RELATIONSHIP WITH SHANDONG GOLD MINING

OVERVIEW

As at the Latest Practicable Date, Shandong Gold Mining, held 802,251,840 A Shares, accounting for approximately 28.89% of the issued share capital of our Company, which was in turn held by SDG Group as to 42.86%. SDG Group is a sizeable state-owned conglomerate controlled by Shandong SASAC. Shandong Gold Mining is identified as our Company's controlling shareholder and Shandong SASAC is regarded as the "*de facto* controller" of our Company pursuant to the PRC Company Law and the Administration Measures on Takeover of Listed Companies promulgated by the CSRC. SDG Group is not regarded as a controlling shareholder of our Company from the perspective of PRC laws and does not control the composition of a majority of our Board of Directors. Shandong Gold Mining is not a special purpose vehicle holding its interest in our Company and is a company with substantial business which is listed both in the PRC and in Hong Kong. See the paragraph headed "Principal Business of Shandong Gold Mining" below for details. The financial performance of our Company is consolidated into that of Shandong Gold Mining as Shandong Gold Mining is in a position to control our Board of Directors by nominating a majority of the Directors.

Immediately following completion of the [REDACTED], Shandong Gold Mining will be interested in approximately [REDACTED]% of our total share capital (assuming the [REDACTED] is not exercised) or approximately [REDACTED]% of our total share capital (assuming the [REDACTED] is exercised in full) and will continue to be our Controlling Shareholder upon [REDACTED].

DELINEATION OF BUSINESS

Our Principal Business

We are one of China's leading gold producers, primarily engaged in the exploration, mining, and processing of gold and other non-ferrous metals such as silver, lead, and zinc, as well as trading operations. See "Business" for details of our business.

Principal Business of Shandong Gold Mining

Shandong Gold Mining is principally engaged in exploration, mining, beneficiation and sales of gold and other non-ferrous metal, production, processing and sales of specialized equipment for gold mines and construction and decoration materials (excluding products restricted by national laws and regulations). Its main products (inclusive of our Group's) include standard gold bullions, investment gold bars, gold doré and silver ingots. In 2024, Shandong Gold Mining's gold mine production volume (including our Group) reached 46.17t. For the year ended December 31, 2024, Shandong Gold Mining (including our Group) achieved revenue of RMB82,517.99 million and profit before tax of RMB5,613.14 million. As at December 31, 2024, Shandong Gold Mining's total assets (including our Group) reached RMB161,010.47 million. Shandong Gold Mining was listed on the Shanghai Stock Exchange in August 2003 (stock code: 600547). and was subsequently listed on the Stock Exchange in September 2018 (stock code: 1787). See "History, Development and Corporate Structure" for details of shareholding structure of Shandong Gold Mining.

Principal Business of SDG Group

SDG Group (excluding Shandong Gold Mining and its subsidiaries) mainly engages in gold mining related operations, including geological exploration and mining of gold, gold processing, gold smelting and technical services, and production and sales of specialized equipment and supplies and construction materials for gold mines. Additionally, SDG Group also engages in lead concentrate and zinc concentrate mining related operations and trading business. As at the Latest Practicable Date, SDG Group was held as to 70%, 20% and 10% by Shandong SASAC, Shandong Development Investment Holding Group Co., Ltd. (山東發展投資控股集團有限公司) and Shandong Caixin Asset Management Co., Ltd. (山東省財欣資產運營有限公司) ("**Caixin**"), respectively, Shandong Development Investment Holding Group Co., Ltd. was held as to 97.88% by Shandong SASAC and 2.12% by Caixin and Caixin was wholly owned by Shandong Provincial Department of Finance.

Clear Delineation of Business Between our Group and the Parent Group

The Directors are of the view that there is clear business delineation of our Group from the businesses of the Parent Group for the following reasons:

- **Different products:** Our products mainly include gold doré, lead concentrate powder (containing silver), and zinc concentrate powder (containing silver), while the products of the Parent Group mainly include standard gold bullions, and investment gold bars of various specifications. The Parent Group does not produce gold doré. Our gold doré products require further refining to become standard gold. Essentially, our gold doré products are upstream products of the Parent Group's standard gold production.

