



红日资本有限公司
RED SUN CAPITAL LIMITED

23 June 2026

To: The Independent Board Committee of Jinchuan Group International Resources Co. Ltd

Dear Sir/Madam,

**UNCONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
AFG SECURITIES LIMITED FOR AND
ON BEHALF OF GONG HAILIN
TO ACQUIRE UP TO 130,000,000 SHARES IN
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
(OTHER THAN THOSE ALREADY OWNED BY
GONG HAILIN AND PARTIES ACTING
IN CONCERT WITH HER)**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the response document dated 23 June 2026 (the “**Response Document**”) issued by Jinchuan Group International Resources Co. Ltd (the “**Company**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context otherwise requires.

Reference is made to the announcement by the Company dated 22 May 2026 in relation to the Partial Offer, whereby the Board was notified by the Offeror on 20 May 2026 that the intention by the Offeror to make the Partial Offer, subject to the satisfaction of the Pre-Conditions, to acquire up to 130,000,000 Shares, representing approximately 1.0% of the issued share capital of the Company, not already owned by the Offeror and parties acting in concert with her, at the Offer Price of HK\$0.3 per Offer Share.

References are also made to (i) the Offer Announcement; (ii) the announcement by the Offeror dated 2 June 2026 stating that the Pre-Conditions have been satisfied; and (iii) the Offer Document, detailing the Offer Price and the terms of the Partial Offer.

As disclosed in the Offer Document, as at 5 June 2026, being the latest practicable date for ascertaining certain information in the Offer Document, the Offeror and parties acting in concert with her were interested in 10,000,000 Shares, representing approximately 0.1% of the entire issued share capital of the Company. Save as disclosed in the Offer Document, the Offeror and parties acting in concert with her were not interested directly or indirectly in any voting rights or rights over any other Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising Mr. Wang Qiangzhong (non-executive Director), Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok and Ms. Han Ruixia (all being independent non-executive Directors), has been formed to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer.

We, Red Sun Capital Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Partial Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Partial Offer is fair and reasonable so far as the Qualifying Shareholders are concerned; and (ii) whether the Qualifying Shareholders should, or should not, accept the Partial Offer.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer.

Save for this appointment and our appointment as the independent financial adviser for the unconditional voluntary cash partial offer by Somerley Capital Limited for and on behalf of Alternative Liquidity Index, LP to acquire up to 700,000,000 shares in the Company, details of which were set out in the response document of the Company dated 9 April 2026, we did not act as financial adviser to the Company under the Listing Rules or Takeovers Code. Apart from normal professional fees paid or payable to us in connection with this appointment and our previous appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Response Document and the information and representations provide to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations or to our opinion as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Response Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Response Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Management and/or the Directors. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Company, the Offeror and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Qualifying Shareholders solely for their consideration of the Partial Offer.

We have not considered the tax and regulatory implications on the Qualifying Shareholders of acceptance or non-acceptance of the Partial Offer since these depend on their individual circumstances. In particular, Qualifying Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the information of the Independent Board Committee and the Qualifying Shareholders solely in connection with their consideration of the Partial Offer, and except for its inclusion in the Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL TERMS OF THE PARTIAL OFFER

Set out below are the terms of the Partial Offer, details of which are set out in the Letter from the Board as contained in the Response Document.

Unconditional Voluntary Cash Partial Offer

The Partial Offer is unconditional in all respects. For the avoidance of doubt, the Partial Offer is not conditional on the level of acceptances.

Pursuant to the Offer Document, the Offeror will issue an announcement in relation to any revision, extension, lapse or withdrawal of the Partial Offer in accordance with the Takeovers Code and the Listing Rules.

The Partial Offer

The Partial Offer is made by AFG Securities, for and on behalf of the Offeror, in compliance with the Takeovers Code to acquire up to 130,000,000 Offer Shares (representing approximately 1.0% of the Company's issued share capital as at the Latest Practicable Date) on the basis set out below:

For each Offer Share HK\$0.30 in cash

As stated in the Offer Document, as at 5 June 2026, being the latest practicable date for ascertaining certain information in the Offer Document, the Offeror or parties acting in concert with her were interested in 10,000,000 Shares, representing approximately 0.1% of the entire issued share capital of the Company. Save as disclosed in the Offer Document, the Offeror and parties acting in concert with her were not interested directly or indirectly in any voting rights and rights over any other Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities.

As at the Latest Practicable Date, the Company has 13,132,082,051 Shares in issue and PSCS in the amount of US\$88,461,539 which may be converted into 690,000,000 Shares at an initial conversion price of HK\$1.00 per Share.

Save as disclosed above, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

As the Partial Offer could not result in the Offeror holding Shares carrying 30% or more of the voting rights in the Company, no comparable offer is made for the outstanding PSCS to the holder(s) of the PSCS.

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Closing Date. Any dividends or other distributions the record date of which is before the Closing Date will be paid by the Company to the Shareholders who are qualified for such dividends or distributions.

Other terms of the Partial Offer

Acceptance of the Partial Offer

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

The Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Offer Shares held by them.

If (i) valid acceptances are received for 130,000,000 Offer Shares or fewer, all Offer Shares validly accepted will be taken up; and (ii) valid acceptances are received for more than 130,000,000 Offer Shares as at the Closing Date, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula (the “**Formula**”):

$$\frac{A}{B} \times C$$

A = the maximum number of Offer Shares under the Partial Offer, i.e. 130,000,000 Offer Shares

B = the total number of Offer Shares validly tendered for acceptance by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered for acceptance by the relevant individual Qualifying Shareholder under the Partial Offer

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her/its Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the Formula will be rounded up or down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed 130,000,000 Offer Shares.

Odd lots

Qualifying Shareholders should note that acceptance of the Partial Offer may result in holding odd lots of Shares. Accordingly, AFG Securities has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares on a best effort basis for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing their odd lots or to top up their odd lots to whole board lots. As stated in the Offer Document, Shareholders should note that the matching of odd lots is not guaranteed.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Closing Date.

Based on the announcements of the Company dated 31 March 2026 in respect of, among other things, the declaration of a final dividend in respect of the year ended 31 December 2025 of HK0.2 cent per Share (the “**2025 Final Dividend**”) and a special dividend in respect of the year ended 31 December 2025 of HK0.2 cent per Share (the “**2025 Special Dividend**”), subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 26 June 2026, the 2025 Final Dividend and the 2025 Special Dividend shall be paid on or about 31 July 2026 to Shareholders whose names appear on the register of members of the Company on 9 July 2026 and the register of members of the Company will be closed from 6 July 2026 to 9 July 2026 (both days inclusive) for the purpose of determining the entitlement of the Shareholders to receive the 2025 Final Dividend and the 2025 Special Dividend. As such, since the Closing Date falls after 3 July 2026 4:30 p.m., being the latest time to lodge transfer documents for registration with share registrar for determining entitlement to the 2025 Final Dividend and the 2025 Special Dividend, the Qualifying Shareholders shall be entitled to the payment of the 2025 Final Dividend and the 2025 Special Dividend.

As stated in the Offer Document, save for the 2025 Final Dividend and the 2025 Special Dividend, if, after the date of the Offer Document, any dividend and/or other distribution and/or return of capital is announced, declared or paid in respect of the Shares, the Offeror shall reduce the Offer Price by an amount equal to the gross amount of such dividend, distribution and/or, as the case may be, return of capital received or receivable by the Qualifying Shareholders pursuant to Note 11 to Rule 23.1 of the Takeovers Code, in which case, any reference in the Offer Document or any other announcement or document to the Offer Price will be deemed to be a reference to the Offer Price as so reduced. Any such reduction will apply to those Shares in respect of which the Offeror will not be entitled to the relevant dividend, distribution and/or return of capital.

