An **[REDACTED]** *in our H Shares involves significant risks. Prospective* **[REDACTED]** *should carefully consider all of the information contained in this document, including the risks and uncertainties described in this section, before deciding whether to* **[REDACTED]** *in our H Shares. The risks and uncertainties described below represent those that we consider to be material as at the Latest Practicable Date. Our business, results of operations, financial condition and future prospects could be materially and adversely affected by the occurrence of any of these risks. As a result, the* **[REDACTED]** *of our H Shares may decline significantly, and you may lose all or part of your* **[REDACTED]**.

The risks and uncertainties described in this section are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information set out herein is based on facts and circumstances as at the Latest Practicable Date, unless otherwise stated, and is subject to the cautionary statements contained in the section headed "Forward-looking Statements" in this document. We undertake no obligation to update or revise any risk factors to reflect events or circumstances occurring after the date of this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Fluctuations in the market prices of our main products may adversely affect our revenue, profitability and cash flows.

During the Track Record Period, we primarily engage in the exploration, mining, and processing of silver, tin, zinc, and other metals and non-metallic minerals. Mining silver, tin and zinc serve as our core profit sources, and revenues from silver, tin and zinc mining in the year of 2025 were RMB2,175.8 million, RMB1,649.6 million and RMB975.9 million respectively, accounting for 39.2%, 29.7% and 17.6% of total revenue. In terms of profitability, gross profit contributions from silver, tin and zinc mining in 2025 were RMB1,133.8 million, RMB1,044.3 million, and RMB357.9 million, respectively, accounting for 39.6%, 36.5%, and 12.5% of total gross profit.

From 2023 till now, international geopolitical tensions and tariff still exit uncertainties, with significant market sentiment volatility. The Middle East geopolitical tensions escalate, Russia-Ukraine conflict persists, and rising U.S. debt coupled with the uncertainties of Federal Reserve rate, exacerbating political and economic fluctuations as well as leading to substantial commodity price volatility. We are exposed to fluctuations in the metal mineral prices, which could lead to fluctuations in our results of operations. Certain metal mineral prices have been and may in the future be affected by numerous factors beyond our control. Since 2025, silver and tin prices have generally trended upward, although they have experienced significant volatility since 2026; zinc prices have exhibited a fluctuation within a wide range.

We are unable to accurately predict the aggregate impact of these or other factors on the future prices of metals. Should the market prices of our key mineral products fall near or below our unit production costs, our profitability would be eroded, potentially resulting in net losses. If such depressed pricing levels persist for a sustained period, our revenue and overall financial performance would be adversely affected. Consequently, we may be compelled to curtail or suspend operations at certain projects, or significantly reduce our capital and operational expenditures. Any losses incurred during such periods of price volatility may not be recoverable in subsequent periods. Furthermore, as our estimates of Mineral Resources and Reserves are calculated based on specific price assumptions, any significant downward deviation or prolonged fluctuation in actual market prices could render our current estimates inaccurate. This may lead to impairment charges on our mining properties, a downward revision to our reported Mineral Resources and Reserves, and a corresponding increase in amortization and economic costs. As a result, these factors may adversely affect our businesses, financial condition, and results of operations.

Our Mineral Resources and Ore Reserves estimates are subject to uncertainty and may not be realized as anticipated, which may require us to lower our estimates.

Our Mineral Resources and Ore Reserves estimates are based on a number of assumptions. Neither Mineral Resource estimates nor Ore Reserve estimates are precise calculations. Ore Reserve estimates are based on available assumptions and considerations on extraction of Measured and Indicated Mineral Resources, and the Mineral Resources estimates are dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. The accuracy of the estimates depends on the quantity and quality of available data, the assumptions made, and the judgments used in engineering and geological interpretation, which in each case may prove to be unreliable.

The Ore Reserves estimates contained in this document represent the tonnage and grade of silver, tin, zinc and other Mineral Resources that we believe can be economically mined and processed, and are estimated based on a number of economic and technical assumptions including currency exchange rates, dilutions, processing and mining recovery assumptions, many of which are beyond our control. Ore Reserves estimation is a time-related behavior and activity, and the Ore Reserves presented in this document has reflected the considerations and assumptions made being valid on the date of the Competent Person's Reports. There is no assurance that our estimates will prove accurate or that the Ore Reserves can be mined or processed profitably.

In addition, compared to Measured or Indicated Mineral Resources, Inferred Mineral Resources have a greater amount of uncertainty as to their existence and as to whether they can be mined economically as such Mineral Resources are inferred from geological evidence and assumed but not verified. We cannot assure you that all or part of the Inferred Mineral Resources will ever be upgraded to a higher category. No Inferred Mineral Resources have been included in LOM plan presented in this document.

The inclusion of Mineral Resources estimates should not be regarded as a representation that all these amounts can be economically mined or processed, and nothing contained in this document should be interpreted as assurances of the economic viability of the mines that we hold mining licenses or exploration permits to or the profitability of our future operations. A reduction of our Mineral Resources or Reserves, including due to any of the above could have an adverse effect on our business, financial condition and results of operations. Any material decrease in the amount of our reserves of our mines or changes to our production plans may result in impairment of the carrying value of our mining and exploration rights, which may have an adverse effect on our business, financial condition and results of operations.

Our operations are subject to risks that are commonly associated with mining companies.