- **Different suppliers and customers:** The major customers of our gold doré and lead and zinc concentrate (containing silver) are downstream gold smelters and downstream lead-zinc smelters, respectively, while the major customers of Shandong Gold Mining is the Shanghai Gold Exchange. Our suppliers mainly include (i) large smelters and their affiliated sales platform companies or traders involved in trade-related procurement; (ii) domestic production-material suppliers such as providers of mining and processing equipment, raw materials, and consumables; and (iii) mining labour service providers or engineering contractors. The selection, evaluation, and engagement of all suppliers of our Group are conducted independently by our procurement and operations departments. Shandong Gold Mining does not participate in nor influence the supplier selection process of our Group. For the years ended December 31, 2023 2024 and 2025, to the best knowledge of our Directors, there was no overlap between the top 20 suppliers of our Group and those of the Parent Group. The revenue from the overlapping customers only represented 0.92%, 1.32% and 0% of the revenue of our Group for the year ended December 31, 2023, 2024 and 2025 respectively.
- **Different mining rights and resources:** the Parent Group and our Group are equipped with comprehensive mining and exploration rights that empower the Parent Group and us to independently own and manage a diverse portfolio of mining operations. These rights enable the Parent Group and our Group to explore, extract, and develop different mineral resources and operate distinct mines independently and separately. The Parent Group's mines (excluding those of our Group) are mainly located in the Jiaodong region of China, as well as in Argentina in South America and Ghana in Africa, while our mines are primarily located in Jilin, Heilongjiang, Yunnan, Dachaidan Administrative Region, Qinghai, and Xilin Gol League, Inner Mongolia in China, as well as Namibia in Africa. Despite the geographical proximity of some mines, the Parent Group and our Group maintain clear business boundaries through the following mechanisms: (i) although both operate mines in China, our core products are doré gold, lead concentrate (containing silver), and zinc concentrate (containing silver), whereas Shandong Gold Mining focuses on standard gold bullions and investment gold bars of various specifications. These differences in mineral types naturally lead to distinct mining and processing technologies, production equipment, and product orientations; (ii) the rights and boundaries are completely independent. Each of the Parent Group and our Group holds its own mining rights and exploration rights, and the respective certificates clearly defining the coordinates of each mining area, leaving no overlap or ambiguity in boundaries; and (iii) the management systems of the Parent Group and us are fully separated, with each maintaining its own operational structure covering exploration planning, mining schedules, production dispatching, and product sales, without any shared management teams or overlapping management activities. In summary, even though both the Parent Group and our Group operate mines within China, the two maintain a clear and non-overlapping division of business areas through differentiated resource development, complementary operational positioning, and independent ownership and management systems, thereby ensuring a distinct mine portfolio alignment to avoid competition.
- **Large market size:** According to F&S, the market of both the Parent Group and our Company's products are within the commodities market, which is characterized by active investment and trading and a substantial market size. Currently, both the Parent Group and our Company account for a relatively small share of total market production, and as such, do not pose any material competitive threat to each other.

No Competing Interests

Save as disclosed above in this section, each of Shandong Gold Mining and our Company's Directors confirms that as at the Latest Practicable Date, it/he/she did not have any interest in a business which competes with, or is likely to compete with, our principal business, whether directly or indirectly, which would otherwise require disclosure to be made under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKING

Despite there is clear business delineation of business between our Group and Shangdong Gold Mining, as a company listed on the Shenzhen Stock Exchange, we are subject to the supervision of domestic securities regulatory authorities, including the Shenzhen Stock Exchange and the CSRC, which place particular emphasis on the identification and resolution of potential competition issues. In light of this regulatory environment, Shandong Gold Mining, has proactively taken steps to address and mitigate any such concerns.