If, after the date of the Offer Document, any dividend and/or other distribution is announced, declared or paid in respect of the Shares, the Offeror shall reduce the Offer Price by an amount equal to the gross amount of such dividend and/or distribution received or receivable by the Qualifying Shareholders pursuant to Note 11 to Rule 23.1 of the Takeovers Code. Shareholders and potential investors are reminded to monitor the announcements to be made by the Company or the Offeror in respect of the progress of the Partial Offer and are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

As stated in the Letter from the Board, as at the Latest Practicable Date, save for the 2025 Final Dividend and the 2025 Special Dividend, the Company did not have outstanding dividends which had been declared but not yet paid. Save as disclosed therein, the Company did not have any intention to declare or pay any future dividend or make other distribution on the Shares prior to the close of the Partial Offer.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of valid acceptances of the Partial Offer will be made as soon as possible but, in any event, no later than seven (7) business days (as defined under the Takeovers Code) after the Closing Date. Further details regarding the timing of settlement of the consideration payable by the Offeror in respect of valid acceptances of the Partial Offer are set out in the Offer Document.

No fractions of a cent will be payable and the amount of cash consideration payable to any Qualifying Shareholder who accepts the Partial Offer will be rounded up to the nearest cent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group and outlook

(a) Historical financial information of the Group

The Company is an investment holding company and the Group is primarily engaged in (i) mining operations in the DRC, namely (a) the operation of the Ruashi Mine, an open-cast mine producing copper cathode, cobalt hydroxide and sulphide copper concentrate; (b) the operation of the Kinsenda Mine, an underground copper mine producing high grade copper concentrate; and (c) the operation of the Musonoi Mine, an underground mine producing copper cathode and cobalt hydroxide; (d) the operation of the Lubembe Project, a greenfield copper project; (ii) leasing out of the Chibuluma South Mine, an underground copper mine; and (iii) the trading of mineral and metal products in Hong Kong.

Set out below is a summary of the audited consolidated financial information of the Group for each of the financial years ended 31 December 2024 and 2025 as extracted from the annual report of the Group for the year ended 31 December 2025 (“**2025 Annual Report**”) and for the financial year ended 31 December 2023 as extracted from the annual report of the Group for the year ended 31 December 2024 (“**2024 Annual Report**”):

Summary of the Group's consolidated income statement

	Year ended 31 December		
	2025	2024	2023
	US\$'000	US\$'000	US\$'000
	(audited)	(audited)	(audited)
Revenue	481,910	561,870	638,857
Cost of sales	(343,691)	(478,298)	(538,412)
Gross Profit	110,795	55,932	70,746
Profit/(loss) for the year			
attributable to owners of			
the Company	32,654	(2,464)	(11,558)

Financial performance of the Group for each of the years ended 31 December 2025 ("FY2025") and 31 December 2024 ("FY2024")

As set out in the 2025 Annual Report, the Group recorded revenue of approximately US\$481.9 million for FY2025, primarily comprised of sales of copper of approximately US\$470.6 million, representing a decrease of approximately US\$80.0 million or approximately 14.2% as compared to that of approximately US\$561.9 million for FY2024.

Gross profit of the Group's operations has increased by 98.1% from approximately US\$55.9 million for FY2024 to approximately US\$110.8 million for FY2025. The profit for the year attributable to owners of the Company amounted to approximately US\$32.7 million for FY2025 compared to the loss for the year attributable to owners of the Company of approximately US\$2.5 million for FY2024, which was primarily due to (i) the increase in sales price of copper product; (ii) the decrease in mining and processing costs; and (iii) offset by the increase in income tax expense.

Financial performance of the Group for FY2024 and the year ended 31 December 2023 ("FY2023")

As set out in the 2024 Annual Report, the Group recorded revenue of approximately US\$561.9 million for FY2024, representing a decrease of approximately US\$77.0 million or approximately 12.1% as compared to that of approximately US\$638.9 million for FY2023, which was primarily due to the decrease in revenue on trading of externally sourced commodities as more focused selection of appropriate mineral sources in matching with customers' need.

Gross profit of the Group's operations decreased 20.9% from approximately US\$70.8 million for FY2023 to approximately US\$55.9 million for FY2024. The loss for the year attributable to owners of the Company amounted to approximately US\$2.5 million for FY2024 compared to the loss for the year attributable to owners of the Company of approximately US\$11.6 million for FY2023, the reduction of loss attributable to owners of the Company was primarily due to (i) the increase in copper revenue; (ii) the decrease in impairment on value-added-tax recoverable; and (iii) the decrease in income tax expense in FY2024.

Summary of the Group's consolidated balance sheet

	As at 31 December		
	2025	2024	2023
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Non-current assets	2,270,922	2,135,722	1,899,771
Current assets	<u>516,537</u>	<u>322,210</u>	<u>270,611</u>
Total assets	<u>2,787,459</u>	<u>2,457,932</u>	<u>2,170,382</u>
Current liabilities	584,914	402,646	253,268
Non-current liabilities	<u>957,428</u>	<u>894,022</u>	<u>767,346</u>
Total liabilities	<u>1,542,342</u>	<u>1,296,668</u>	<u>1,020,614</u>
Equity attributable to owners of the Company	<u>1,065,936</u>	<u>983,498</u>	<u>985,457</u>

Financial position as at 31 December 2025 compared to 31 December 2024

We noted from the 2025 Annual Report that as at 31 December 2025, the Group's total assets amounted to approximately US\$2,787.5 million, representing an increase of approximately 13.4% or approximately US\$329.5 million as compared to approximately US\$2,457.9 million as at 31 December 2024, which mainly comprised (i) property, plant and equipment of approximately US\$1,308.8 million; (ii) mineral rights of approximately US\$530.4 million; (iii) inventories in respect of current assets and non-current assets of approximately US\$371.1 million; (iv) other non-current assets of approximately US\$205.0 million; (v) bank deposits with original maturity over three months and bank balances and cash of approximately US\$171.2 million; and (vi) exploration and evaluation assets of approximately US\$122.7 million.

The Group's total liabilities amounted to approximately US\$1,542.3 million as at 31 December 2025, representing an increase of approximately 18.9% or approximately US\$245.7 million as compared to approximately US\$1,296.7 million as at 31 December 2024, which mainly comprised (i) trade and other payables of approximately US\$372.8 million; (ii) deferred tax liabilities of approximately US\$325.4 million; (iii) bank borrowings of approximately US\$443.8 million; and (iv) amount due to an intermediate holding company of approximately US\$297.6 million.

As at 31 December 2025, the equity attributable to owners of the Company amounted to approximately US\$1,065.9 million, representing an increase of approximately 8.4% or US\$82.4 million as compared to approximately US\$983.5 million as at 31 December 2024.

Financial position as at 31 December 2024 compared to 31 December 2023

We noted from the 2024 Annual Report that as at 31 December 2024, the Group's total assets amounted to approximately US\$2,457.9 million, representing an increase of approximately 13.3% or approximately US\$287.6 million as compared to approximately US\$2,170.4 million as at 31 December 2023, which mainly comprised (i) property, plant and equipment of approximately US\$1,203.0 million; (ii) mineral rights of approximately US\$546.3 million; (iii) inventories in respect of current assets and non-current assets of approximately US\$272.8 million; (iv) exploration and evaluation assets of approximately US\$122.7 million; and (v) other non-current assets of approximately US\$158.9 million.

The Group's total liabilities amounted to approximately US\$1,296.7 million as at 31 December 2024, representing an increase of approximately 27.1% or approximately US\$276.1 million as compared to approximately US\$1,020.6 million as at 31 December 2023, which mainly comprised (i) deferred tax liabilities of approximately US\$341.7 million; (ii) bank borrowings of approximately US\$370.9 million; (iii) amount due to an intermediate holding company of approximately US\$256.3 million; and (iv) trade and other payables of approximately US\$270.2 million.