Our operations are subject to a number of operational risks and hazards specific to mining industry, some of which are beyond our control and cannot be completely eliminated through prevention efforts. Risks and hazards commonly associated with mining operations may include: unexpected maintenance or technical problems; temporary interruptions to our mining operations due to hazardous weather conditions and natural disasters, such as floods, landslides and earthquakes; unusual or unexpected variation in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas; exposure to health-related hazards; surface or underground fires and explosions; cave-ins, blockages, wall collapses or gravity induced falls of ground; accidents related to the presence of mobile machinery; industrial accidents; human errors and conduct; other accidents or conditions resulting from mining activities. Our third-party contractors may also encounter accidents, technical difficulties, mechanical failure or breakdown in the mining and exploration activities.

The mining industry is characterized by a higher risk of industrial accidents due to the nature of the work environment, which is typically underground, confined, and subject to geological uncertainties. The risk of accidents is further exacerbated by the use of heavy machinery, which are potentially dangerous in our operations. Our operations also involve the handling and storage of explosives and other dangerous articles. We cannot rule out such risks caused by factors beyond our control. An accident could lead to death or personal injuries and could disrupt our mining and manufacturing operations. We may also be subject to business interruptions caused by shutdowns for government investigation or implementation or imposition of safety measures as a result of the accidents. For example, in February 2019, a safety accident occurred at the mine of Yinman Mining, resulting in 22 fatalities and 28 injuries. The accident was caused by one of our subcontractors due to its illegal use of a decommissioned vehicle with brake failure during operation. Yinman's operations were suspended until July 2020 due to government investigations and implementation of rectification measures. For more details, see "Directors and Senior Management — Other Information of Our Directors." We cannot assure that we will not encounter safety accidents in the future. Should any accident occur, our business, reputation, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities or criminal liabilities, as well as adverse publicity and reputation damage. Furthermore, if such accident happens to any of our major operating subsidiaries, such as Yinman Mining and Yubang Mining, it could adversely affect our results of operations, financial condition and prospects.

Our operating results are sensitive to changes in ore grades and recovery rates of our principal mines.

Our revenue and profitability are heavily dependent on our ability to maintain stable production volumes and optimize the extraction of silver, tin, zinc and other metals. Any significant decline in the ore grade or recovery rates would increase our unit production costs and reduce our total production volumes, which could adversely impact our financial performance. If we are unable to accurately predict ore grade distribution or if our processing recovery technologies fail to perform at the expected efficiency, our results of operations and financial condition may suffer.

We are subject to uncertainty in the results of exploration and the acquisition of new resources.

Mineral resources and reserves are non-renewable, and the exploration of new and potential resources is crucial to a mining enterprise. Exploration of mineral resources bears uncertainties, and therefore substantial expenses may be incurred from initial drilling to production. The success of any mining exploration program depends on various factors including, among other things, (i) whether ore bodies can be located; (ii) whether the location of ore bodies are economically viable to mine; (iii) whether appropriate processing techniques can be developed and appropriate mining and processing facilities can be economically constructed; and (iv) whether necessary governmental permits, licenses and consents can be obtained.

In order to maintain production beyond the life of the current proved and probable reserves, we must identify further reserves capable of economical exploitation. However, due to the unpredictable and speculative nature of our industry, there is also no assurance that any exploration can lead to the discovery of economically feasible reserves. If we fail to replenish our mineral resource levels in existing or new mining areas, we may not be able to maintain the current production levels after the remaining usable life of the existing mining areas lapses. Our sustainable development relies on our ability to expand upstream resources by acquiring exploration and mining rights worldwide and our ability to replenish resources and reserves with quality ores. Further, other mining enterprises may compete with us in terms of acquiring mining resources. Such competition may make it more difficult for us to acquire new resources. There is no assurance that we will be able to continue acquiring mining resources in the future.

Our mining operations may be subject to temporary suspension due to safety inspections, rectification orders or regulatory reviews by authorities.

Our mining operations are subject to safety inspections conducted by government authorities, which can lead to the temporary suspension of our mining operations. These inspections are mandatory and can occur with little to no advance notice, disrupting our mining operations at some times. Such suspension can halt production, delay project timelines, and lead to significant financial losses due to the inability to fulfil contractual obligations with our customers and suppliers. When an inspection results in a temporary shutdown, it not only affects our immediate output but can also probably, to a lesser extent, have repercussions on our mining operational capacity. Prolonged interruptions may lead to a backlog in production and necessitate a reassessment of our mining operational strategies. Such disruption can result in increased costs associated with ramping back up to full production levels once operations are allowed to resume.

Additionally, any delays in resuming operations can create uncertainty for our workforce. Employees may face job insecurity during extended periods of inactivity. This uncertainty can lead to decreased productivity and difficulties in retaining skilled workers, further complicating our ability to resume operations smoothly. The financial implications of such suspension may also be significant. A halt in production directly impacts our revenue streams, which can strain our financial resources and hinder our ability to invest in future growth opportunities. Furthermore, the regulatory scrutiny inherent in the mining industry means that any findings during these inspections may require us to undertake corrective actions. Such requirements could prolong the suspension of our mining operations and increase our operational costs, compounding the adverse effects on our financial performance.

Our business expansion, acquisitions and integration of newly acquired mining assets may not achieve the expected economic benefits.

As part of our growth strategy, we have undertaken significant acquisitions, including our acquisition of the controlling interest in Yubang Mining and the 100% equity of Atlantic Tin Limited in the Track Record Period. These expansion efforts involve inherent risks, including the challenge of integrating different corporate cultures, technical standards, and complex regulatory environments, particularly in overseas jurisdictions. Furthermore, acquired assets may underperform our initial economic projections. If we fail to successfully manage these integrations or if the acquired mineral reserves prove less productive than estimated, impairment charges may occur, which would harm our financial position.