According to the standards under the China Securities Regulatory Commission's Guidelines for Industry Classification of Listed Companies (上市公司行業分類指引), both Shandong Gold Mining and our Company belong to the non-ferrous metal mining and beneficiation industry. When Shandong Gold Mining acquired 20.93% of our Shares in January 2023 and became our Controlling Shareholder, in accordance with the then-effective Listed Company Governance Guidelines (上市公司治理準則), Listed Company Acquisition Management Measures (上市公司收購管理辦法) and Shenzhen Stock Exchange Listed Company Self-Regulatory Guidance No. 1 — Standardized Operation of Main Board Listed Companies (深圳證券交易所上市公司自律監管指引第1號 — 主板上市公司規範運作), among other relevant laws, regulations, and normative documents within China, the controlling shareholder, *de facto* controller, and other entities under their control should not engage in businesses identical or similar to those of the listed company, and the controlling shareholder and *de facto* controller should take effective measures to avoid competition. Therefore, in light of the above rules and regulations, Shandong Gold Mining issued a non-competition undertaking (the "**NCU**") to our Company on January 19, 2023. The terms of the NCU align with of A-share market practices and meet the requirements of PRC regulators. The NCU was executed concurrently with the supplementary agreement to the share transfer agreement for Shandong Gold Mining's acquisition of our equity interests dated January 19, 2023 whose details are further disclosed in our Company's A share announcement headed Progress Announcement Regarding the Signing of the Supplementary Agreement to the Share Transfer Agreement by the Controlling Shareholder and Actual Controller and the Proposed Change in Control (關於控股股東、實際控制人簽署《股份轉讓協議之補充協議》暨控制權擬發生變更的進展公告). It constitutes a commitment made by Shandong Gold Mining pursuant to the PRC laws and regulations in connection with its acquisition of our equity interests. Pursuant to the NCU, Shandong Gold Mining undertook that within five years from the date of obtaining control of our Company, it would proactively coordinate with its affiliated parties to comprehensively utilize various methods, including but not limited to asset restructuring, business adjustments and entrusted management, to steadily advance the integration of relevant businesses in order to resolve the issues of actual or potential competition.

The afore-mentioned solutions include but are not limited to:

- Asset restructuring: Using various methods permitted by relevant laws and regulations, such as cash consideration or share issuance consideration, to purchase assets, swap assets, transfer assets, or adopt other feasible restructuring methods, gradually sorting out and restructuring the assets of Shandong Gold Mining, its affiliated parties, and our Company that overlap in business operations, thereby eliminating certain instances of business overlap;
- Business Adjustment: Clarifying business boundaries and striving to achieve differentiated operations, such as through asset transactions, business delineations, or other methods to distinguish business operations, including but not limited to differentiation in terms of other non-ferrous and precious metal products, mineral rights types, industry classifications, and geographical locations;
- Entrusted Management: Entering into an entrustment agreement whereby one party fully delegates the decision-making and management authority related to the operation of assets with overlapping business operations to the other party for unified management;
- Other feasible solutions within the scope permitted by laws, regulations, and relevant policies.

The implementation of the above solutions is subject to the completion of necessary review procedures by our Company, as well as approvals from securities regulatory authorities and relevant competent authorities in accordance with applicable laws and regulations.

