided by the enterprise, as of the valuation benchmark date, the consideration of the transfer of these exploration rights have been fully paid.

(II) Type and Quantity of Off-Balance-Sheet Assets as Reported by the enterprise

As of December 31, 2025, the valuation benchmark date, there were no off-balance-sheet assets within the scope of valuation as reported by the enterprise.

(III) Type, Quantity and Carrying Amount of Assets involved in the Conclusion as Quoted from Reports Issued by Other Institutions

The carrying amount of assets and liabilities as at the benchmark date in this valuation report were derived from the audit results of the 2025 Annual Audit Report of Tongliao Smart Mining Co., Ltd. (Lu Ai Zhi Nuo Shen Zi [2026] No. 0057) with an unqualified opinion issued by Shandong Aizhinuo Certified Public Accountants (General Partnership) on March 11, 2026. The valuation was conducted based on the audited data of the enterprise.

Apart from this, no information was quoted from reports of any other institutions.

IV. TYPE OF VALUE

Based on the purpose of this valuation, the type of value of this valuation is determined to be market value.

Market value refers to the estimated value amount of the valuation target in an arm's length transaction on the valuation benchmark date between a willing buyer and a willing seller acting rationally and without compulsion.

V. VALUATION BENCHMARK DATE

The valuation benchmark date with respect to this asset valuation is 31 December 2025.

This valuation benchmark date was determined by the principals after taking into comprehensive consideration factors such as the asset scale of the appraised entity, the workload involved, expected time required and compliance considerations.

VI. BASIS OF VALUATION

The basis of valuation adopted for this asset valuation mainly includes basis of economic transaction, basis of laws and regulations, basis of valuation standards, basis of asset ownership, as well as basis of price determination and other references used in the valuation and estimation. Details of which are as follows:

(i) Basis of Economic Transaction

The Shareholder Resolution of Inner Mongolia Chuanyuan Metal Co., Ltd. (《內蒙古創源金屬有限公司股東決定》)

(ii) Basis of Laws and Regulations

1. The Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) (as adopted at the 21st Meeting of the Standing Committee of the 12th National People's Congress on July 2, 2016);
2. The Mineral Resources Law of the People's Republic of China (《中華人民共和國礦產資源法》) (as amended at the 12th Meeting of the Standing Committee of the 14th National People's Congress on November 8, 2024);
3. The Company Law of the People's Republic of China (《中華人民共和國公司法》) (as amended for the second time at the 7th Meeting of the Standing Committee of the 14th National People's Congress on December 29, 2023);
4. The Securities Law of the People's Republic of China (《中華人民共和國證券法》) (as amended for the second time at the 15th Meeting of the Standing Committee of the 13th National People's Congress on December 28, 2019);
5. The Civil Code of the People's Republic of China (《中華人民共和國民法典》) (as adopted at the 3rd Session of the 13th National People's Congress on May 28, 2020);
6. The Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) (as adopted at the 7th Meeting of the Standing Committee of the 13th National People's Congress on December 29, 2018);

7. The Value-Added Tax Law of the People's Republic of China (《中華人民共和國增值稅法》) (as adopted at the 13th Meeting of the Standing Committee of the 14th National People's Congress on December 25, 2024);
8. The Regulations for the Implementation of the Value-Added Tax Law of the People's Republic of China (State Council Decree No. 826, as revised in 2025) (《中華人民共和國增值稅實施條例》) (國務院令第 826 號, 2025 年修訂);
9. The Notice on Several Issues Concerning the National Implementation of the Reform of Value-added Tax Transformation (Cai Shui [2008] No. 170) (《關於全國實施增值稅轉型改革若干問題的通知》)(財稅[2008]170 號));
10. The Notice on Comprehensive Implementation of the Pilot Program for Replacing Business Tax with Value-added Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》)(財稅[2016]36 號));
11. The Announcement on Policies Related to Deepening VAT Reform (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs No. 39 of 2019) (《關於深化增值稅改革有關政策的公告》)(財政部稅務總局海關總署公告 2019 年第 39 號));
12. The Measures for the Administration of Exploration Right and Mining Right Transfers (State Council Decree No. 242 of 1998, as revised by State Council Decree No. 653 of 2014) (《探礦權採礦權轉讓管理辦法》)(國務院 1998 年第 242 號令, 國務院 2014 年第 653 號令修訂));
13. The Administrative Measures on Registration of Tenement of Mineral Resources Exploration and Survey (State Council Decree No. 240 of 1998, as revised by State Council Decree No. 653 of 2014) (《礦產資源勘查區塊登記管理辦法》)(國務院 1998 年第 240 號令, 國務院 2014 年第 653 號令修訂));
14. The Measures for the Administration of Mining Rights Valuation (Trial) (Guo Tu Zi Fa [2008] No. 174) (《礦業權評估管理辦法(試行)》)(國土資發[2008]174 號));
15. The Opinions of the Ministry of Natural Resources on Several Matters Concerning Deepening the Reform of Mineral Resources Management (Zi Ran Zi Gui [2023] No. 6) (《自然資源部關於深化礦產資源管理改革若干事項的意見》)(自然資規[2023]6 號));
16. The General Requirements for Solid Mineral Geological Exploration (GB/T 13908-2020) (《固體礦產地質勘查規範總則》)(GB/T13908-2020));
17. The Geological Exploration Specifications of Coal (DZ/T 0215-2020) (《礦產地質勘查規範煤》)(DZ/T0215-2020));
18. Other laws, regulations and rules related to the valuation work.