Additionally, we may experience difficulties in managing the increased scale and complexity of our operations as we continue to expand. The rapid expansion of our mining portfolio, which now includes a diverse range of metals such as silver, tin, zinc, lead, copper, antimony, gold and iron, places strain on our management systems and internal controls. Our transition from a regional operator to a complex group with domestic and international subsidiaries requires sophisticated oversight that may outpace our current organizational capabilities. If we are unable to effectively manage our human resources, maintain rigorous safety and environmental compliance across all sites, or upgrade our financial reporting and information technology systems to match our increased scale, we may face operational inefficiencies, regulatory penalties, and a decline in shareholder value.

We may be subject to risks relating to operating our overseas business in the future.

We acquired Atlantic Tin Limited, a public limited liability company incorporated in Australia with mining assets in Morocco, in 2025. Additionally, we hold a minority equity interest in Far East Gold Limited with mining assets in Indonesia and Australia. We are facing complexities arising from our overseas business and potential risks that may have an adverse impact on our operations. Such potential risks may include: (i) an increase in competition from local or international competitors or failure to anticipate changes to the competitive landscape in overseas markets; (ii) difficulties integrating overseas business and management systems with our existing operations; (iii) geopolitical risks, including civil unrest, acts of terrorism, acts of war, regional and global political or military tensions, strained or altered foreign relations, and political instability and uncertainty, which may lead to interruptions in our business operations and/or loss of property; (iv) economic, financial and market instability and credit risks; (v) difficulties and costs associated with complying with, and enforcing remedies under, a wide variety of complex domestic and international laws, treaties, regulations, and rules; (vi) inability to obtain or maintain the requisite licenses, permits, approvals and certificates in foreign jurisdictions; (vii) economic sanctions, trade restrictions, trade barriers such as imposition of tariffs; (viii) potential loss of key employees, and difficulties with staffing and managing overseas operations after localization, including with respect to compliance with local labor laws; (ix) exposure to litigation or third-party claims outside of the PRC, including labor disputes; (x) foreign currency exchange controls and fluctuations; (xi) uncertainties in the interpretation and application of tax laws and regulations, more onerous tax obligations and unfavorable tax conditions; (xii) potential disputes with, and loss of, overseas or international customers or other parties we work with; (xiii) cultural differences and language barriers; (xiv) infringement of our intellectual property rights in foreign jurisdictions; (xv) illegal or unauthorized actions of third-parties on-site or in the vicinity; and (xvi) different legal systems in the jurisdictions where we conduct our business, which may create difficulties in the enforcement of our legal rights.

Our inability in determining the potential impact of these risks on our future financial position or results of operations, and any changes, if any, in mining or investment policies or shifts in political attitude in these regions, may affect our exploration, mining, processing and sales activities, which may adversely affect our financial condition, results of operations and prospects.

We may fail to obtain, maintain or renew the government permits, licenses and approvals required for our mining and exploration activities and our business operations.

Our right to exploit mineral deposits is governed by the laws and regulations of the jurisdictions in which our mining properties are located. Under the PRC Mineral Resources Law, all Mineral Resources in the PRC are owned by the State. Mining companies, including us, are required to obtain mining and exploration permits prior to undertaking any mining or exploration activities, and the mining and exploration permits are limited to a specific geographic area and a certain time period.

With the acquisition of Atlantic Tin Limited during the Track Record Period, our operations are now also subject to the Mining Code of the Kingdom of Morocco. Currently, Bou EI Jaj Tin Project is held through Hamada Minerals, a wholly-owned subsidiary of Atlantic Tin Limited, and comprises two mining rights. Pursuant to the Moroccan Mining Law No. 33-13 (Loi n°33-13 relative aux mines, promulgated on July 24, 2015) and its Implementing Regulations (Décret n°2-15-807 dated December 29, 2015), the ownership of Mineral Resources in Morocco is vested in the State, and the right to prospect or mine is granted through specific mining titles. For details, please refer to "Regulatory Overview – Laws and regulations in relation to our operations in Morocco" Any failure to comply with local regulations, or shifts in Moroccan governmental policies regarding foreign investment and mineral royalties, could lead to the suspension or revocation of our titles for core assets such as the Achmmach Tin Mine.

Any failure to obtain, retain or renew, or any delay in obtaining or renewing such approvals, licenses or permits in either the PRC or Morocco could subject us to administrative penalties and adversely impact our business, financial condition and results of operations.

Our existing mining operations have a finite life, thus eventual closure of our operations will entail costs and risks regarding rehabilitation and environmental compliance.

Our existing mining operations have a finite life. Eventual closure of our operations will entail costs and risks regarding on-going monitoring, rehabilitation and compliance with environmental standards, which may exceed the provisions we have made. We have rehabilitation obligations in respect of areas we have cleared for mining and production purposes. We are required to rehabilitate and re-vegetate mined land. The key costs and risks for mine closures are: (i) long-term management of permanent engineered structures; (ii) achievement of environmental remediation, rehabilitation and closure standards; (iii) orderly retrenchment of employees and third-party contractors; and (iv) relinquishment of the sites with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on our ability to successfully implement the closure plan agreed with the relevant government authorities, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to on-going monitoring and environmental rehabilitation costs and damages to our reputation, as well as giving rise to potential liabilities, if the desired outcomes cannot be achieved, if the relevant mines fail to meet the relevant closure standard or if a post-closure accident or environmental incident occurs. In the event of a difficult closure, our business, financial condition and results of operations could be adversely affected.