As at 31 December 2024, the equity attributable to owners of the Company amounted to approximately US\$983.5 million, which remained broadly stable compared to approximately US\$985.5 million as at 31 December 2023.

(b) Recent development and prospects of the Group

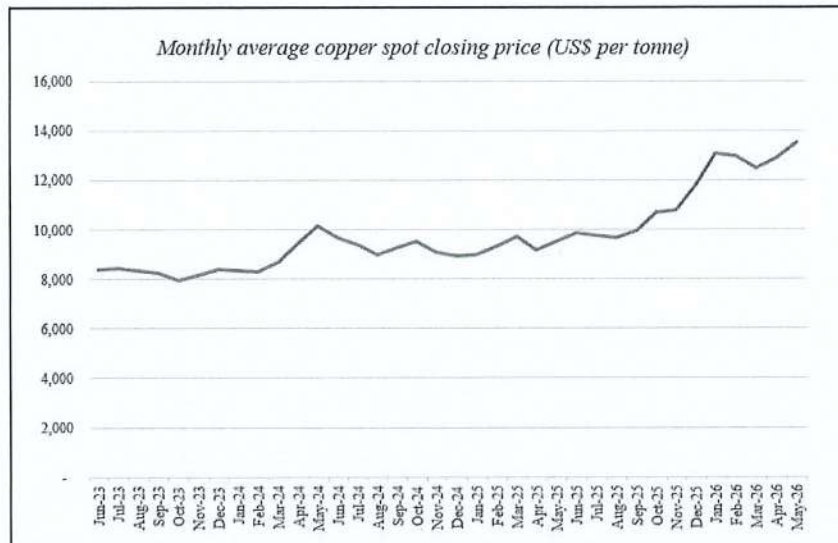
As set out in the Letter from the Board, the Company is an investment holding company and the Group is primarily engaged in (i) mining operations in the DRC, namely (a) the operation of the Ruashi Mine, an open-cast mine producing copper cathode, cobalt hydroxide and sulphide copper concentrate; (b) the operation of the Kinsenda Mine, an underground copper mine producing high grade copper concentrate; and (c) the operation of the Musonoi Mine, an underground mine producing copper cathode and cobalt hydroxide; (d) the operation of the Lubembe Project, a greenfield copper project; (ii) leasing out of the Chibuluma South Mine, an underground copper mine; and (iii) trading of mineral and metal products in Hong Kong.

As the Group is engaged in mining operations and the trading of mineral and metal products, primarily in copper and cobalt, set out below are (i) the historical copper price movement during the review period; and (ii) the historical cobalt price movement during the review period. The review period covers the average monthly price of the relevant commodity (i.e. on a completed month basis) from 1 June 2023 to 31 May 2026, being 36 months, (the “**Price Review Period**”) which is a period that is sufficiently lengthy and provides a balanced perspective on price movements, capturing both short-term volatility and medium-term trends and is considered as appropriate in commodity market analysis as any trend is less likely to be materially distorted by temporary shocks while remaining relevant to current market conditions and ensure the analysis reflects meaningful dynamics without relying on outdated data.

Copper

Copper, being a base metal with high thermal and electrical conductivity, is commonly used in wires, electromagnets, printed circuit boards as an electrical conductor and heat exchangers as a thermal conductor. Copper exists in two broad categories of ore types: sulphide and oxide.

The following graph shows the monthly average copper spot closing price during the Price Review Period for the purpose of illustrating copper historical price trends.



Source: London Metal Exchange

As illustrated by the monthly average copper spot closing price (the “**Copper Prices**”) set out in the above table, the Copper Prices was relatively volatile over the Price Review Period.

In mid of 2023 and the first quarter of 2024, the Copper Prices were trading at approximately US\$8,000 per tonne. In the second quarter of 2024, the Copper Prices surged dramatically, reaching over US\$10,000 per tonne in May 2024. By mid of 2024, the Copper Prices began to retreat and the Copper Prices stabilized above US\$8,500 per tonne in the second half of 2024.

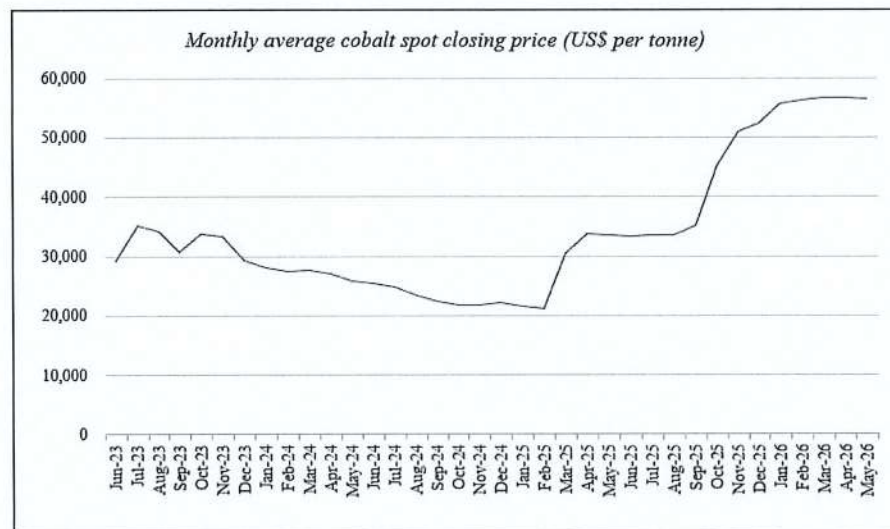
In 2025, the Copper Prices had risen steadily. Since October 2025, the Copper Prices had been above US\$10,000 per tonne. We noted the Copper Prices surged in the second quarter of 2026 and reached approximately USD13,500 per tonne, the highest levels recorded in the Price Review Period.

According to the Non-ferrous Metals Industry Stable Growth Action Plan (2025-2026)* (《有色金屬行業穩增長工作方案(2025-2026年)》)(https://www.miit.gov.cn/jgsj/ycls/wjfb/art/2025/art_e8a675f331eb4e8dbc742d67c097051f.html) (the “**Non-ferrous Metals Industry Action Plan**”) issued by the Ministry of Industry and Information Technology of the PRC, the potential demand for copper in the PRC is expected to remain robust, driven by structural shifts in industrial consumption and national policy priorities. The Non-ferrous Metals Industry Action Plan emphasises expanding copper applications in high-growth sectors such as new energy vehicles, next-generation electronic information, and 5G infrastructure. Specific initiatives include accelerating the use of high-strength, high-conductivity copper wire and cable, copper heat sinks for 5G base stations, ultra-low roughness copper foil, and precision copper gears. In addition, the broader push for electrification, renewable energy deployment, and advanced manufacturing will further reinforce copper’s strategic role in the PRC economy. Such measures will ensure sustained copper’s demand growth over the medium term.

Cobalt

Cobalt, a ferromagnetic metal, is normally associated with nickel and copper containing ores and is mined as a by-product or co-product of these metals. Cobalt is a strategic and critical metal used in many diverse industrial and military applications.

The following graph shows the monthly average cobalt spot closing price during the Price Review Period for the purpose of illustrating cobalt historical price trends.



Source: Fastmarkets MB, formerly known as Metal Bulletin, a premium intelligence service for metal and steel professionals, being a recognised publisher of reference prices for long-term cobalt trading contracts.

The monthly average price of cobalt per tonne (the “**Cobalt Prices**”) experienced fluctuations broadly ranging from approximately US\$30,000 to US\$35,000 in the second half of 2023, followed by a downward trend that reached a low of around US\$21,000 in February 2025. Subsequently, the Cobalt Prices rose to around US\$33,000 in April 2025 and further surged in the second half of 2025 and reached approximately USD56,000 in February 2026 and remained stable thereafter.