(iii) Basis of valuation standards

1. Basic Standards for Asset Appraisal (Cai Zi [2017] No. 43) 《資產評估基本準則》(財資[2017]43 號));
2. Code of Ethics for Asset Appraisal (Zhong Ping Xie [2017] No. 30) 《資產評估職業道德準則》(中評協[2017]30 號));
3. Asset Appraisal Practice Standards – Asset Appraisal Procedures (Zhong Ping Xie [2018] No. 36) 《資產評估執業準則——資產評估程序》(中評協[2018]36 號));
4. Asset Appraisal Practice Standards – Asset Appraisal Approaches (Zhong Ping Xie [2019] No. 35) 《資產評估執業準則——資產評估方法》(中評協[2019]35 號));
5. Guiding Opinions on Types of Value under Asset Appraisal (Zhong Ping Xie [2017] No. 47) 《資產評估價值類型指導意見》(中評協[2017]47 號));
6. Asset Appraisal Practice Standards – Asset Appraisal Reports (Zhong Ping Xie [2018] No. 35) 《資產評估執業準則——資產評估報告》(中評協[2018]35 號));
7. Asset Appraisal Practice Standards – Enterprise Value (Zhong Ping Xie [2018] No. 38) 《資產評估執業準則——企業價值》(中評協[2018]38 號));
8. Asset Appraisal Practice Standards – Intangible Assets (Zhong Ping Xie [2017] No. 37) 《資產評估執業準則——無形資產》(中評協[2017]37 號));
9. Asset Appraisal Practice Standards – Real Estate (Zhong Ping Xie [2017] No. 38) 《資產評估執業準則——不動產》(中評協[2017]38 號));
10. Asset Appraisal Practice Standards – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33) 《資產評估執業準則——資產評估委託合同》(中評協[2017]33 號));
11. Asset Appraisal Practice Standards – Asset Appraisal Files (Zhong Ping Xie [2018] No. 37) 《資產評估執業準則——資產評估檔案》(中評協[2018]37 號));
12. Guidelines on Business Quality Control for Asset Valuation Agencies (Zhong Ping Xie [2017] No. 46) 《資產評估機構業務質量控制指南》(中評協[2017]46 號));
13. Guiding Opinions on Legal Ownership of the Target of Asset Valuation (Zhong Ping Xie [2017] No. 48) 《資產評估對象法律權屬指導意見》;
14. Asset Appraisal Practice Standards – Utilizing Expert Work and Related Reports (Zhong Ping Xie [2017] No. 35) 《資產評估執業準則——利用專家工作及相關報告》(中評協[2017]35 號));
15. Other standards related to the valuation work.

(iv) Basis of Asset Ownership

1. Mineral Exploration Permit;
2. Contracts or proofs for major asset acquisitions;
3. Other reference materials.

(v) Basis of Price Determination

1. Relevant information from the price information database of China United Assets Appraisal Group Co., Ltd.;
2. Major business contracts and materials;
3. Other reference materials.