We may experience production delays, increased costs or safety incidents due to technical difficulties, infrastructure limitations, equipment failure or geological conditions regarding underground mining activities.

Underground mining involves complex geology, specialized systems (such as ventilation, drainage, and hoisting) and high execution risks. As we increasingly conduct mining at greater depths, we face higher operational risks including increased structural stress, higher temperatures, and ventilation difficulties. Such incidents could result in serious safety hazards, regulatory intervention, and costly remediation. Our facilities may also contain design defects or face ageing issues. Furthermore, unplanned breakdowns, mechanical failures of machinery, or disruptions to power supplies, some of which may be controlled by third parties or local authorities, could lead to production stoppages.

Any such technical difficulties, equipment breakdowns, or infrastructure failures may increase our maintenance costs and labor requirements, which could have an adverse effect on our business, financial condition and results of operations.

The failure of a tailings storage facility could negatively impact our business, reputation and results of operations.

We face inherent risks in the operation of our tailings storage facilities, which are used to contain fine mining waste. While we prioritize the comprehensive recovery and utilization of tailings to reduce discharge volume, we still rely on these facilities during our production process. There can be no assurance regarding the long-term effectiveness of the designs, construction quality, or continuous monitoring of our tailings storage facilities. Any failure or environmental leakage at our facilities, despite our safety measures, could lead to property damage, environmental impact, or legal proceedings. Furthermore, any changes in industry standards or more stringent environmental laws regarding tailings management could impose increased compliance costs or liabilities on our operations. We cannot assure you that our existing safety precautions will be sufficient to prevent all potential risks associated with tailings storage.

We face industry competition.

We compete with a number of large PRC mining companies and international mining companies, for further details of our competitors, please refer to "Industry Overview." Our competitors may have certain advantages over us, these competitors may be able to devote more resources to the discovery of new Mineral Resources and Reserves and acquire new Mineral Resources or other mining companies. Competition could also have an adverse impact on the demand for, and pricing of, our metal products, which in turn affects our business growth and financial condition. There can be no assurance that we will be able to continue to compete effectively or maintain or improve our market position. If we fail to compete effectively, it will have an adverse effect on our businesses, results of operations and financial condition. We also face intense competition for the acquisition of attractive mining properties. Industry competition may lessen our opportunities to acquire new Mineral Resources or other mining companies and, ultimately, may have an adverse impact on our business, financial condition, results of operations and growth prospects.

Maintaining and increasing compliance with ESG standards could increase our operational costs.

Mining development is highly synergistic with environmental protection and ecological development. Facing new challenges such as global sustainable development and climate change, we actively embrace the principles of ESG, and systematically advances the integration of sustainability with corporate governance while continuously strengthening our operational resilience and long-term value creation capabilities. We enhance the foundation for green and sustainable development, established ecological restoration and environmental protection plans which are highly adaptable to our projects, and strive to promote the implementation of effective measures for "carbon peaking and carbon neutrality" to help achieve global green sustainable development targets. However, maintaining and increasing compliance with ESG standards and building our reputation could increase our operational costs. The increasing demand for disclosure on performance with regard to ESG may result in significant costs to ensure and demonstrate compliance. The cost of measures and other issues relating to the sustainable development of mining operations may place significant demands on our resources and may increase capital and operating costs and have a material and adverse impact on our reputation, business, financial condition and results of operations.

We had customer concentration during the Track Record Period.

Our sales concentrated among a limited number of downstream smelting enterprises and trading companies that purchase our silver, tin, zinc and other concentrates. Throughout the Track Record Period, a substantial portion of our revenue was derived from a group of our major clients. In the year of 2023, 2024 and 2025, sales to our top five customers accounted for 85.1%, 89.3% and 92.2% of our total annual sales, with the largest single customer contributing 60.1%, 69.7% and 47.7%, respectively. Our business, results of operations, financial condition and prospects for the foreseeable future may continue to depend on sales to a relatively small number of customers.

If one or more of our major customers fail to fulfill their purchase obligations, experience financial distress, or terminate their relationships with us, we may not be able to secure alternative buyers on comparable terms or in a timely manner, and our business, financial condition, results of operations may be adversely affected. We anticipate that our dependence on a concentrated customer base for a significant portion of our revenue will continue for the foreseeable future and we cannot guarantee that the portion of our revenue attributable to one single customer will not increase in the future.

We rely on third-party contractors to conduct certain portion of our business.

During the Track Record Period, we outsourced a portion of our exploration, mining and processing activities to contractors in the regions where our mining properties are located. For the years ended December 31, 2023, 2024 and 2025, we engaged 10, 15 and 12 third party contractors, respectively, to undertake various tasks such as exploration, construction and development, mining and processing, etc. As a result, our operations have been affected by the performance of these contractors. Our operations at sites utilizing contractors or contract mining are subject to a number of risks, some that are outside of our control, including, but not limited to, contract risk, execution risk, dispute and litigation risk, regulatory risk and labor risk, which could result in additional costs and liabilities.