According to the 2050 Cobalt Outlook (2050鈷展望)¹ issued by the Cobalt Institute² in October 2024, global battery demand for cobalt is expected to reach more than three times of its 2020 volume, rising from approximately 85,000 tonnes to 250,000 tonnes by 2050 and a total of 5.5 million tonnes of cobalt will be required for batteries in electric vehicles, consumer electronics, and energy storage facilities by 2050. Cobalt finds extensive applications in electric vehicles, aerospace, and consumer electronics, including AI, robotics, drones, and smart devices. With the continued expansion of key industries and a global shift toward environmental sustainability, seen in widespread net-zero pledges, a corresponding upswing in cobalt demand is anticipated.

Recent development and prospects

We noted from the announcement of the Company dated 9 March 2026 in relation to the operational update for FY2025, in 2025, the Group recently commissioned Musonoi copper-cobalt mine in Kolwezi city, the DRC (i.e. the Musonoi Mine) as the third operating mines in the DRC. According to the resources and reserve statement as at 31 December 2023 (included in annual report of the Company for the year ended 31 December 2023), the Musonoi Project has mineral reserves of 606,000 tonnes as to copper and 174,000 tonnes as to cobalt. Such mineral scales are greater than those in aggregate of the existing Ruashi and Kinsenda operating mines.

The Group's mining operation produced 61,867 tonnes of copper content for FY2025, representing an increase of 5.5% as compared to that of 58,663 tonnes for FY2024. The increase in FY2025 compared to FY2024 was due to additional contribution from the recent commission of the Musonoi Mine, which was partially offset by the temporary suspension of the solvent extraction – electrowinning system (the “**SX-EW System**”) since January 2025 as a result of the power supply instability from the national grid to the Group's Ruashi operating mine in the DRC. Nonetheless, the Group endeavors to maintain overall production levels by means of utilising its flotation plant to produce more copper content in copper concentrate, alongside which the SX-EW System has already resumed its operations in mid-May 2025 following the installation of additional diesel generators.

In 2025, due to the recent commission of the Musonoi Mine, the Group produced 1,085 tonnes of cobalt content included in cobalt hydroxide, representing an increase of approximately 26.9% as compared to that of 855 tonnes in 2024.

We noted from the announcement of the Company dated 2 June 2026 in relation to the operational update for the three months ended 31 March 2026 (“**First Quarter**”), in the First Quarter, the Group's mining operations produced 18,021 tonnes of copper content included in copper cathode and copper concentrate, representing an increase of approximately 29.5% year-on-year as compared to that of 13,914 tonnes in the corresponding period in 2025. The increase was due to additional contribution from Musonoi Mine, partly offset by the decrease in production in Ruashi Mine due to the power supply instability from the national grid in the DRC and the repairs and maintenance of the acid plant.

In the First Quarter, due to the additional contribution from Musonoi Mine, the Group produced 2,139 tonnes of cobalt content included in cobalt hydroxide, as compared to that of 71 tonnes in the corresponding period 2025.

Given that the Group has turnaround from a loss for FY2024 to a profit for FY2025 and the upsurge of the copper and cobalt price as indicated above which provide a favourable environment for the Group's business as well as the commencement of the mining operation of the Musonoi Mine, we concur with the Management's view that it is cautiously optimistic about the sustainable development of the Group, however, the Group will continue to monitor all factors causing market fluctuation in order to ensure the Group is able to respond to market changes in a timely manner.

(c) The suspension of trading in the Shares

References are made to (i) the announcement of the Company dated 28 March 2025 in relation to, among other things, the delay in publication of annual results for FY2024, postponement of the Board meeting and suspension of trading; (ii) the announcement of the Company dated 16 April 2025 (the “**2025 April Announcement**”) in relation to, among other things, an allegation on certain payments of Ruashi SAS, which requires further investigation (“**Allegation**”); (iii) the announcement of the Company dated 7 May 2025 in relation to the Resumption Guidance; (iv) the announcement of the Company dated 27 June 2025 in relation to, among others, the quarterly update on the resumption progress of the Company; (v) the announcement of the Company dated 2 September 2025 in relation to, among other things, the delay in publication of interim results for the six months ended 30 June 2025; (vi) the announcement of the Company dated 29 September 2025 in relation to, among others, the quarterly update on the resumption progress of the Company; (vii) the announcement of the Company dated 28 November 2025 in relation to, among other things, the proposed change of auditor; (viii) the announcement of the Company dated 19 December 2025 in relation to the appointment of auditor; (ix) the announcement of the Company dated 29 December 2025 in relation to, among other things, the quarterly update on the resumption progress of the Company; (x) the announcement of the Company dated 25 February 2026 in relation to supplemental information on the appointment of auditor; (xi) the announcement of the Company dated 15 March 2026 in relation to, among others, the progress update on the Independent Forensic Investigation into the relevant matters of Ruashi SAS; (xii) the announcement of the Company dated 20 March 2026 in relation to positive profit alert; (xiii) the announcement of the Company dated 30 March 2026 in relation to, among others, the quarterly update on the resumption progress of the Company; (xiv) the announcements of the Company dated 31 March 2026 in relation to annual results for FY2024, interim results for the six months ended 30 June 2025 and the annual results for FY2025; (xv) the announcement of the Company dated 22 May 2026 in relation to, among others, the progress update and key findings of the Independent Forensic Investigation; (xvi) the announcement of the Company dated 3 June 2026 in relation to, among others, the keys findings of the independent internal control review (the “**IC Review**”) conducted by the Internal Control Consultant (together the “**Announcements**”); and (xvii) the publication of the 2024 Annual Report and 2025 Annual Report on 26 May 2026.

As disclosed in the 2025 April Announcement, the delay in the publication of the financial results of the Company was due to the Allegation. On 30 April 2025, the Stock Exchange issued a letter to the Company setting out the Resumption Guidance, including but not limited to, (i) conducting of an independent forensic investigation in the matters around the Allegation and assess the impact on the Company’s business operations and financial position; and (ii) publish all outstanding financial results; for the resumption of trading in the Shares. The Company must meet all requirements in the Resumption

Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

On 15 March 2026, the Company announced an update on the Independent Forensic Investigation, setting out, among others, the scope of the Independent Forensic Investigation, procedures performed by the forensic accountant, key findings of the Independent Forensic Investigation and recommendations by the forensic accountant, for further details, please refer to the said announcement.

On 31 March 2026, the Company announced its annual results for FY2024 and FY2025.

On 22 May 2026, the Company announced that a progress update and inside information on key findings of the Independent Forensic Investigation, in which, among other things, the SIC considered that the Independent Forensic Investigation has been properly conducted to achieve its objectives, and the SIC was not aware of any facts that would give rise to reasonable concerns regarding the integrity, character and competence of the Company's management. For further details, please refer to the said announcement.

On 26 May 2026, the Company published its 2024 Annual Report and 2025 Annual Report.

On 3 June 2026, the Company announced in relation to key findings of the IC Review conducted by the Internal Control Consultant, in which, among other things, the audit committee of the Company and the Board agreed with the findings and recommendations of the IC Review, were satisfied that the Company has adopted and/or implemented (if applicable) all recommendations made by the Internal Control Consultant in the IC Review, and were of the view that the Group has in place adequate internal controls and procedures to comply with the Listing Rules. For further details, please refer to the said announcement.

Save as disclosed in the Announcements, there is currently no additional information to update the progress of the process of the resumption of trading in the Shares.

