CONNECTED TRANSACTIONS

Upon [REDACTED], certain transactions between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions in the ordinary and normal course of our business with the following connected persons, which are expected to continue after the [REDACTED] and will constitute continuing connected transactions of our Company:

Connected Person	Connected relationship
SDG Group (together with its subsidiaries and 30%-controlled companies, excluding our Group, "**SDG Connected Group**")	Shandong Gold Mining is the Controlling Shareholder. SDG Group is the holding company of Shandong Gold Mining, which controlled approximately 42.86% equity interests of Shandong Gold Mining as of the Latest Practicable Date. As such, SDG Group is an associate of Shandong Gold Mining and constitutes a connected person of our Company under the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transaction	Counterparty	Category of continuing connected transaction	Applicable Listing Rule	Waiver sought
Trademark License Agreements.	SDG Group	Fully-exempt continuing connected transactions	Rules 14A.76(1)	N/A
Provision of Services Framework Agreement	SDG Group (for itself and on behalf of its associates)	Partially-exempt continuing connected transactions	Rules 14A.35, 14A.76(2) and 14A.105	Announcement
Sale of Products Framework Agreement	SDG Group (for itself and on behalf of its associates)	Partially-exempt continuing connected transactions	Rules 14A.35, 14A.76(2) and 14A.105	Announcement

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set forth below are details of continuing connected transactions between us and SDG Group. The transaction is entered into on normal commercial terms (or commercial terms that are better to us) in the ordinary and usual course of our business. Our Directors currently expect that the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules will not exceed 0.1% on an annual basis. Under Rule 14A.76(1)(a) of the Listing Rules, the following transactions will be exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Trademark License Agreements

Principal terms

Our Company entered into a trademark license agreement (the "**Original Trademark License Agreement**") and a supplemental trademark license agreement (the "**Supplemental Trademark License Agreement**") with SDG Group on November 5, 2024 and July 31, 2025, respectively, pursuant to which, SDG Group granted to our Company the rights to use certain trademarks/logo at an aggregate consideration of RMB200,000 per year until December 7, 2027.

For details of the licensed trademarks, please see" Statutory and General Information — Further Information about Our Business — 2. Intellectual Property Rights" in Appendix VII to this document.

Reason for the transactions

Since November 2024, we had been using certain trademarks owned by SDG Group in the normal and ordinary course of our business. We will continue using them after the [REDACTED] to maintain the consistency and continuity of the corporate image of our Group.

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Provision of Services Framework Agreement

Principal terms

On [•], our Company (for itself and on behalf of its associates) entered into a framework agreement (the "**Provision of Services Framework Agreement**") with SDG Group (for itself and on behalf of its associates), pursuant to which, SDG Connected Group will provide gold trading agency services and labor services, to our Group from time to time. The gold trading agency services are financial services for gold futures provided by Shandong Gold Futures Co., Ltd.* (山金期貨有限公司) ("**SDG Futures**"), a subsidiary of SDG Group, to us for conducting hedging-related derivative operations, including trading channel services, funds and settlement services and research and information services. The labour services include (i) reception and meeting services provided by Shandong Gold Corporate Management (Shandong) Co., Ltd.* (山金企業管理(山東)有限公司) ("**SDG Corporate Management**"), a subsidiary of SDG Group, to us, and (ii) consulting, design and technical services provided by SDG Connected Group to us in relation to design consultation of our Group's mining area corporate culture, material storage, scrap storage, parking lot design, as well as processing plant renovation plans and construction drawing design, and technical development work on raw ore samples, exploring recovery rates and economic benefits of the samples.

The initial term of the Provision of Services Framework Agreement will commence on the [REDACTED] and end on December 31, 2028. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the provision of services according to the principles provided in the Provision of Services Framework Agreement.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the procurement of trading and labor services by our Group from SDG Connected Group were RMB1.60 million, RMB7.39 million and RMB9.93 million, respectively.