We may not be able to control the quality, safety and environmental standards of the works conducted by contractors to the same extent as the works conducted by our own employees. Although internal control measures with a focus on intensified supervisions have already been implemented, there still can be no assurance that the contractors are in full compliance with all relevant laws and regulations, which may subject them to suspension of relevant licenses, approvals, permits and/or authorizations that would adversely impact our operations. Should this happen, we may not be able to engage replacement contractors on similar terms, or at all, in a timely manner. We may become engaged in disputes with our contractors, which could lead to additional expenses, business interruptions, distractions and potential loss of production time and additional costs, any of which could adversely affect our business, financial condition and results of operations. In addition, we may be legally obligated, as an owner of the exploration permit or mining license, to ensure operational safety. In the event of any safety-related accident involving a contractor, we may be held directly liable or liable for compensation to the extent of our faults regardless of any contractual provisions to the contrary. Any failure by contractors to meet any of our quality, safety and environmental standards may result in liabilities to us and could also affect our compliance with government rules and regulations relating to exploration, mining and workers' safety. The occurrence of one or more of these risks could have an adverse effect on our business, financial condition and results of operations.

We may not be able to effectively execute our business strategies. In addition, estimates relating to expansion projects of existing operations are uncertain and we may incur higher costs and lower economic returns than estimated.

The ability to grow our business and to ensure a robust and sustainable growth will depend on the successful implementation of our existing and proposed strategic initiatives, such as to reduce cost and enhance profitability, to diversify our resource portfolio, and to maintain quality mining assets. The successful implementation of our strategies depends upon many factors, including those outside our control, and could have an adverse effect on our business, financial condition and results of operations.

Our future expansion may place strain on our managerial, operational, technical and financial resources. If we fail to maintain sufficient internal sources of liquidity and secure external sources of funding for future growth, we may encounter, among other things, delays in production and operational difficulties. If we are unable to effectively manage our growth and the associated increased scale of our operations, the efficiency of our operations, our ability to attract and retain key personnel and our business and prospects could be adversely affected.

We may experience problems and difficulties in executing, managing and integrating the acquisitions, associates and strategic collaborations.

From time to time, we evaluate the acquisition of Ore Reserves, development properties or operating mines, either as stand-alone assets or as part of existing companies. The decision to acquire these properties may be based on a variety of factors, including, for example, historical operating results, estimates and assumptions regarding the extent of the Ore Reserves, cash and other operating costs, mineral prices, projected economic returns and evaluations of existing or potential liabilities (including environment liabilities) associated with the relevant property and its operations and how these factors may change in the future. Other than historical operating results, these factors are uncertain and could have an impact on revenue, cash and other operating costs, as well as the process used to estimate the Ore Reserves. To the extent that we are unable to realize the anticipated benefits of such acquisitions, our growth strategy, along with our business, financial condition and results of operations, may be adversely impacted.

During the Track Record Period, we acquired controlling stakes in several entities such as Yubang Mining and Atlantic Tin Limited. Any acquisition, associate or strategic collaboration may change the scale of our business and operations and may expose us to new risks, including, but not limited to: significant changes in metal prices after we have committed to complete a transaction and established a purchase price or share exchange ratio; risks arising from historical non-compliance from acquired properties, which we may not be able to identify in spite of pre-acquisition due diligence; mineral ore bodies that may not meet expectations; difficulties integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls; higher costs of integration than we anticipated; diversion of management's attention from our day-to-day business; inability to manage the newly acquired entities due to new operating and regulatory requirements; undetected liabilities which may be significant; and difficulties in obtaining various governmental approvals and consents.

In respect of future acquisitions, we may encounter difficulties in integrating acquired operations, services, corporate culture and personnel into our existing business and operations. Further, we may discover previously unidentified liabilities or other issues that we did not discover in our pre-acquisition due diligence investigations. These activities may divert management attention from existing business operations, which may harm our business. In addition, acquisitions may require our management to develop expertise in new areas and manage new business relationships. There can be no assurance that any acquisition, associate or strategic collaboration will achieve the results intended. In particular, if any of the new businesses fail to perform as we expected, we may be required to recognize an impairment charge, which may adversely affect our business, financial condition and results of operations.

Our business requires significant and continuous capital investment, and we may not be able to obtain sufficient financing.

As a result of our overall business expansion strategy, we will require a high level of capital expenditure in the foreseeable future to fund our ongoing operations and future growth. We expect our capital expenditures for our existing mines and the funding for our expansion plans to, among others, further construction of mining infrastructure, increase our Ore Reserves to extend LOM through additional exploration activities and expand business through selective acquisition. If we fail to construct additional mining infrastructure at the expanded area to extend our boundary in the existing mined area and design, our products processing volume and sales volume will be reduced and our revenue and profitability will be adversely affected. In view of the above, we will require additional capital to implement our strategy of acquiring additional mining assets and undertaking additional exploration activities in the future. We intend to fund our capital expenditures, future acquisitions and additional exploration activities out of internal sources of liquidity and/or through access to additional financing from external sources. Our ability to obtain external financing in the future at a reasonable cost is subject to a variety of uncertainties, including: our future financial condition, results of operations and cash flows; the condition of the global and domestic financial markets; and changes in the monetary policy of the PRC government with respect to bank interest rates and lending practices.

If we require additional funds and cannot obtain them sufficiently, we may be unable to fulfil our expansion needs. These or other factors may also prevent us from entering into transactions that would otherwise benefit our business or implementing our future strategies. Any of these factors may have an adverse effect on our business, financial condition and results of operations.

We may fail to maintain our current financial performance.