Specifically, (i) with respect to asset restructuring, Shandong Gold Mining shall review the assets of Shandong Gold Mining and its subsidiaries and our Group regularly, including product types, resource reserve types and grades, downstream customers and market regions served, and geographical proximity of mining rights. As stated above, our Group and the Parent Group have clear delineation of business (including different products, different customers, different mining rights and resources, and large market size). As of the Latest Practicable Date, Shandong Gold Mining did not identify any overlapping business segments or operations between the Parent Group and our Group that constitute actual or potential competition; (ii) with respect to business adjustment, Shandong Gold Mining has strictly delineated its business boundaries, including reviewing its business scope from aspects such as product types, mining rights and mineral resources, and geographical locations. To further delineate business boundaries and ensure clear operational separation, the Group and Shandong Gold Mining have implemented a series of structured measures. On the product front, Shandong Gold Mining has adopted a differentiated product strategy consistent with its commitment to "non-overlapping products", defining its core offerings as standard gold bullions and investment gold bars, with a strategic focus on high value-added end-products primarily supplied to the Shanghai Gold Exchange. The Group, by contrast, is positioned to concentrate on gold doré, lead concentrate powder (containing silver), and zinc concentrate powder (containing silver). Geographically, Shandong Gold Mining enforces its commitments through a "restricted-zone" framework and rigorous mining-rights controls. Together with the Group, it has established a detailed territorial delineation table that designates areas surrounding each party's core mining rights as restricted zones for the other. A pre-approval mechanism for mining-rights tenders has been instituted, requiring internal verification against the territorial list prior to participation. Shandong Gold Mining shall refrain from bidding for mining rights located within our Group's restricted zones (unless the Group elects not to bid). Operationally, Shandong Gold Mining has established a comprehensive multi-layer "firewall" system to ensure effective implementation of these commitments, including dedicated oversight functions, fully independent teams for production, sales, and mining-rights management, and strictly segregated decision-making processes. The sharing of equipment, distribution channels, and customer resources is expressly prohibited. Regular compliance reviews are carried out to ensure that both parties maintain operational independence and continue to adhere to clearly defined business boundaries. As of the Latest Practicable Date, Shandong Gold Mining has completed the review and adjustment of its business boundaries. Our Group's primary products are gold doré, lead concentrate powder (containing silver), and zinc concentrate powder (containing silver), while the products of Shandong Gold Mining mainly include standard gold bullions, and investment gold bars of various specifications. The final forms and target markets of both parties' products are clearly differentiated. Shandong Gold Mining and our Company have delineated distinct geographic areas, refraining from bidding for new mining rights of the same type in regions adjacent to each other's core mining rights (unless our Group withdraws from the bidding). Through these internal control processes, Shandong Gold Mining has established operational firewalls, ensuring complementary rather than competitive relationships across market segments, products, and geographic areas, even within the same broad industry; (iii) with respect to management entrustment, as of the Latest Practicable Date, there were no overlapping assets or competing businesses between the Parent Group and our Group. Therefore, there are currently no management entrustment arrangements between Shandong Gold Mining and our Company; (iv) except for the above circumstances, when Shandong Gold Mining and its affiliates obtain business opportunities that may compete with our business, Shandong Gold Mining will maintain its independent participation in market competition and support us in leveraging our inherent advantages. Shandong Gold Mining undertook to continue to participate in market competition independently with our Company in accordance with the principles of openness, fairness, and impartiality, without harming the interests of our Company and our minority shareholders. Based on the above, the Directors are of the view that the measures under the NCU would be adequate and effective in resolving the competition issues between Shandong Gold Mining and our Company.

Since the issuance of the non-competition undertaking in 2023, Shandong Gold Mining has attached great importance to complying with the commitment and tracking its implementation progress, and the measures it adopted include but not limited to: (i) clarifying business boundaries to ensure that the products of Shandong Gold Mining and our Company are fundamentally distinct; and (ii) independently participating in market-based acquisition activities. For example, our acquisition of Osino was conducted through independent market competition, without any intervention from Shandong Gold Mining in our investments and acquisitions.

INDEPENDENCE FROM SHANDONG GOLD MINING

Our Directors are satisfied, on the basis of the following reasons, that we are capable of carrying on our business independently of the Parent Group after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [REDACTED], our Board will consist of 11 Directors, comprising three executive Directors, four non-executive Directors and four independent non-executive Directors, and we also have six senior management members (three of which are executive Directors). Each of our Directors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. See "Directors and Senior Management" for qualifications and experience of our Directors and senior management.

Save as disclosed below, none of our Directors or members of senior management performs a management role in the Parent Group.