(vi) Other References

1. The 2025 Annual Audit Report of Tongliao Smart Mining Co., Ltd. (Lu Ai Zhi Nuo Shen Zi [2026] No. 0057) with unqualified opinion issued by Shandong Aizhinuo Certified Public Accountants (General Partnership) on March 11, 2026;
2. Accounting Standards for Business Enterprises – Basic Standard (《企業會計準則 – 基本準則》)(Ministry of Finance Order No. 33, as promulgated on February 15, 2006 and amended in July 2014) and 42 specific standards such as the Accounting Standards for Business Enterprises No. 1 – Inventory (《企業會計準則第 1 號 – 存貨》);
3. Asset Appraisal Expert Guidelines No. 8 – Inspection and Verification of Asset Appraisal (Zhong Ping Xie [2019] No. 39) (《資產評估專家指引第 8 號——資產評估中的核查驗證》(中評協[2019]39 號));
4. Announcement 2008 No. 5 of the China Association of Mineral Resources Appraisers (9 China Mining Rights Appraisal Standards);
5. Announcement 2008 No. 6 of the China Association of Mineral Resources Appraisers-the Announcement on Issuing the Guiding Opinions on Determining Parameters for Mining Rights Valuation (CMVS30800-2008) (《關於發佈〈礦業權評估參數確定指導意見〉(CMVS30800 – 2008)的公告》);
6. Announcement 2010 No. 5 of the China Association of Mineral Resources Appraisers-the Announcement on Issuing 8 China Mining Rights Appraisal Standards including the Specifications for Working Papers of Mining Rights Appraisal Projects (CMVS11200-2010) (《關於發佈〈礦業權評估項目工作底稿規範(CMVS11200-2010)〉等 8 項中國礦業權評估準則的公告》);

7. Investment Valuation (by Damodaran [US], translated by Lin Qian [Canada], Tsinghua University Press);
8. Other reference materials.

VII. VALUATION APPROACHES

(i) Introduction to Valuation Approaches

Pursuant to the provisions of the Asset Appraisal Practice Standards – Enterprise Value (Zhong Ping Xie [2018] No. 38) (《資產評估執業準則 – 企業價值》(中評協[2018]38 號)) and the Asset Appraisal Practice Standards – Asset Appraisal Approaches (Zhong Ping Xie [2019] No. 35) (《資產評估執業準則 – 資產評估方法》(中評協[2019]35 號)), in the performance of the enterprise value valuation, the applicability of the three basic methods, namely the income approach, the market approach and the asset-based approach, shall be analysed to select the appraisal approaches in accordance with the appraisal purpose, the target of valuation, the type of value, the conditions applicable to the appraisal approaches, and the quality and amount of the information on which the appraisal approaches used is based.

The income approach for enterprise value valuation refers to the valuation method by which the value of the valuation target is determined by capitalising or discounting expected future earnings. The asset valuers should properly consider the applicability of the income approach, taking into account the nature of the enterprise, the asset scale, the historical operating performance, the predictability of its future income and the sufficiency of information for valuation obtained.

The market approach for enterprise value valuation refers to the valuation method by which the value of the valuation target is determined by comparing the valuation target with comparable listed companies or reference to comparable transactions. The asset valuers should consider the applicability of the market approach based on sufficiency and reliability of operational and financial data of the comparable enterprises obtained as well as the amount of comparables that can be collected.

The asset-based approach for enterprise value valuation refers to the valuation method by which the value of the valuation target is determined by valuating the value of on – and off-balance sheet identifiable assets and liabilities of the appraised entity based on its balance sheet as at the valuation benchmark date.

(ii) Selection of Valuation Approaches

According to asset valuation standards, three approaches can be used for enterprise value valuation: the income approach, the market approach and the asset-based approach. The income approach is a term for various valuation methods that determine value by capitalising or discounting the expected future earnings of the valuation target. The market approach is a term for valuation methods that determine value of the valuation target by comparing it with comparables and using the market prices of the comparables as the basis. The asset-based approach is a term for valuation methods that determine the value of the valuation target by reasonably evaluating the value of various enterprise assets and liabilities and summing them.

The purpose of this valuation is for the proposed acquisition of 100% equity interest in Tongliao Smart Mining by Inner Mongolia Chuanyuan Metal. The asset-based approach reflects the enterprise's value from the perspective of its purchase and construction and provides a basis for the enterprise's operation, management and performance assessment after its economic transaction is realized. Therefore, the asset-based approach has been selected for this valuation.

Given that the core asset of the appraised entity, the exploration rights, have not yet been fully explored, the coal resource reserves are uncertain, and documents such as the development and utilization plan and preliminary design have not yet been prepared. The overall profit expectations of the enterprise are unclear, and future cash flows cannot be reliably estimated. Therefore, the income approach was not selected for this valuation.

Around the valuation benchmark date, as recent transaction cases involving enterprises of comparable scale could not be obtained, and there were relatively few comparable listed companies of the same scale and business structure in the market, the market approach was not selected for this valuation.

In conclusion, the asset-based approach was selected as the valuation approaches for this valuation.