We also note that the Company is proactively taken all the necessary steps to address the Resumption Guidance, including but not limited to, (i) the establishment of SIC to commence an independent investigation into the relevant matter; (ii) the engagement of the forensic accountant to conduct Independent Forensic Investigation; (iii) the appointment of Internal Control Consultant to review the internal control system of the Company; (iv) progress update announcements on the Independent Forensic Investigation, summarizing its key findings and recommendation on remedial actions to be taken by the Company; (v) an update announcement on the key findings of the IC Review by the Internal Control

Consultant; and (vi) the publication of the outstanding financial results, including 2024 Annual Report and 2025 Annual Report. All these steps are orderly fulfilling the requirements set out in the Resumption Guidance.

Based on the latest information published by the Company and our discussions with the Management, as at the Latest Practicable Date, we understand that the Company has conducted the following work and submitted the relevant documents to the Stock Exchange in response to the following conditions as set out in the Resumption Guidance, fulfilment of which are subject to the satisfaction of the Stock Exchange (details of which are set out in the announcement of the Company dated 7 May 2025):

- (i) conduct an independent forensic investigation into matters around the Allegation;
- (ii) publish all outstanding financial results under the Listing Rules;
- (iii) conduct an independent internal control review; and
- (iv) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position.

For the avoidance of doubt, as at the Latest Practicable Date, the Company has not received any indication on whether or not the Stock Exchange has considered the above conditions have been fulfilled and the related matters remain under review.

Notwithstanding the above, the Company is using its best endeavours to perform work in response to the following conditions (the "**Remaining Resumption Conditions**") set out in the Resumption Guidance, namely:

- (i) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or person with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; and
- (ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules.

In accordance with the Resumption Guidance, the Company must meet all requirements in the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before the Stock Exchange allows the resumption in the trading in Shares. As at the Latest Practicable Date and based on the information provided by the Management, the Company has been corresponding with the Stock Exchange regarding the work performed and documents submitted in response to the abovementioned conditions to date and continues to work towards fulfilling the Remaining Resumption Conditions.

In the event that the conditions as set out in the Resumption Guidance are not fulfilled to the satisfaction of the Stock Exchange by the stipulated deadline, i.e. 28 September 2026, the Stock Exchange might cancel the listing status of the Company.

Shareholders should note that subject to the satisfaction of these conditions set out by the Stock Exchange before the stipulated deadline, i.e. 28 September 2026, in the event that all the conditions are fulfilled under the Resumption Guidance and subject to the approval of the Stock Exchange, the trading in the Shares shall then be resumed. Hence, based on the information available up to the Latest Practicable Date, we are of the view that there are uncertainties that the Shares will be resumed on or before the deadline as set out in the Resumption Guidance, i.e. 28 September 2026. Despite the deadline set in the Resumption Guidance is approaching, the Management has informed us that they are using and will continue to use their best endeavours to satisfy the conditions of the Resumption Guidance prior to the stipulated deadline.

Shareholders should be reminded that (i) the Group has three operating mines in Africa and achieved a revenue of approximately US\$481.9 million and a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025; (ii) the upsurge of the copper and cobalt price as described under the heading “(b) Recent development and prospects of the Group” above which provide a favourable environment for the Group’s business; and (iii) the Company has announced the 2025 Final Dividend and the 2025 Special Dividend whereas the Qualifying Shareholders shall be entitled to the payment of the 2025 Final Dividend and the 2025 Special Dividend irrespective of whether they accept the Partial Offer or not, hence, Shareholders should also consider the future prospects of the Group before deciding whether to accept the Partial Offer or not.

In the event that the listing status of the Company is cancelled by the Stock Exchange, Shareholders will be holding Shares in an unlisted public company and there may or may not be an active market for the trading of the Shares as the Shares will no longer be listed on the Stock Exchange.

Nonetheless, despite the Shareholders will be holding Shares in an unlisted public company if the listing status is cancelled by the Stock Exchange, based on the Offer Price of HK\$0.30, in particular, for those Qualifying Shareholder accepting the Partial Offer, they are in effect accepting an offer for the Company at a discount of more than 50% to the audited consolidated net asset value per Share attributable to the owners of the Company of approximately HK\$0.636 as at 31 December 2025, calculated based on the audited financial statements of the Group as at 31 December 2025, reflecting the audited financial position of the Group, together with the fact that the Group has three operating mines in Africa which generated a revenue of approximately US\$481.9 million and a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, we consider the Offer Price to be unattractive, unfair and unreasonable. Details of our analysis is set out under the heading “3. Evaluation of the Offer Price” below.

(d) Scenarios based on the different level of valid acceptances under the Partial Offer

Notwithstanding that there is a potential risk that the listing status of the Company might be cancelled by the Stock Exchange should the Company is unable to fulfill to the requirements under the Resumption Guidance, Qualifying Shareholders should note that the Offeror is making Partial Offer to acquire up to 130,000,000 Offer Shares, representing approximately 1.0% of the issued share capital of the Company.

In the event that valid acceptances are received by the Offeror of an amount not more than 130,000,000 Shares under the Partial Offer, the subject Qualifying Shareholders would be able to realise all of their shareholding tendered and accepted under the Partial Offer at the Offer Price.

In the event that valid acceptances are received by the Offeror exceed 130,000,000 Shares under the Partial Offer, depending on the actual level of Shares being tendered, the number of Offer Shares from each individual Qualifying Shareholder to be taken up by the Offeror will be determined based on the Formula (as set out under sub-paragraph headed "Acceptable of the Partial Offer" in this letter above). Hence, under such circumstances, only a portion of the Shares tendered by the Qualifying Shareholders will be taken up by the Offeror and the remaining portion of their shareholding in the Company, i.e. the portion which is not taken up by the Offeror under the Partial Offer and the Shares not tendered by the Qualifying Shareholder (if any), will be retained by the subject Qualifying Shareholder.

For illustration purposes, in the event that all Qualifying Shareholders (other than Jinchuan (BVI) Limited, Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited which have unconditionally and irrevocably undertaken that each of them shall not accept the Partial Offer) accept the Partial Offer in terms of their entire shareholding, based on the Formula, the Qualifying Shareholders will only be able to sell a small portion of their shareholdings, representing approximately 2.4% of their respective shareholdings and will continue to hold a substantial portion of their shareholding in the Company (i.e., the remaining of approximately 97.6% interest).

For Qualifying Shareholders who decide not to participate in the Partial Offer, although the Company is currently taking the necessary steps to orderly proceed to satisfy the requirements as prescribed under the Resumption Guidance, Qualifying Shareholders should be aware that there are uncertainties relating to potential cancellation of the listing status of the Company by the Stock Exchange should the Company is unable to meet all the requirements under the Resumption Guidance and the risk that the Qualifying Shareholders will be holding the Shares in an unlisted public company, where there may or may not be a readily available open market for the trading of the Shares and there will be no official trading platform with transparency as compared to the trading platform offered by the Stock Exchange for listed companies.

Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules may not be available to the Shareholders.

Shareholders should also be aware that since the Closing Date falls after 3 July 2026 4:30 p.m., being the latest time to lodge transfer documents for registration with share registrar for determining entitlement to the 2025 Final Dividend and the 2025 Special Dividend, the Qualifying Shareholders shall be entitled to the payment of the 2025 Final Dividend and the 2025 Special Dividend irrespective of whether they accept the Partial Offer or not.

Our View

For Qualifying Shareholders who wish to dispose its/his/her Shares, depending the level of acceptance under the Partial Offer, the Partial Offer provides an opportunity to Qualifying Shareholders to realise part or all of their investments in the Shares at the Offer Price without the concerns around the lack of market trading liquidity given that the Shares are currently suspended from trading on the Stock Exchange.

However, we are of the view that the fairness and reasonableness of the Partial Offer should not be solely determined on the potential risk relating to the cancellation of listing status of the Company, Qualifying Shareholders should consider the value under the Partial Offer, details of our analysis are set out in the paragraphs headed “3. Evaluation of Offer Price” and “4. Comparable companies’ analysis” in this letter below as well as the future development of the Company, in particular, the Group recorded a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, representing a turnaround from the loss attributable to owners of the Company of approximately US\$2.5 million for FY2024, details of which are set out in the paragraph headed “1. Financial information of the Group and outlook” in this letter above.