Name	Position with our Company	Positions held within the Parent Group
Mr. Liu Qin	Non-executive Director and Chairman of the Board of Directors	Director and the vice chairman of Shandong Gold Mining, the secretary to CPC Committee, and chairman of its mining management branch (Mining Management Group)
Mr. Tang Qi	Non-executive Director	Director, general manager,and director of the strategic planning department of Shandong Gold Mining

Our Directors consider that our Board and senior management of our Group are capable of functioning independently of the Parent Group for the following reasons:

(a) Mr. Liu Qin and Mr. Tang Qi are non-executive Directors, and not involved in our daily operations. They are responsible for the high-level oversight of the management and operations of our Group;

(b) Our Group and the Parent Group are managed by separate management teams as all of our executive Directors and senior management team members are independent from the Parent Group and have adequate relevant experience to ensure the normal operation of the day-to-day business and management of our Group. All of our executive Directors and senior management do not hold any position in the Parent Group, and are capable to contribute sufficient time and efforts to manage the daily operations of our Group. In addition, the management personnel of our Company have clear reporting lines, and the management team ultimately reports to the executive Directors, who are responsible for reporting to our Board;

(c) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence, so that there is a balanced composition of executive, non-executive Directors and independent non-executive Directors to ensure the independence of the Board in making decisions affecting our Company and to promote the interests of our Company and the Shareholders as a whole. In particular, the four independent non-executive Directors possess the relevant qualifications and industry experiences to safeguard the interests of the minority Shareholders of our Company by, among other things, reviewing and opining on connected transactions of our Group, including those between our Group and the Parent Group. Please refer to the section headed "Directors and Senior Management" in this document for details of the biographies of the independent non-executive Directors;

(d) each Director is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit and in the interest of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests;

(e) there is no overlapping senior management personnel who serves at both the Parent Group and us; and

(f) we have adopted other corporate governance measures to manage potential conflicts of interest, if any, between our Group and the Parent Group, which would enhance our independent management, as detailed in the sub-section headed" — Corporate Governance Measures" below.

Based on the above, our Directors are of the view that our Group has our own management team and that we are capable of managing our business independently of the Parent Group.

Operational Independence

We operate our business independently from the Parent Group. We have (i) the necessary qualifications for carrying out our business, (ii) independent production capabilities, and do not rely on the production capacities of the Parent Group, (iii) independent channels to contact customers and suppliers, and have our own management team to carry out business; and (iv) independent sales and supplies channels.

We have the ownership of or the right to use all patents which are significant to our existing business operations. On November 5, 2024 and July 31, 2025, we entered into the Original Trademark License Agreement and the Supplemental Trademark License Agreement with SDG Group, pursuant to which, SDG Group granted to our Company the rights to use trademarks/logo at an aggregate consideration of RMB200,000 per year until

December 7, 2027. We only use the trademarks licensed by SDG Group in office buildings, workplaces, production management sites, relevant documents to implement SDG Group's unified cultural publicity policy. Save for the trademarks licensed by SDG Group to us, there are no other intellectual property rights, technologies, equipment and know-how currently in use by our Group but owned by the Parent Group and SDG Group. For specific information on the patents and licensed trademarks, see "Statutory and General Information" in Appendix VII to this Document.

Our Company will enter into the Provision of Services Framework Agreement with SDG Group, pursuant to which, SDG Connected Group will provide gold trading agency services and labor services, to our Group from time to time. The amounts of transactions 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, representing approximately 0.03%, 0.08% and 0.09% of our Group's total cost of sales, respectively, for the years ended December 31, 2023, 2024 and 2025.

Our Company will enter into the Sale of Products Framework Agreement, 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 amounts of transactions with respect to the sale of goods by our Group to SDG Connected Group were approximately RMB83.84 million, RMB180.31 million and RMB316.98 million, representing approximately 1.04%, 1.33% and 1.85% of our Group's total revenue, respectively, for the years ended December 31, 2023, 2024 and 2025.