(iii) Asset-Based Approach

The asset-based approach refers to the valuation method by which the value of the valuation target is determined by valuating the value of on – and off-balance sheet identifiable assets and liabilities of the appraised entity or business unit based on their balance sheet as at the valuation benchmark date. Specifically, it refers to the method of calculating the value of an enterprise by summing up the appraised values of the various elemental assets that make up the enterprise and subtracting the appraised value of the liabilities.

The valuation approaches adopted for different categories of assets and liabilities are set out as follows:

1. Current assets

(1) Monetary funds: cash and bank deposits

For cash, the appraised value was determined based on the verified book value.

For bank deposits included in the valuation scope, the valuers obtained bank statements for all bank accounts and checked for any unrecorded bank deposits and post-benchmark-date credits. All bank accounts were confirmed via confirmation letters in this valuation. After analyzing and confirming the authenticity of the confirmation letters, the valuers used the confirmation results in this valuation, which proved the existence of the bank deposits. The valuers also checked the bank deposit balance reconciliation statements for any outstanding items and their authenticity, as well as post-benchmark-date credits. The appraised value was determined based on the verified book value of bank deposits.

(2) Amounts receivable

For the valuation of amounts receivable, on the basis of understanding the existence and completeness of amounts receivable and verifying that they are correct, the valuers specifically analyzed the amounts, time and reasons for arrears, payment recovery, debtors' funds, credit, current operation and management status, etc. based on historical data and information obtained from on-site due diligence, to assess the recoverability of amounts receivable.

When analyzing the recoverability of accounts receivable, the appraised risk loss was estimated by referring to the aging analysis method. That is:

If part of the payment may not be recovered from the external entities, and it is difficult to determine the amount cannot be recovered, the appraised risk loss shall be estimated referring to the accounting method for calculating bad debt provisions and based on the analysis of aging and historical collection. According to the comprehensive determination such as analysis and understanding on debtors, aging analysis and professional judgment made by the valuers, the amounts receivable with aging within 1 year (inclusive) was 0.00%, the amounts receivable with aging 1-2 years (inclusive) was 5%, the amounts receivable with aging 2-3 years (inclusive) was 10%, the amounts receivable with aging 3-4 years (inclusive) was 40%, the amounts receivable with aging 4-5 years (inclusive) was 80%, and the amounts receivable with aging over 5 years was 100%.

The appraised value of amounts receivable is determined by subtracting the amount of appraised risk loss from the book value of verified amounts receivable. At the same time, the provision for bad debts is appraised as zero in accordance with the relevant valuation provisions.

(3) Other current assets

For the valuation of other current assets, check whether the valuation schedule is consistent with the statement, and check the accounting records such as the amount of payment, the time of occurrence, and the business content to confirm the authenticity and integrity of the assets. On the basis of verification, the verified book value is determined as the appraised value.

2. Construction in progress

In conjunction with the characteristics of the construction in progress, the cost method was used for valuation with regard to the type and specific condition of the construction in progress.

In adopting the cost method for the valuation of the construction in progress, the valuers verified the relevant sub-accounts, entry vouchers and the feasibility study reports, and information on budget estimates on site, interviewed the project engineering technicians and other relevant personnel, and carried out on-site inspections. It was confirmed that the progress of the construction-in-progress projects to be assessed was basically on schedule and the physical quality met the requirements of the design standards.

Items 1 and 2 represent interest on long-term borrowings and stamp duty, respectively. The long-term borrowings were used to pay the consideration of the transfer of the exploration rights. Their appraised value was confirmed based on the verified book value. Item 3 represents exploration rights usage fees, their appraised value was confirmed based on the verified book value. The remaining detailed items represent exploration engineering costs for the exploration rights. For such construction in progress, after verifying the book amounts and the reasonableness of the construction period, the cost of capital is considered. The appraised value was determined by adding the cost of capital to the book amount.

3. Intangible assets – exploration rights

As the exploration work and design for the exploration rights engaged to be evaluated are incomplete, future profit expectations are unclear, and future cash flows cannot be reliably estimated. Therefore, the discounted cash flow method was not selected for this exploration rights valuation. As of the valuation benchmark date, apart from the ongoing exploration project, no special well-field geological exploration work has been conducted within the No. 4 Well Field. As the geological and mineral information required to meet the criteria for index evaluation cannot be obtained, the cost approach was not selected for this exploration rights valuation. Around the valuation benchmark date, there were few transaction cases of mining rights with the same mineral type, area and reserves in the public market, making it difficult to obtain geological, mining and processing technical and economic parameters for comparable mining rights meeting various conditions. Therefore, the market approach was not selected for this valuation.

In summary, the appraised value was confirmed based on the verified original book value of the exploration rights (i.e., the price paid for the transfer of the exploration rights) that has not been amortized.