Should the Qualifying Shareholders accept the Partial Offer, it may also result in their holding odd lots of Shares. Accordingly, AFG Securities has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares on a best efforts basis for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing their odd lots or to top up their odd lots to whole board lots. As stated in the Offer Document, Shareholders should note that the matching of odd lots is not guaranteed.

Qualifying Shareholders should also be aware that the realisable price of odd lot Shares may be different from (i) the trading price of board lot Shares prior to the suspension of trading; and (ii) the Offer Price.

Please refer to section headed “Odd lots” in the “Letter from Alpha Financial” of the Offer Document for further details.

2. Information of the Offeror and Reasons for the Partial Offer

(a) Information of the Offeror

As set out in the Offer Document, the Offeror is a professional investor with over 10 years' experience in the financial industry. She has been working as a unit manager at Prudential Hong Kong Limited since September 2025. From July 2013 to October 2014, she worked at the asset management position in the financial markets department of the head office of Bank of Ningbo Company Limited. From November 2014 to November 2019, she worked at foreign exchange trading position in the financial markets investment headquarters at China Merchants Securities Company Limited. From November 2019 to September 2024, she worked at China Merchants Securities (HK) Co., Limited with her last position as the vice president at the financial markets innovation department. She obtained her Bachelor's degrees in Economics and Law in 2010 and a Master's degree in Economics in 2013 from Fudan University, China.

Save for the 10,000,000 Shares held by the Offeror and parties acting in concert with her, representing approximately 0.1% of the entire issued share capital of the Company, the Offeror and parties acting in concert with her did not hold any other Shares as at 5 June 2026, being the latest practicable date for ascertaining certain information in the Offer Document.

(b) Reasons for the Partial Offer

As stated in the Offer Document, the Offeror is a professional investor with over 10 years' experience in the financial industry and her spouse, Mr. Zhou Hongwei, is currently holding 10,000,000 Shares, representing approximately 0.1% of the entire issued share capital of the Company as at 5 June 2026, being the latest practicable date for ascertaining certain information in the Offer Document. The Partial Offer is conducted by the Offeror as part of her effort to diversify her investment portfolio to increase the aggregate shareholding in the Company by the Offeror and her spouse as she recognises the potential of the Company to resume in trading and thus representing a promising investment opportunity if the Shares can be acquired at a discount at this stance from the Shareholders who wish to realise the value of their Shares now instead of shouldering the risk of the potential cancellation of the listing of the Shares, pursuant to which the Shares will become illiquid and the value of the Shares may become minimal.

As stated in the Offer Document, the Offeror intends to only establish a passive equity position in the Company by way of the Partial Offer, with no plans or intentions (i) to become a substantial Shareholder (as the term is defined in the Listing Rules); (ii) to seek to control or consolidate control (as the term is defined in the Takeovers Code) of the Company; or (iii) to influence or be involved in the operations or business of the Company (including, without limitation, from the perspectives of how it is to be continued, major changes (if any) which may be introduced (including any redeployment of the fixed assets of the Company), or employment of employees of the Company and of any of its subsidiaries) other than through the exercise of rights attached to Shares. The Offeror has determined that the Partial Offer of up to 1.0% of the entire issued share capital of the Company represents a reasonable pathway to passively invest in the Company.

For further details, please refer to the Offer Document.

We noted that the intention of the Offeror to establish a passive equity position in the Company by way of Partial Offer. Assuming that there is a full acceptance of 130,000,000 Offer Shares under the Partial Offer, together with 10,000,000 Shares held by the Offeror and parties acting in concert, the aggregate shareholding of 140,000,000 Shares, which would have held by the Offeror and parties acting in concert, would represent approximately 1.07% of the issued share capital of the Company. Under such assumption, given the minority stake in the Company, we are of the view that other than through the exercise of rights attached to Shares, the Offeror and parties acting in concert will not have substantial influence or involvement over the operations or business of the Company.

3. Evaluation of Offer Price

The Offer Price of HK\$0.30 per Offer Share represents:

- (i) a discount of approximately 53.13% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 27 March 2025);
- (ii) a discount of approximately 54.82% to the average of the closing prices of the Shares of approximately HK\$0.664 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 56.14% to the average of the closing prices of the Shares of approximately HK\$0.684 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 51.53% to the average of the closing prices of the Shares of approximately HK\$0.619 as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Date; and

- (v) a discount of approximately 52.83% to the audited consolidated net asset value per Share attributable to the owners of the Company of approximately HK\$0.636 as at 31 December 2025, calculated based on the audited equity attributable to owners of the Company of approximately US\$1,065,936,000 as at 31 December 2025 and 13,132,082,051 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The Shares has been suspended from trading with effect from 9:00 a.m. on 28 March 2025 and over twelve-month period immediately before the Latest Practicable Date. During the six-month period immediately preceding and including the Last Trading Day (i.e. from 30 September 2024 to 27 March 2025): (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.77 per Share on each of 10 and 11 March 2025; and (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.485 per Share on 14 November 2024.

Historical performance of the Shares

Given that fact that the Shares have been suspended from trading on the Stock Exchange since 28 March 2025, more than twelve months, we are of the view that a comparable analysis on the historical performance of the Shares may not be meaningful in assessing the fairness and reasonableness of the Partial Offer.

4. Comparable companies' analysis

We note that save for the Shares are currently suspended for trading, the Company, a listed company on the Stock Exchange, is required to comply with the relevant Listing Rules which are similar to all other companies listed on the Stock Exchange. As disclosed under the sub-paragraph headed “(c) The suspension of trading in the Shares” above, the Company has been corresponding with the Stock Exchange regarding the work performed and documents submitted in response to the conditions as set out in the Resumption Guidance to date and continues to work towards fulfilling the Remaining Resumption Conditions. While the resumption of trading in the Shares remains subject to the Stock Exchange being satisfied that the Company has fulfilled the conditions set out in the Resumption Guidance, the Company has conducted certain work, submitted relevant documents to the Stock Exchange and continues to use its best endeavours to satisfy such conditions. Based on the latest information available as at the Latest Practicable Date and barring unforeseen circumstances, we have no reason to doubt that the Shares will not remain listed. Accordingly, we are of the view that it is valid and reasonable to compare listed companies on the Stock Exchange in which operate similar business of the Group with the following valuation benchmarks for comparable purposes. In particular, given that (i) the Company is a listed company on the Stock Exchange; (ii) the equity attributable to owners of the Company amounted to approximately US\$1,065.9 million as at 31 December 2025; and (iii) the Company achieved a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, based on information available up to and including the Latest Practicable Date, we are of the view that it is appropriate to compare the various benchmarks for comparable companies listed on the Stock Exchange and any adjustment, reflecting its existing status being a company in suspension of trading and subject to the potential cancellation of the listing status unless the Company is able to fulfil the conditions under the Resumption Guidance on or before the stipulated deadline, to the satisfaction of the Stock Exchange, would be judgmental and subjective, and therefore would not be appropriate for the purpose of our analysis on the Comparable Companies (defined hereafter). On this basis, having considered that the Group has three operational mines in Africa, achieving a revenue of approximately US\$481.9 million and a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025 and with an equity attributable to owners of the Company of approximately US\$1,065.9 million as at 31 December 2025, we consider that it is appropriate to use the readily available valuation benchmarks for the Comparable Companies (defined hereafter) for the purpose of our analysis.