Annual caps and basis for annual caps

The maximum aggregate annual transaction amounts under the Provision of Services Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Purchases of services	14.80	14.80	14.80

The above proposed annual caps are determined with reference to:

(i) historical figures for our Group's procurement of services from SDG Group for the three years ended December 31, 2025. Specifically, transaction amounts increased from RMB1.60 million to RMB7.39 million between 2023 and 2024, representing a growth rate exceeding 300%. This increase clearly reflects the increasing demand from our Group's expanding business for SDG Connected Group's services;

(ii) the expected growth of our trading business and demand for gold trading agency services through the platform of SDG Futures, and business growth of our Group and increase in demand for labour services. Additionally, as we enhance our production capabilities in gold and other non-ferrous metals and delve deeper into underground mining from 2025 to 2028, the demand for design, consulting, and technical services from SDG Connected Group is expected to rise significantly. Furthermore, the acquisition of Osino Mining and the ensuing technical advancement projects necessitate a substantial increase in labor services. These projects encompass crucial system establishment, engineering services, construction, and exploration services, particularly focusing on the design and construction of open-pit mining operations and concentrators. These initiatives aim to standardize mining practices, enhance production capacity, and elevate the quality of outputs in the pertinent fields.

(iii) detailed cost structures and market parameters, including anticipated adjustments to labor costs, current quotations from Independent Third Party service providers for comparable services and their projected future increases, reasonable buffers to accommodate unforeseen business opportunities, temporary surges in service demand, or unexpected market price fluctuations, which aim to ensure operational flexibility; and

(iv) the value of intra-group synergies. Collaboration with SDG Connected Group generates significant synergies, the value of which is indirectly reflected in the cap. For instance, leveraging its mature deep-level mining technologies reduces our Company's R&D costs and project risks, while utilizing its advanced DCS systems directly enhances recovery rates and increases operating revenue. The annual cap incorporates the anticipated benefit improvements from these technology integrations.

Reason for the transactions

Our business covers a broad range of exploration, mining, and processing of gold and other non-ferrous metals such as silver, lead, and zinc, as well as trading operations. Therefore, we need various services such as gold trading agency services, mining exploration, design, supervision, labour training, conference affairs to support our business, some of which are supplied by SDG Connected Group in its ordinary and usual course of business. When procuring such services in our ordinary and usual course of business, we select suppliers and determine the relevant terms of procurement through negotiations based on the categories and scales of the procurement. We have selected SDG Connected Group as our supplier in light of the suitability of the services it offered, clear understanding of its business management, creditworthiness and contract performance capabilities, as well as geographical convenience and familiarity with our standards.

For gold trading agency services, SDG Futures is one of the earliest established and professionally operated futures companies in the PRC. It provides various services, including commodity futures brokerage, financial futures brokerage, futures trading advisory services, and asset management. YTSH, our subsidiary, has established long-term cooperation relationship with SDG Futures. Through years of cooperation, we've developed a strong rapport with SDG Futures, enabling them to respond swiftly to our needs and deliver more attentive gold trading agency services. In relation to labour services, SDG Group holds a leading technological advantage within the gold industry. For example, it has promoted the application of the backfill mining process, which has significantly improved both mining efficiency and safety. In the field of ore processing, it has a world-leading DCS System that enhances the recycling rate. It also possesses mature technologies for deep-level mining and operates a dedicated research laboratory. These advancements will play a pivotal role in improving our mining and processing efficiency. Additionally, since 2023, our Company has set higher standards for reception and conference services, requiring alignment with the standards of SDG Group. SDG Corporate Management, can provide high-standard unified services and be capable of quickly improving our Company's service levels.

Pricing basis

The commission rates for the gold trading agency services are generally transparent and standardized across the market. The comission rates charged by SDG Connected Group are determined based on arm's length negotiation with reference to the Articles of Association of the Shanghai Futures Exchange and the market fee rates for the latest week for gold futures. The service fee of the Shanghai Futures Exchange is usually in the range of RMB10-RMB20 per board lot, and SDG Connected Group charges us an additional RMB0.01 per board lot on top of this. The Company will generally obtain quotations from at least two Independent Third Parties for reference by telephone, email, webpage and other means. The terms offered to us by SDG Connected Group shall not be less favorable to our Group than the terms offered to us by our independent suppliers for the same or similar type and scope of gold trading agency services.