4. Liabilities

The valuers checked and verified the actual debtor and amount of each liability after the realization of the valuation purpose, to determine the appraised value based on the actual liability items and amounts that the property owner needs to bear after the realization of the valuation purpose.

VIII. IMPLEMENTATION PROCESS AND STATUS OF THE VALUATION PROCEDURES

The overall valuation work was conducted in four phases:

(i) Valuation Preparation Stage

1. Project negotiation and acceptance of project engagement

We learned about the basic conditions of the appraised entity and the valuation target involved in the proposed engagement, and specified the purpose of valuation, the valuation target, the scope of valuation, and the valuation benchmark date; we conducted a comprehensive analysis and evaluation of professional competence, independence and business risks based on the specific circumstances such as the purpose of valuation and transaction background, and signed an asset valuation engagement contract.

2. Determination of valuation plan and formulation of work plan

We fully communicated with the principals and intermediaries of all parties related to the project to further determine the basic information of asset valuation and the assets and operating conditions of the appraised entity; we then collected information about the basic policies, laws and regulations and market operating conditions of the industry in which the appraised entity operates, and drew up a preliminary work plan and formulated a valuation plan on this basis.

3. Submission of information list and interview outline

Based on the characteristics of the appraised assets, we submitted an information list of targeted due diligence, assets list, earnings forecast and other sample forms, and requested the appraised entity to make preparation for valuation.

4. Counselling on form filling and preparation of valuation materials

We contacted relevant staff of the appraised entity and counseled the appraised entity to prepare the required information and fill in the relevant forms in accordance with the requirements of asset valuation.

(ii) On-Site Valuation Stage

The main tasks of the project team at the on-site valuation stage are as follows:

1. Preliminary understanding of the overall situation

We received the introduction of the overall situation of the appraised entity and the history and status quo of appraised assets by the principals and the relevant personnel of the appraised entity, and learned about the history, financial system, operating conditions, fixed assets and technological conditions, etc. of the appraised entity.

2. Examination and review of information

We reviewed and identified the information submitted by the appraised entity, and had a comprehensive collection and inspection of the proof of ownership of the appraised assets, made reconciliation to relevant financial records of the enterprise and collaborated with the enterprise to make adjustments to the identified problems.

3. Targeted inspection

Based on the information submitted, we conducted comprehensive inspections and verification on the main assets and operation, as well as office premises. For the reported financial assets and transaction amounts, we examined and verified the statements of accounts, letters of inquiry and various business contracts to confirm their existence and analyse their risks. We conducted on-site inspections of the reported construction in progress and collected relevant information.

4. Due diligence interviews

Through due diligence and interviews with senior management, we learned about future development plans and positioning of the enterprise.

5. Determination of valuation methods and approaches

We determined the specific model and approach for asset valuation based on the actual condition and characteristics of the appraised assets.

6. Assessment and estimation

Based on the consensus reached, we determined the valuation model, calculated the valuation results and drafted relevant textual descriptions.

(iii) Valuation Summary Stage

We analysed and summarized the preliminary results of various asset and liability valuations, and made necessary adjustments, amendments, and improvements to the valuation results.

(iv) Report Submission Stage

A preliminary asset valuation report was drafted based on the above processes, and opinions on the valuation results were exchanged with the principals after preliminary review. Upon an individual analysis of relevant opinions, modifications and adjustments were made in accordance with the internal review mechanism and procedure for asset valuation reports of the valuation agency, and eventually the formal asset valuation report was issued.

IX. VALUATION ASSUMPTIONS

The following assumptions were adopted by the valuers throughout the course of this valuation:

(i) General assumptions**1. Transaction Assumption**

The transaction assumption presumes that all assets subject to valuation are already in the process of being transacted. Valuation is carried out by the valuers on the basis of a simulated market with transaction conditions of the assets to be valued. The transaction assumption constitutes the most fundamental premise for conducting the asset valuation.

2. Open Market Assumption

The open market assumption presumes that, for the assets being or intended to be traded in the market, both transacting parties operate at arm's length and with access to sufficient market information and time for making informed judgements regarding the asset's features, functions and trading price. This assumption is predicated on the basis that the asset can be openly bought and sold in the market.

3. Going Concern Assumption

The going concern assumption refers to the premise that the valuation is carried out on all assets of the enterprise as a whole, on the assumption that it will remain in operation as a business entity under the existing external conditions and in line with its business objectives. It is also assumed that the executives of the enterprise are responsible and capable, and that the enterprise operates lawfully and is able to generate reasonable profits to sustain its operations as a going concern. For all kinds of operating assets of the enterprise, they can be used continuously based on their current purpose, method, scale, frequency and environment of application, or can be used on a changed basis.