Accordingly, in assessing the fairness and reasonableness of the Offer Price, we have considered analysis on the price-to-book ratios (the “**P/B Ratio(s)**”) and price-to-earnings ratios (the “**P/E Ratio(s)**”) of companies which are listed on the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes. It is noted that the P/B Ratio and P/E Ratio are the commonly used valuation benchmarks in evaluating the valuation of a company. We noted that (i) it may be more typical for P/B Ratio to be used as a valuation benchmark to value asset heavy companies, given that the Group, being a mining enterprise, is typically regarded as asset-heavy; and (ii) we also conduct analysis on the P/E Ratio to cross-checked against analysis on P/B Ratio, which provides a more balanced and robust perspective in the copper mining sector.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Stock Exchange; and (ii) engages in principal business similar to those of the Group namely, mining of non-ferrous metals, which primarily comprised of copper, and the trading of mineral and metal products, of which sale and trading of copper contributed over 50% of its total revenue for the latest completed financial year (the “**Criteria**”). Based on the Criteria, we have identified an exhaustive list of five comparable companies (the “**Comparable Companies**”). The table below sets out the market capitalisation, equity attributable to its owners, the P/B Ratio and the P/E Ratio of each of the Comparable Companies and the Implied P/B Ratio (defined thereafter) and the Implied P/E Ratio (defined thereafter) of the Company under the Partial Offer for comparison purposes.

Company name (stock code)	Principal business	Market capitalisation as at the Latest Practicable Date (Note 1) HK\$' million	Equity attributable to the owners of the company (Note 2) HK\$' million	P/B Ratio (Note 3)	P/E Ratio (Note 4)
Jiangxi Copper Company Limited (358)	Mining, smelting and processing of non-ferrous metals and precious metals.	140,933	93,467	1.51	16.62
China Daye Non-Ferrous Metals Mining Limited (661)	Mining and processing of mineral ores and selling/ trading of metal products.	1,861	3,608	0.52	30.22
MMG Limited (1208)	Exploration, development and mining of copper, zinc, gold, silver, molybdenum, lead and cobalt deposits around the world.	106,240	31,006	3.43	26.64

Company name (stock code)	Principal business	Market capitalisation as at the Latest Practicable Date (Note 1) HK\$' million	Equity attributable to the owners of the company (Note 2) HK\$' million	P/B Ratio (Note 3)	P/E Ratio (Note 4)
China Nonferrous Mining Corporation Limited (1258)	Exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and copper anodes, and production and sale of cobalt hydroxide, sulphuric acid and liquid sulphur dioxide.	55,136	19,465	2.83	17.39
Yunnan Jinxun Resources Co., Ltd. (3636)	Mineral processing, smelting and trading of non-ferrous metals.	2,485	947	2.63	10.68
			Maximum	3.43	30.22
			Minimum	0.52	10.68
			Median	2.63	17.39
			Equity attributable to the owners of the Company as at 31 December 2025 (HK\$' million)	Implied P/B Ratio (times) (Note 5)	Implied P/E Ratio (times) (Note 6)
The Company		3,940	8,346	0.47	15.41

Source: the website of the Stock Exchange (www.hkex.com.hk)

Note:

1. Based on the share price (as at the Latest Practicable Date) multiplied by total number of issued shares (including both A and H Shares in issue, if applicable) as at the Latest Practicable Date.
2. Figures are extracted from the latest published annual report of the Comparable Companies, where figures are translated of RMB1 = HK\$1.15 or USD1 = HK\$7.83, where applicable.

3. The P/B Ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by equity attributable to the owners of the respective Comparable Companies as extracted from their respective latest published annual results as at the Latest Practicable Date.
4. The P/E Ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by profit for the year attributable to its shareholders of the respective Comparable Companies for the completed financial year as extracted from their respective latest published annual results as at the Latest Practicable Date.
5. The implied P/B Ratio of the Company (the “**Implied P/B Ratio**”) is calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price and equity attributable to owners of the Company as at 31 December 2025.
6. The implied P/E Ratio of the Company (the “**Implied P/E Ratio**”) is calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price and profit attributable to the owners of the Company for FY2025.

Analysis on P/B Ratio

It is noted from the above table that the P/B Ratios of the Comparable Companies ranged from approximately 0.52 times to 3.43 times, with a median of approximately 2.63 times. The Implied P/B Ratio of the Company as represented by the Offer Price of approximately 0.47 times, is lower than all of the P/B Ratios of the Comparable Companies.

Analysis on P/E Ratio

As illustrated in the table above, it is noted from the above table that the P/E Ratios of the Comparable Companies ranged from approximately 10.68 times to 30.22 times, with a median of approximately 17.39 times. The Implied P/E Ratio of the Company as represented by the Offer Price of approximately 15.41 times, is within the range of the P/E Ratios of the Comparable Companies and is lower than the median.

Comparison with other partial offer precedents

In assessing the Offer Price, we adopted a peer comparison approach focusing on companies within the same industry. Valuation metrics including P/B Ratio and P/E Ratio are inherently industry-specific, reflecting differences in growth prospects, capital intensity, and risk profiles. We consider that by comparing other partial offer precedents cases across different industries might distort the analysis and such information is not considered relevant for the purpose of the Qualifying Shareholders in assessing the merits and demerits of the Offer Price. By benchmarking against peers engaged in similar business operations, the analysis ensures consistency and objectivity in evaluating whether the Offer Price is fair and reasonable, thus the peer comparison is more direct and relevant for the purpose of the Qualifying Shareholders in assessing the merits and demerits of the Offer Price.

While other partial offer precedents may provide context on market behavior, they are often driven by transaction-specific circumstances such as shareholder dynamics, regulatory requirements, or strategic motives. These factors limit their comparability and risk introducing undue distortion into our analysis of the Offer Price. Moreover, premiums or discounts observed in unrelated industries are not meaningful benchmarks, as they reflect sector-specific expectations rather than valuation norms applicable to the subject companies. Therefore, we are of the view that the core assessment for the Offer Price should rest on industry peer comparison which is a common market practice in the evaluation of Offer Price, such is covered by our analysis and work performed as set out under the paragraph headed “4. Comparable companies’ analysis” above.

Nevertheless, for information purposes, Shareholders should note that the Offer Price of HK\$0.30 per Offer Share under the Partial Offer is higher than the offer price of HK\$0.01 per offer share under the previous partial offer (the “**Previous Offer Price**”) as set out in the announcement of the then offeror dated 5 March 2026. As disclosed in the response document of the Company dated 9 April 2026, we, as the then independent financial adviser, concluded that the Previous Offer Price was, on balance, not fair and reasonable. Although the Offer Price of HK\$0.30 per Offer Share under the Partial Offer is higher than the Previous Offer Price, for analysis and reasons as set out in this letter, which is further summarised under the section headed “Recommendation” below, in particular, (i) the Offer Price represents a significant discount of over 50% to each of the closing prices on the Last Trading Day and last five, ten and thirty consecutive trading days up to and including the Last Trading Date, respectively; (ii) the Offer Price also represents a significant discount of approximately 52.83% of the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.636 as at 31 December 2025; and (iii) the Implied P/B Ratio of 0.47 times is lower than all of the P/B Ratios of the Comparable Companies and the Implied P/E Ratio of 15.41 times is lower than the median of the P/E Ratios of the Comparable Companies, thus, on balance, notwithstanding the uncertainties on whether or not the Shares will resume trading or the listing status of the Company might be cancelled in the event that the conditions as set out in the Resumption Guidance are not fulfilled to the satisfaction of the Stock Exchange by the stipulated deadline, i.e. 28 September 2026, based on information available to us as at the Latest Practicable Date, we are of the view that the Partial Offer is not attractive, not fair and not reasonable and the acceptance of the Partial Offer would not be in the interest of the Qualifying Shareholders.