Our Company is of the view that the transactions contemplated under the Trademark License Agreements, Provision of Services Framework Agreement and the Sale of Products Framework Agreement only account for a small portion of our business operation and we do not rely on such transactions in any material respect to achieve our performance targets. These connected transactions have been and will continue to be conducted on arm's length and on normal commercial terms or better in the ordinary and usual course of business of our Group, and the pricing policy of our Group and our connected persons are not prejudicial to the interests of our Group. Moreover, our access to independent sources in relation to the transactions contemplated under Provision of Services Framework Agreement and the Sale of Products Framework Agreement enables us to easily identify other suitable partners or substitutes through fair negotiation at similar terms and conditions in line with the market terms to meet our business and the operational needs without causing any undue delay. The Directors are of the view that such agreements will not affect our independence of operation from the Parent Group. See "Connected Transactions" for further details.

Based on the above, our Directors are of the view that our Group operates independently from the Parent Group.

Financial Independence

We have adopted our own independent internal control and financial management systems and we also have an independent accounting and finance department responsible for discharging relevant financial and treasury function with relevant finance personnel. We make financial decisions and determine our use of funds according to our own business needs. We have adequate internal resources and our own credit profile to support our daily operation. Moreover, our Board has established the Audit Committee to provide independent oversight to, among others, our accounting and financial reporting processes.

We open and manage our bank accounts independently, and have not shared any bank account with the Parent Group during the Track Record Period and up to the Latest Practicable Date. We are also capable of obtaining financing from third parties, if necessary, without reliance on the Parent Group. We do not expect to rely on the Parent Group for financing after the [REDACTED] as we expect that our working capital will be primarily funded by cash generated from our business operation, and to a lesser extent, external indebtedness.

No loan, guarantee or other forms of financial assistance has been provided by, or granted to, the Parent Group during the Track Record Period and as at the Latest Practicable Date.

In light of the above, our Directors are of the view that we are able to maintain financial independence from the Parent Group.

CORPORATE GOVERNANCE MEASURES

Our Directors acknowledge the importance of good corporate governance in protection of our Shareholders' interests. In order to further manage any potential conflicts of interest with the Parent Group, we have adopted the following measures:

(a) our independent non-executive Directors will review the effective non-competition undertaking and compliance situation on an annual basis;

(b) our Company will disclose the decision made and/or matter reviewed by our independent non-executive Directors relating to compliance and enforcement of the aforementioned non-competition undertaking in our annual reports and/or by way of an announcement;

(c) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors who possess sufficient experience and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders;

(d) in the event of a conflict of interest, such as resolutions regarding transactions with the Parent Group, the relevant Director(s) who are connected with the Parent Group shall abstain from voting on such matters and shall not be counted toward the quorum at the relevant Board meeting. Further, when considering connected transactions and competing business, the independent non-executive Directors will review the relevant transactions, and where needed, we will engage additional independent consultants to provide advice to the independent non-executive Directors;

(e) in the event that any potential conflict of interest in connection with the Parent Group arises at the shareholders' level, Shandong Gold Mining shall abstain from voting at the general meeting of our Company with respect to the relevant resolution(s);

(f) our Directors, including our independent non-executive Directors, will be entitled to seek independent professional advice from external parties in appropriate circumstances at our Company's expense;

(g) our Company will monitor potential or proposed transaction between our Group and our connected persons, and ensure compliance with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting, annual review and independent Shareholders' approval requirements;

(h) as required by the Listing Rules, our independent non-executive Directors shall review any connected transactions (including continuing connected transactions) annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from Independent Third Parties and on terms that are fair and reasonable and in the interests of our Shareholders as a whole;

(i) we have appointed Red Solar Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(j) our Audit Committee will conduct a review on the effectiveness of the above internal control measures on an annual basis and conduct research and provide advice to the Board in relation to our legal compliance and risk management; and

(k) our Nomination Committee will from time to time review the independence of our Directors in terms of performing their duties as our Directors to ensure effective management of conflict of interest.