(ii) Special assumptions

1. It is assumed in this valuation that the external economic environment remains unchanged and the current macro-economy of the PRC will not change significantly as at the valuation benchmark date;
2. There will be no significant change in the social and economic environment in which the enterprise operates and the applicable policies on taxes and tax rates, etc.;
3. The enterprise continues to operate under its existing mode of operations management, and its operations management team continues to act diligently and responsibly;
4. The valuation is based solely on the existing operating capacity as at the valuation benchmark date, and does not take into consideration any potential expansion of operating capacity as a result of various reasons, including the management, business strategies and additional investment, or any potential changes in production and operations in the future;
5. Each of the assets to be appraised in this valuation is based on its actual inventories as at the valuation benchmark date, and the current market prices of the relevant assets are based on their effective prices in the PRC as at the valuation benchmark date;
6. It is assumed In this valuation that all basic information and financial information provided by the principals and the appraised entity are true, correct and complete;
7. The scope of the valuation is based solely on the valuation report form provided by the principals and the appraised entity, without taking into consideration any possible contingent assets and contingent liabilities not included in the list provided by the principals and the appraised entity;

8. The impact of inflation has not been taken into account in arriving at the parameter values in this valuation.

When conditions stated above change, valuation results will generally become invalid.

X. VALUATION CONCLUSION

Based on the appraised entity's and its management's judgment of future development trends and operational plans, in accordance with relevant laws, regulations and asset valuation standards, after conducting valuation procedures such as checking and verification, on-site inspections, market researches and enquiries, and assessment and estimation, and by using the asset-based approach, the value of the total shareholders' equity in Tongliao Smart Mining as at December 31, 2025, the valuation benchmark date, was appraised. The conclusion is as follows:

For total assets, the carrying amount was RMB2,923,384,700 and the appraised value was RMB2,923,447,900, representing an appraised depreciation of RMB63,200 or a depreciation rate of 0.002%.

For liabilities, the carrying amount was RMB1,922,634,800 and the appraised value was RMB1,922,634,800, with no change in value in the valuation.

For net assets, the carrying amount was RMB1,000,749,900 and the appraised value was RMB1,009,511,800, representing an assessed depreciation of RMB1,000,813,100 or a depreciation rate of 0.01%. For details, please refer to the following table:

Table 3 Consolidated Table of Asset Valuation Results

Valuation benchmark Date: 31 December 2025

Unit: RMB0'000

Items	Carrying	Appraised	Change	Appreciation
	amount	value	in value	Rate %
	A	B	C=B-A	D=C/A×100
1 Current assets	348.14	348.14	–	–
2 Non-current assets	291,990.33	291,996.65	6.32	0.00
Including: Long-term equity				
investments	–	–	–	
3 Investment properties	–	–	–	
4 Fixed assets	–	–	–	
5 Construction in progress	6,465.33	6,471.65	6.32	0.10
6 Intangible assets	285,525.00	285,525.00	–	–

APPENDIX III VALUATION REPORT OF TONGLIAO SMART MINING

Items	Carrying	Appraised	Change	Appreciation
	amount	value	in value	Rate %
	A	B	C=B-A	D=C/A×100
7 Other non-current assets	–	–	–	
8 Total assets	292,338.47	292,344.79	6.32	0.002
9 Current liabilities	2,263.48	2,263.48	–	–
10 Including: Accounts receivable	1.68	1.68	–	–
11 Accrued employee compensation	191.03	191.03	–	–
12 Taxes and fees payable	12.55	12.55	–	–
13 Other payable	2,058.22	2,058.22	–	–
14 Non-current liabilities	190,000.00	190,000.00	–	–
15 Including: Long-term borrowings	190,000.00	190,000.00	–	–
16 Total liabilities	192,263.48	192,263.48	–	–
17 Net assets (owner's equity)	100,074.99	100,081.31	6.32	0.01

For detailed conclusion of the asset-based valuation, please refer to the detailed schedule of valuation.

XI. NOTES ON SPECIAL MATTERS**(i) Reference to the Conclusions of Reports Issued by Other Institutions**

None.

(ii) Incomplete Ownership Information or Defective Ownership Matters

None.

(iii) Restricted Valuation Procedure or Incomplete Valuation Materials

None.

(iv) Legal, Economic and Other Pending Matters as of the Valuation Benchmark Date

None.