The amount payable by our Group for procuring consulting, design and technical services from SDG Connected Group under the Provision of Services Framework Agreement is determined by comparable local market prices or through public bidding on a case by case basis. The comparable local market prices refer to the prices arrived at with reference to those charged or quoted by at least two independent third parties providing services with comparable scale in areas where such services were provided under normal trading conditions. Price determination through public bidding refers to the prices determined in accordance with the public bidding and tender procedure required by the relevant regulatory authorities in the areas where the projects are located. The bidding price shall be controlled within the reasonable range which is close to the base price.The base price referenced in pricing for consulting, design and technical services is generally determined by the professionals or agencies as organised or entrusted by the bidding department. The base price is arrived at by adding other fees incurred directly or indirectly, on-the-spot expenditures, estimated profits (with reference to the workload of the project and the profit of projects with similar size) and taxes under prescribed procedures to the sum of costs for labour, materials and machinery utilization based on the workload of consulting, design and technical services of the project. Separate agreements will be entered into under the Provision of Services Framework Agreement by the relevant parties from time to time, and the price of the services provided or received will be negotiated and determined on a case by case basis in accordance with the pricing policies as set out above.

The amount payable by our Group for procuring reception and meeting services under the Provision of Services Framework Agreement shall be in accordance with normal commercial terms and shall be referred to in accordance with the principle of fairness (i) the type and quality of services provided; and (ii) the prevailing market price of comparable services provided by an Independent Third Party. The Company will generally obtain quotations from at least two Independent Third Parties for reference. The terms offered to us by SDG Connected Group shall not be less favorable to our Group than the terms offered to us by our independent suppliers for the same or similar type and scope of labor services.

Listing Rules implications

As the highest applicable percentage ratio in respect of the annual caps of the Provision of Services Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but less than 5%. Accordingly, the continuing connected transactions under the Provision of Services Framework Agreement are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Sale of Products Framework Agreement

Principal terms

On [•], our Company (for itself and on behalf of its associates) entered into a framework agreement (the "**Sale of Products Framework Agreement**") with SDG Group (for itself and on behalf of its associates), pursuant to which, our Group would sell goods (including lead concentrate, zinc concentrate and gold doré) to SDG Connected Group from time to time.

The initial term of the Sale of Products Framework Agreement will commence on the [REDACTED] and end on December 31, 2028. Both parties or their respective subsidiaries or associates will enter into separate underlying agreements which will set out the specific terms and conditions for the sale of goods (including lead concentrate, zinc concentrate and gold doré) according to the principles provided in the Sale of Products Framework Agreement.

Historical amounts

For the years ended December 31, 2023, 2024 and 2025, the historical transaction amounts with respect to the sale of goods (primarily including lead-zinc concentrate) by our Group to SDG Connected Group were approximately RMB83.84 million, RMB180.31 million and RMB316.98 million, respectively.

Annual caps and basis for annual caps

The maximum aggregate annual transaction amounts under the Sale of Products Framework Agreement for the three years ending December 31, 2028 shall not exceed the caps set out below:

	For the year ending December 31,		
	2026	**2027**	**2028**
		(RMB million)	
Sale of goods	450	450	450

The above proposed annual caps are determined with reference to:

(i) historical figures for our Group's product sales to SDG Group for the three years ended December 31, 2025. Specifically, transaction amounts increased from RMB83.84 million to RMB180.31 million between 2023 and 2024, representing a growth rate exceeding 100%. Especially, the transaction amount ended December 31, 2025 has already reached RMB316.98 million, almost twice the total transaction amount for the year 2024;

(ii) based on existing sales contracts and the future business development scale of our Company, we expect the sales volume in 2026 to be about 16,000 tons, while the unit price of lead-zinc concentrates is not expected to fluctuate significantly. Also, it may generate sales of gold doré. The transaction amount in 2027 and 2028 will be approximately the same as that in 2026;

(iii) the existing contract value and our Group's reasonable assessment of foreseeable demand for SDG Group's smelting facilities, which takes into account its smelting capacity, raw material quality requirements, and historical procurement patterns; and

(iv) a reasonable buffer to address metal price fluctuations and production variations.