In the mining industry, increased exploration and the initiation of mining activities, fluctuations in labor and raw material costs, and the growing stringency of environmental regulations may increase our costs. Factors beyond our control, such as fluctuations in commodity prices and unforeseen operational disruptions may also have an adverse impact on our revenue. Consequently, this could adversely affect our overall financial performance and market position, which in turn could potentially diminish our competitive advantage within the industry.

We may fail to maintain a stable supply of utilities, materials and equipment at acceptable prices, and our high concentration of suppliers increases the risk of supply chain disruptions in the event of losing one or more such suppliers.

Electricity is the main utilities used in our mining operations. As of the Latest Practicable Date, all our mines were underground mines. As such, an outage, disruption or shortage in of electricity supply will adversely affect our production and safety if it causes disruptions to our underground mining operations, water pumping and ventilation. Moreover, for certain of our mines that are situated in power-cons trained areas, there can be no assurance that there will be no interruption in power supply.

Additionally, if the materials, equipment and services provided by our suppliers do not meet our requirements or specifications, it may lead to production disruptions, safety incidents, legal disputes and financial losses. Furthermore, we had a significant concentration of suppliers during the Track Record Period. In 2023, 2024 and 2025, our purchases from the five largest suppliers in each year accounted for approximately 58.2%, 55.3% and 61.4% of our total procurement amount, respectively. We cannot guarantee that our existing suppliers will continue to provide suitable equipment, materials, or services in the future. If any of our key suppliers fail to deliver the materials or services necessary to our operations, or if we are unable to identify alternative suppliers that meet our requirements and standards in a timely manner and on commercially acceptable terms, our business operations could be adversely affected. This could lead to delays in production and increased costs, all of which would adversely affect our financial condition and operational results.

Our insurance coverage may be inadequate to satisfy potential claims.

Mining, exploration and production activities involve numerous risks, including unexpected or unusual geological conditions, fire, floods, earthquakes, severe weather conditions, other environmental occurrences and political and social instability. These risks can result in, among other things, damage to and destruction of mining assets or production facilities, personal injury, environmental harm, financial losses and legal liability.

We maintain insurance for our operations required by laws, regulations, and industry practices in the PRC and relevant countries and regions where we operate. Our major insurance includes pension insurance, medical insurance, work-related injury insurance and other insurance for our PRC employees; directors' and officers' liability insurance and property insurance for certain fixed assets. However, insurance may not continue to be available at economically acceptable premiums. The costs of maintaining adequate insurance coverage may continue to increase in the future, thereby adversely affecting our results of operations. If such costs continue to increase, we may be forced to accept lower coverage and higher deductibles, which, in the event of a claim, could require significant, unplanned expenditures of cash and inhibit our ability to maintain our profitability.

In addition, we may become subject to liability against potential claims which we have not insured, cannot insure or have insufficiently insured, or are unable to insure the amount needed due to lack of capacity by insurers in the market, including those in respect of past mining activities. Our insurance may not cover a particular event at all or be sufficient to fully cover any losses we may incur, including, without limitation, as a result of natural disasters, public health emergencies and other events that could disrupt our operations. Our existing liability insurance contains exclusions and limitations on coverage. As a result, in the future, our insurance coverage may not cover the extent of claims against it, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses or pollution or other claims made.

We are subject to regulatory risks with respect to our tax compliance.

In the ordinary course of business we may be subject to inquiries, reviews, claims, assessments or other regulatory actions conducted by relevant tax or revenue authorities in the jurisdictions in which we operate. We may be subject to additional tax or duty liabilities, or increased statutory royalties in relation to our mining and mineral production operations, as a result of any unfavorable decisions made by such relevant tax or revenue authorities, which may adversely affect our business, financial position and results of operations. Such regulatory actions may also divert our management's attention and other resources, especially if they are not resolved in a timely manner. For example, we carried out certain intra-group transactions within China during the Track Record Period, and our profit allocation and income tax positions in connection with such transactions are subject to the interpretations by relevant tax authorities of applicable tax law as well as applicable rules and regulations in relevant jurisdictions. There is no assurance that the respective tax authorities would not challenge the appropriateness of our historical intra-group transactions or that the relevant regulations or standards governing such arrangements will not be subject to future changes. If a competent tax authority later determines that the transfer prices and the transaction terms that we have adopted as well as our historical income tax provisions and accruals are not appropriate, such authority may require the relevant subsidiaries to re-assess the transfer prices and re-allocate the income or adjust the taxable income. If we are considered not to be compliance with the applicable intra-group transactions rules and regulations, the relevant tax authority may also have the power to order us to pay all outstanding tax and statutory interest and/or fines. This may adversely affect our financial condition and results of operations.

We may incur impairment losses on mining rights, property, plant and equipment or other long-lived assets, which could adversely affect our results of operations.

The process of estimating mineral reserves is inherently uncertain and complex, requiring significant judgments based on available geological, engineering, and economic data. Any material decrease in our reserves, whether due to revised geological findings or changes in economic assumptions, may result in impairment of the carrying value of our mining rights, property, plant and equipment or other long-lived assets. In accordance with our accounting policies, we perform impairment testing on mining rights, property, plant and equipment or other long-lived assets, including exploration and evaluation assets, whenever facts and circumstances indicate that their carrying amounts may not be recoverable. If the value of our mining rights, property, plant and equipment or other long-lived assets is determined to be overestimated, the resulting impairment losses could have adverse effect on our business, financial condition, and results of operations.

We are exposed to risks relating to inventory impairment and valuation.