(v) Nature and Amount of Guarantees, Leasing and its Contingent Liabilities (Contingent Assets) and Other Matters and their Relationship with the Valuation Target

None.

(vi) Significant subsequent events

Subsequent events refer to significant events that occur after the valuation benchmark date and before the issuance of the valuation report. No significant subsequent events were found for the company.

(vii) Defects in the economic transaction corresponding to this evaluation that may have a significant impact on the valuation conclusion

None.

(viii) Other Matters Requiring Explanation

1. The valuers and appraisal agency assume the legal responsibility for making professional judgment on the value of the assets under the appraisal purpose described in this report, but do not bear the legal responsibility for making any judgment on any economic transaction for the appraisal purposes described in this report. The valuation largely depends on the information provided by the principals and the appraised entity. Therefore, the appraisal is based on the premise of the truthfulness and lawfulness of the relevant legal documents provided by the principals and the appraised entity, such as the documents relating to the economic transaction, the documents of ownership of the assets, certificates and accounting vouchers.
2. The purpose of the valuers' performance of the asset valuation engagement is to estimate the value of the valuation target and express professional opinions, and do not assume the responsibility of decision-making of relevant parties. The valuation conclusions should not be deemed as the guarantee of the realizable price of the valuation target.
3. The principals and the appraised entity assume responsibilities for the authenticity and completeness of the data, statements and the relevant information which are provided by the appraised entity and were used within the scope of this valuation.
4. According to the loan contract between Tongliao Smart Mining Co., Ltd. and the Jinan Branch of Shanghai Pudong Development Bank Co., Ltd., Shandong Innovation Group Co., Ltd., the parent company of Tongliao Smart Mining Co., Ltd., shall maintain its controlling position over the borrower unchanged during the term of the aforementioned loan. If any change in actual controller occurs due to reduction or transfer of shareholdings by shareholders, the consent of the lender shall be obtained; otherwise, the loan from SPD Bank shall be repaid in advance. Without the consent of the lender, the equity of the project company and all assets and income of the project shall not be mortgaged, pledged, transferred or refinanced. Users of the report are advised to pay close attention in this regard.

5. The principals and the appraised entity assume responsibilities for the authenticity and legality of the title proof and relevant information which are provided by the appraised entity and referred to in the valuation report.
6. In the event that any changes in the quantity and the pricing standard of assets occurred within the term of validity after the valuation benchmark date, the principles set out below shall be followed:
 - (1) In the event that the quantity of assets changes, corresponding adjustments shall be made to the quantity of assets according to the original valuation method;
 - (2) In the event that the pricing standard of the assets changes significantly impacting the asset valuation results, the principals shall timely engage qualified asset appraisal agency to redetermine the appraised value.
7. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the valuation target make accurate judgments on the development trend of the enterprise in the future and related plans will be duly implemented as well as its continuous operation. If the future actual operation conditions of the enterprise deviate from the operation plans, and the appraised entity and its then management fail to adopt remedies to correct such deviation, the conclusion of the valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.
8. The scope of the valuation is based solely on the schedule of asset valuation provided by the principals and the appraised entity, without taking into consideration any possible contingent assets and contingent liabilities not included in the list provided by the principals and the appraised entity.

XII. LIMITATIONS ON THE USE OF THE VALUATION REPORT

- (i) This valuation report may only be used according to the objectives and purposes as stated herein. Meanwhile, the valuation conclusion reflects the prevailing fair market value under the valuation purpose based on the open market principle, without considering the impact of mortgages and guarantees that the appraised entity may be subject to in the future, nor the impact of additional price which may be paid by trading parties with special interest. Meanwhile, the effects of changes in national macro-economic policies, natural forces and other force majeure on the price of assets are not taken into account. In general, if the aforesaid conditions and other situations such as going concern basis change, the valuation conclusion will become invalid. The appraisal agency is not liable for the invalidity of the valuation conclusion due to changes of such conditions.
- (ii) This valuation report is only valid when the economic transaction complies with the national laws and regulations and the valuation report is approved by relevant departments.