Reason for the transactions

SDG Connected Group has long-established gold smelting operations supported by industry-leading processing technologies, stable operational track records, and stringent quality-control capabilities. These advantages enable them to provide reliable, efficient, and high-standard smelting services that are not easily substitutable by other market participants.

In addition, the trading subsidiaries of SDG Group possess extensive experience and deep industry know-how in the trading of lead and zinc concentrates. Over years of participation in the non-ferrous metals market, they have developed strong procurement and marketing networks, maintained a solid reputation among industry peers, and consistently offered commercially competitive pricing aligned with prevailing market levels. Their credibility and market presence contribute to enhancing the overall reliability and predictability of commercial transactions.

During the Track Record Period, SDG Connected Group has been mainly procuring lead concentrate and zinc concentrate from our Group on a recurring basis. Sales of these products represent a major revenue contributor for our Group. The continued procurement by SDG Connected Group demonstrates mutual commercial trust and underscores the long-term demand for our products. Such relationship forms an integral component of the broader strategic cooperation between both groups.

Partnering with SDG Connected Group ensures that our Group's products are processed through a mature and professional smelting platform, while at the same time providing SDG Group with a stable and quality-assured supply of raw materials essential for their smelting activities. This mutually reinforcing supply-processing relationship creates vertical integration synergies that enhance operational efficiency, improve resource allocation, and strengthen the resilience of our Group's business model against market volatility.

Moreover, engaging SDG Connected Group as a customer and trading partner enables our Group to effectively control transaction risks, minimise communication and coordination costs, and streamline the overall sales process. These efficiencies support smoother commercial execution and contribute positively to the sustainable business development of both our Group and SDG Connected Group.

Pricing basis

The prices payable by SDG Group to our Group for the purchase of lead concentrate and zinc concentrate under the Sale of Products Framework Agreement will be determined on arm's length basis with reference to (i) the prevailing lead concentrate and zinc concentrate benchmark prices published the Shanghai Metals Market and (ii) reasonable costs incurred in providing such products, plus a reasonable profit (a buffer for surges in the price level and labour costs, which is arrived at through arm's length negotiation between our Group and SDG Group after taking comprehensive consideration of the normal profit margin (being the comparable market profit margin of the relevant products) of such products provided by our Group to SDG Group, and is not lower than the profit margin charged to independent third parties). The Company will generally obtain quotations from at least two independent third parties.

Listing Rules implications

As the highest applicable percentage ratio in respect of the annual caps of the Sale of Products Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but less than 5%. Accordingly, the continuing connected transactions under the Sale of Products Framework Agreement are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules but will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

APPLICATION FOR AND CONDITIONS FOR WAIVER

In relation to the Provision of Services Framework Agreement and Sale of Products Framework Agreement with SDG Connected Group (the "**Framework Agreements**"), we have applied for[, and the Stock Exchange has granted to us,] a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ending December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above. See "Waivers from Strict Compliance with the Listing Rules" for details of the waiver. The Group will comply with the relevant requirements under Chapter 14A of the Listing Rules apart from the announcement requirement for which a waiver has been sought.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that all the continuing connected transactions described above have been and shall be entered into: (i) in the ordinary and usual course of our business, (ii) on normal commercial terms or better, and (iii) that the continuing connected transactions and their respective terms and the proposed annual caps thereof are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the review of the documentation, information and data provided by our Company and the participation in the due diligence and discussion with our Company, the Joint Sponsors are of the view that, as of the Latest Practicable Date, (i) the Framework Agreements, for which the waiver has been sought, have been and will be entered into in the ordinary and usual course of business of our Company, are on normal commercial terms, are fair and reasonable, and are in the interests of the Shareholders as a whole, and (ii) the proposed annual caps under the Framework Agreements are fair and reasonable and in the interests of the Shareholders as a whole.