Having an appropriate level of raw materials inventory is pivotal in minimizing the effect of the volatility of raw materials prices and minimizing the risk of impairment of our inventory. Any sudden decrease in the market demand and the corresponding unanticipated drop in the sales and the prices of the relevant goods or any failure of us in successfully maintaining the flexibility in our raw materials and spare parts supply arrangements could cause our inventory to accumulate or depreciate in value, which may adversely affect our businesses, financial condition and results of operations. While our work-in-progress and finished goods are not exposed to the risk of obsolescence since they do not deteriorate easily, we review our inventory from time to time and make provisions for write-down of inventories when it deems necessary.

We rely on the continued service of our senior management and technical personnel, and the loss of key personnel could also adversely affect our operations.

Our sustainable success depends heavily on our current senior management team. We depend on the continued service of our executive officers and other skilled managerial and technical personnel. Competition for qualified personnel in the industries in which we operate is intense. Our businesses and financial condition may suffer if we lose the services of a number of key personnel and are not able to recruit quality replacements. Furthermore, as our businesses continue to grow, we will need to improve our managerial, technical and operational knowledge and allocation of resources, to implement an effective management system and strengthen management control across our businesses. In order to fund our on-going operations and future growth, we will need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We may develop or invest in new businesses ancillary to or related to our existing businesses, and such diversification may place significant demands on our management and resources as we may not have the experience or expertise necessary for the successful development of such new businesses. In particular, qualified personnel may be scarce in certain regions where our mines are located. If we fail to attract qualified personnel or retain appropriate management and technically skilled personnel, or if there are not sufficient succession plans in place, our businesses and financial condition may be adversely affected.

We may experience labor shortages, disputes, unrest or strikes.

We may be involved in labor disputes and experience labor unrest or strikes in the ordinary course of our business. During the Track Record Period, we had been involved in certain labor disputes, including termination of employment agreements, work-related injury compensation, etc. There can be no guarantee that labor disputes, unrest or strikes will not occur in the future. In the event that we experience such incidents, our mining activities and production levels may be disrupted, which may have a material and adverse effect on our business, financial condition, results of operations, reputation and future prospects.

Negative publicity regarding us, our Directors, employees or products, regardless of its nature or veracity, could adversely affect our business.

As an established company, our image is sensitive to the public's perception of us as a business in entirety, which includes not only the quality of our products, but also our corporate management and culture. We cannot guarantee that no one will, intentionally or incidentally, disseminate information about us, including the quality of our products, our internal management matters and negative information for management, that may result in negative perception of us by the public. Although we had promptly taken clarification or rectification measures when we faced negative publicity in the past, we cannot assure you that such measures will always be effective in the future.

Moreover, negative publicity about us, our Directors, employees or products, regardless of nature or veracity, could lead to potential loss of our customers or investors' confidence or difficulty in retaining or recruiting talents that are essential to our business operations. As a result, our business, financial condition, results of operations, reputation and prospects may be adversely affected.

We may not be able to detect and prevent fraud, bribery, other unfair business practices or other misconducts committed by our employees or third parties, and any actual or alleged misconduct may lead to censure, penalties, fines, sanctions, loss of licenses or permits and may negatively impact our reputation.

Our governance and compliance framework and implemented processes may not always prevent potential breaches of law or accounting or other governance practices. We may be exposed to fraud, bribery, other unfair business practices or other misconducts committed by our employees, representatives, agents, customers, or other third parties that could subject us to litigation, financial losses and sanctions imposed by governmental authorities, which may affect our reputation. Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, we cannot assure you that our internal controls, policies and procedures are all the times adequate to protect us from improper conducts by our officers, Directors, employees, representatives, third-party intermediaries, business partners or agents. In the event that we believe or have reason to believe that any such party has or may have violated such laws, we may investigate (or have outside counsel investigate) the relevant facts and circumstances. Detecting, investigating and resolving actual or alleged violations can be expensive and require a significant diversion of time, resources and attention from senior management. Furthermore, we cannot guarantee that we will always be able to detect and prevent fraud, bribery, unfair business practices and other misconducts, and the precautions we take to detect and prevent such activities may not be effective. There is also no assurance that fraud, bribery, or other misconduct will not occur in the future. If such misconducts do occur, it may cause negative publicity and damage our reputation as well as having an adverse effect on our business, financial condition and results of operations.

We may be involved in claims, disputes, arbitration or legal proceedings arising in the ordinary course of business.

From time to time, we may be involved in claims, disputes and legal proceedings in our ordinary course of business. These may concern issues relating to, among others, health and safety accidents, environmental matters, breach of contract, employment or labor disputes and infringement of intellectual property rights. If we are found liable on any of the claims, we would have to incur a charge against our current earnings to the extent that a reserve had not been established for the matter in our accounts, or to the extent the claims were not sufficiently covered by our insurance coverage. Claims brought by us against our customers may include claims for additional costs incurred in excess of current contract provisions arising out of delays and changes in the initial scope of work. Both claims brought against us and by us, if not resolved through negotiation, are often subject to lengthy and expensive litigation or arbitration proceedings. Amounts ultimately realized from our customers or other claims by us could differ materially from the balances included in our financial statements, resulting in a charge against earnings to the extent profit has already been accrued on a project or other contract. Charges associated with claims brought against us and write-downs associated with claims brought by us could have an adverse impact on our businesses, financial condition, results of operations and cash flow. Moreover, legal proceedings resulting in judgments or findings against us may harm our reputation and damage the prospects of our business cooperation in the future.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws. Non-compliance with such laws can subject us to administrative, civil and criminal fines and penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations in the jurisdiction in which we conduct activities. If we fail to comply with anti-corruption, anti-bribery, anti-money laundering and similar laws and regulations, we could be subject to whistleblower complaints, adverse media coverage, investigations, and severe administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect our business, results of operations, financial condition and reputation. Any violation or even an alleged or suspected violation could harm our reputation and cause our suppliers, customers, financial institutions or other counterparties to refuse to do business with us, which may negatively affect our business, our results of operations, or the trading price of our Shares.