- (iii) The valuation report may only be used by users expressly stated herein. The right to use this report is vested in the principals. The appraisal agency will not make the report public without the approval of the principals.
- (iv) The asset appraisal agency and its asset valuers shall not bear responsibilities if the principals or other users of the asset valuation report fail(s) to use the asset valuation report in accordance with the provisions of laws and administrative regulations or within scope of use specified in the asset valuation report.
- (v) Except for the principals, other users of the asset valuation report as agreed in the asset valuation engagement contract and users of the asset valuation report stipulated by laws and administrative regulations, any other institutions or individuals shall not become users of the asset valuation report.
- (vi) Save as required by laws and regulations or otherwise agreed upon by relevant parties concerned, the extraction, reference or disclosure of the whole or any part of the contents of the valuation report in any public media shall be subject to approval and review of such contents by the appraisal agency.
- (vii) Users of the asset valuation report should correctly interpret and use the valuation conclusion, which is not equivalent to the realizable value of the valuation target and should not be considered as a guarantee for the realizable value of the valuation target.
- (viii) Validity period of the valuation conclusion: The valuation results shall be valid for a term of one year, from December 31, 2025, the valuation benchmark date, to December 30, 2026. The asset revaluation is required after one year.

XIII. VALUATION REPORT DATE

The valuation report date is March 14, 2026.

March 14, 2026

NOTICE OF EXTRAORDINARY GENERAL MEETING

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



Chuangxin Industries Holdings Limited

創新實業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02788)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting of Chuangxin Industries Holdings Limited (the “**Company**”) will be held at 1806 Excel Center, Wudinghou Street, Xicheng District, Beijing, the PRC on Thursday, April 30, 2026 at 10:00 a.m. for the purpose of considering and, if thought fit, approving the following resolutions:

ORDINARY RESOLUTIONS

1. **THAT** the equity transfer agreement (“**Equity Transfer Agreement of Shandong Chuangyuan**”) dated March 17, 2026 entered into among Inner Mongolia Chuangyuan Metal Co., Ltd., Shandong Innovation Group Co., Ltd. and Shandong Chuangyuan New Material Technology Co., Ltd. in relation to the acquisition of the remaining 41.5% equity interests in Shandong Chuangyuan New Material Technology Co., Ltd. and the transactions contemplated thereunder be and are hereby confirmed and approved and the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Equity Transfer Agreement of Shandong Chuangyuan and the transactions contemplated thereunder.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. **THAT** the equity transfer agreement (“**Equity Transfer Agreement of Tongliao Smart Mining**”) dated March 17, 2026 entered into among Inner Mongolia Chuangyuan Metal Co., Ltd., Shandong Innovation Group Co., Ltd. and Tongliao Smart Mining Co., Ltd. in relation to the acquisition of the entire equity interests in Tongliao Smart Mining Co., Ltd. and the transactions contemplated thereunder be and are hereby confirmed and approved and the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Equity Transfer Agreement of Tongliao Smart Mining and the transactions contemplated thereunder.

By order of the Board

Chuangxin Industries Holdings Limited

Mr. CUI Lixin

Chairman of the Board and Non-executive Director

Hong Kong, April 15, 2026

Registered Office:

Floor 4, Willow House
Cricket Square, Grand Cayman KY1-9010
Cayman Islands

Principal Place of Business in Hong Kong:

Room 3601
East, Cheung Kong Center II
10 Harcourt Road
Central
Hong Kong

*Head Office and Principal Place of
Business in the PRC:*

Zone C
Southwest Industrial Park
Huolinguole, Inner Mongolia
PRC

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead. The proxy does not need to be a shareholder of the Company.
- (ii) Where there are joint registered holders of any Shares, any one of such persons may vote at the above meeting or any adjournment thereof, either personally or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
- (iii) In order to be valid, the completed form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority (such certification to be made by either a notary public or a solicitor qualified to practice in Hong Kong) must be deposited at the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof (i.e. at or before 10:00 a.m. on Tuesday, April 28, 2026). Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the above meeting or any adjourned meeting thereof if they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (iv) For determining the entitlement of the shareholders of the Company to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, April 27, 2026 to Thursday, April 30, 2026 (both days inclusive), during which period no transfer of Shares will be registered. The record date to determine the eligibility to attend and vote at the meeting will be Thursday, April 30, 2026. In order to be eligible to attend and vote at the above meeting, the shareholders of the Company must deliver all properly completed transfer forms accompanied by the relevant share certificates to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration of the relevant transfers no later than 4:30 p.m. on Friday, April 24, 2026.
- (v) Pursuant to the requirements of Rule 13.39(4) of the Listing Rules and Article 13.5 of the Articles of the Association, voting for all the resolutions set out in this notice will be taken by poll at the above meeting.

As at the date of this notice, the Board comprises: (i) Mr. CUI Lixin as chairman of the Board and non-executive Director; (ii) Mr. CAO Yong, Mr. ZHANG Jianxiang, Ms. ZHANG Yue and Mr. FU Qian as the executive Directors; and (iii) Mr. LIU Yanzhao, Ms. ZHENG Juan and Ms. SHEN Lingyan as the independent non-executive Directors.