Summary

We note that the Offer Price of HK\$0.3 per Share represents (a) a substantial discount to the closing prices before suspension; (b) a substantial discount to the audited consolidated net asset value per Share as at 31 December 2025; and (c) the Implied P/B Ratio is lower than all of the P/B Ratios of the Comparable Companies and the Implied P/E Ratio is lower than the median of P/E Ratios of the Comparable Companies. Given that the Offer Price is substantially lower than (i) the audited consolidated net asset value per Share as at 31 December 2025; and (ii) various valuation benchmarks, in particular the P/B Ratio, indicating that the implied value of the Group under the Offer Price is undervalued when compared to the aforesaid valuation benchmarks of the Comparable Companies, we are of the view that the Offer Price is not fair and reasonable so far as the Qualifying Shareholders are concerned.

5. Public Float of the Company

As disclosed in the Letter from the Board, the Company has a public float of approximately 42.2% of the Shares as at the Latest Practicable Date.

Assuming (i) full acceptances of the number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Closing Date, the Company will continue to have a public float of above 25% of the Shares immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 13.32B of the Listing Rules.

As stated in the Offer Document, the Offeror intends the Company to remain listed on the Stock Exchange.

The Partial Offer provides an opportunity for Qualifying Shareholders who wish to realise part or all of their investments in the Shares at the Offer Price given that the Shares are currently suspended. However, taking into account the nature of the Partial Offer which will be on pro-rata allocation basis, Qualifying Shareholders would likely be able to tender only a limited portion of their holdings while retaining a substantial residual position after the Partial Offer closes.

Depending on the level of acceptance under the Partial Offer, the analysis of which are set out in the sub-paragraph headed “(d) Scenarios based on the different level of valid acceptances under the Partial Offer”, the Partial Offer might not offer a comprehensive exit to the Qualifying Shareholders, Qualifying Shareholders would end up retaining a portion of their shareholdings in the Company in the event that valid acceptances received by the Offeror exceed 130,000,000 Shares under the Partial Offer. As mentioned above, we also note that the Company has taken the necessary steps to address and fulfill the requirements set out in the Resumption Guidance.

As such, Qualifying Shareholders should consider the merit of the Partial Offer, in particular, the value under the Partial Offer, details of our analysis are set out in the paragraphs headed “3. Evaluation of Offer Price” and “4. Comparable companies’ analysis” in this letter above and the future prospect of the Group, including that the Group recorded a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, details of which are set out in the paragraph headed “1. Financial information of the Group and outlook” above.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Partial Offer, in particular that:

- (a) despite the Company is using its best endeavours to satisfy the conditions under the Resumption Guidance, there is no assurance that the listing status of the Company will not be cancelled if the conditions under the Resumption Guidance are not satisfied by the stipulated deadline, i.e., 28 September 2026, the Management advised that they will continue to use their best endeavours to satisfy the conditions of the Resumption Guidance prior to the stipulated deadline as discussed in the sub-paragraph headed “(c) The suspension of trading in the Shares” in this letter;
- (b) the Offer Price represents a significant discount of approximately 53.13%, 54.82%, 56.14% and 51.53% to the closing prices on the Last Trading Day and last five, ten and thirty consecutive trading days up to and including the Last Trading Date, respectively, as discussed in paragraph headed “3. Evaluation of the Offer Price” in this letter;
- (c) the Offer Price represents a significant discount of approximately 52.83% of the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.636 as at 31 December 2025, as discussed in paragraphs headed “3. Evaluation of the Offer Price” in this letter;
- (d) our observation and analysis as set out under the sub-paragraph headed “(c) The suspension of trading in the Shares” in this letter, and based on the latest information available as at the Latest Practicable Date and barring unforeseen circumstances, we have no reason to doubt that the Shares will not remain listed. Accordingly, we are of the view that our analysis on the Comparable Companies is valid and reasonable;
- (e) the Implied P/B Ratio of 0.47 times is lower than all of the P/B Ratios of the Comparable Companies and the Implied P/E Ratio of 15.41 times is lower than the median of the P/E Ratios of the Comparable Companies, as discussed in the paragraphs headed “4. Comparable companies’ analysis” in this letter;

- (f) the upsurge of the copper and cobalt price which provide a favourable environment for the Group's business and the commencement of the mining operation of the Musonoi Mine as discussed in the sub-paragraph headed "(b) Recent development and prospect of the Group" in this letter; and
- (g) depending the level of acceptance under the Partial Offer, the Partial Offer provides an opportunity to Qualifying Shareholders to realise part or all of its investment given that the Shares have been suspended, however, in the event that valid acceptances are received by the Offeror exceed 130,000,000 Shares under the Partial Offer, Qualifying Shareholders will still retain a portion of their shareholding in the Company after the Partial Offer closes, Qualifying Shareholders should not be solely determined to accept the Partial Offer based on the potential risk relating to the cancellation of listing status of the Company but also consider the merits of the Partial Offer and the prospects of the Group.

Despite the fact that the Company is using its best endeavours to satisfy the conditions as set out in the Resumption Guidance, in the event that the conditions are not fulfilled to the satisfaction of the Stock Exchange by the stipulated deadline, i.e. 28 September 2026, the Stock Exchange might cancel the listing status of the Company. Having weighed the factors as set out in our letter, and based on information available to us as at the Latest Practicable Date, in particular, given that (i) the background of the Group as set out in the paragraph headed "1. Financial information of the Group and outlook", in particular, the Group recorded equity attributable to owners of the Company of approximately US\$1,065.9 million as at 31 December 2025; (ii) the undervaluation of the Offer Price relative to various financial and market benchmarks; (iii) the Offer Price represents a discount of more than 50% to the audited consolidated net asset value per Share attributable to the owners of the Company of approximately HK\$0.636 as at 31 December 2025; and (iv) the Company recorded a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, we are of the view that the Offer Price under the Partial Offer remains not attractive when assessed the Offer Price against the Group's financial position and performance.

On this basis, irrespective of whether the trading of the Share resumes or not, taking into account the abovementioned factors set out in the preceding paragraph, we are of the view that the Partial Offer, on balance, is **not** fair and reasonable and the acceptance of the Partial Offer would not be in the interests of the Qualifying Shareholders and we **do not** recommend the Independent Board Committee to recommend, and we ourselves **do not** recommend, the Qualifying Shareholders to accept the Partial Offer.

On the other hand, depending the level of acceptance under the Partial Offer, the Partial Offer provides an exit opportunity for Qualifying Shareholders to realise part or all of their investment in the Company, thus removing the concerns around the lack of market trading liquidity given that the Shares have been suspended for over twelve-months.

For Qualifying Shareholders who decide not to participate in the Partial Offer, although the Company is currently taking the necessary steps to orderly proceed to satisfy the requirements as prescribed under the Resumption Guidance, Qualifying Shareholders should be aware that there are uncertainties relating to potential cancellation of the listing status of the Company by the Stock Exchange should the Company is unable to meet all the requirements under the Resumption Guidance and the risk that the Qualifying Shareholders will be holding the Shares in an unlisted public company, where there may or may not be a readily available open market for the trading of the Shares and there will be no official trading platform with transparency as compared to the trading platform offered by the Stock Exchange for listed companies.

For Qualifying Shareholders who are of the view that the conditions as prescribed under the Resumption Guidance will not be met on or before the stipulated deadline and the listing status of the Company will be cancelled by the Stock Exchange and they do not wish to hold Shares in an unlisted company given the uncertainties mentioned in the preceding paragraph, they should consider accepting the Partial Offer.

As each individual Qualifying Shareholder would have different investment objectives and/or circumstances, we recommend any Qualifying Shareholders who may require advice in relation to any aspect of the Partial Offer and/or the Offer Document and/or Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, for Qualifying Shareholders wishes to accept the Partial Offer, they should carefully read the procedures for accepting the Partial Offer as set out in the Offer Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited



Jimmy Chung
Managing Director

Mr. Jimmy Chung is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in the corporate finance industry.