Legal defects regarding some of our properties may affect our interests and may adversely affect our business, financial condition and results of operations.

As of the Latest Practicable Date, certain parcels of land occupied by us for mining, industrial, and temporary construction purposes have not obtained the relevant land use right certificates. In addition, some of our properties had not completed the requisite approval and registration procedures.

Pursuant to the applicable PRC laws and regulations, the absence of the land use right certificates may expose us to the risk that the competent authorities could require rectification, impose fines, confiscate the relevant buildings or facilities, or require the demolition of the relevant structures in certain circumstances, while the absence of the relevant construction and planning approvals and property ownership certificates may expose us to risks of rectification, administrative penalties imposed by the relevant planning and housing and urban-rural development authorities, and in certain cases confiscation or demolition of the relevant buildings and structures. For more details, see "Business — Properties."

Further, we cannot assure you that we are able to renew our lease on commercially acceptable terms upon expiry, or at all. If the title of any of our leased properties is controversial or the validity of the relevant lease is challenged by any third party or government authorities, or if we fail to renew our lease upon expiry, we may be compelled to relocate from the affected premises. Such relocation may result in additional expenses or business interruption, which could, in turn, have an adverse effect on our business, financial condition and results of operations.

Our risk management and internal control systems may not be sufficient to address all risks inherent in our operations.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and internal control procedures to manage our risk exposures, primarily our operational risk, legal risk and liquidity risk. We need to continuously improve our internal control systems and fix deficiencies, failure of which may cause losses from both a financial perspective and regulatory perspective. Moreover, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance such systems from time to time, there can be no assurance that our risk management and internal control systems are adequate or effective notwithstanding our efforts, and any failure to address any potential risks and internal control deficiencies could adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on their implementation by our employees, there can be no assurance that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be adversely affected.

We rely on information technology and communications systems, the failure of which may adversely impact our operations and business.

Our information technology and communications systems could be exposed to, among other things, damage or interruption from telecommunications failure, unauthorized entry and malicious computer code, fire, natural disaster, power loss, industrial action and human error. While we have backup systems in place, the occurrence of any of the above may also disrupt our information technology and communications systems and may lead to important data (including geophysical and geological data) being irretrievably lost or damaged. Such damage or interruption may adversely affect our business, financial condition and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE JURISDICTIONS WE OPERATE

Changes in economic conditions, industrial policies or macroeconomic environment where we operate may affect our business.

As we continue to expand our operations overseas, economic developments in the countries and regions where we operate will have a significant effect on our business, financial condition, results of operations and prospects. Any significant slowdown of the global economy, including the countries and regions where we operate, could have an adverse effect on our business and operations. Particularly during a period of economic slowdown, there is a greater likelihood that more of our customers or contractual parties could become delinquent in respect of their obligations to us; we may not be able to raise additional capital on terms that are commercially favorable to us, or at all; or trade and capital flows may further contract as a result of protectionist measures introduced in certain markets, which could cause a further slowdown in economies and adversely affect our business and prospects. In addition, factors such as consumer, corporate and government spending, business investment, volatility of the capital markets and inflation all affect the business and economic environment, the growth of the PRC's mining industry and ultimately, the profitability of our business. Our labor and other costs may also increase due to pressure from inflation. Any future calamities, such as natural disasters, outbreaks of contagious diseases or social unrest, may cause a decrease in the level of economic activities and adversely affect the economic growth in the PRC, Asia and elsewhere in the world.

As such, if the economy where we operate experiences adverse developments or a significant downturn, our business, financial condition and results of operations would be adversely affected.

Failure to fully comply with labor-related laws may expose us to potential liabilities and penalties.

We are subject to labor and employment laws and regulations of the jurisdictions where we operate, including the PRC and Morocco. For details of labor and employment laws applicable, see "Regulatory Overview."

As the interpretation and implementation of labor laws and regulations are still evolving, there can be no assurance that our employment practice policy and will at all times be deemed to be in full compliance with labor-related laws and regulations in the jurisdictions where we operate, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be adversely affected.

During the Track Record Period, one of our PRC subsidiaries, Yubang Mining, had not make housing provident fund contributions for certain employees. Pursuant to the applicable PRC laws and regulations, the competent authorities may order us to rectify such non-compliance within a specified timeframe. Failure to do so may subject us to a fine ranging from RMB10,000 to RMB50,000, or an application for compulsory enforcement by the court for any outstanding contributions. As of the Latest Practicable Date, Yubang Mining has not been subject to any administrative penalties or orders for rectification from the competent authorities in this regard. Furthermore, no material labor disputes have arisen between Yubang Mining and its employees regarding such contributions. We have also provided a written commitment to promptly adjust its practices if so ordered by the relevant authorities in the future.

Our PRC Legal Advisors are of the view that, on the basis that (i) the applicable laws and regulations and the implementation and supervision requirements of local governmental authorities do not materially change and (ii) we do not receive any complaints from our employees, the likelihood that we will be imposed a material administrative penalty or be subject to the centralized collection by the competent authorities is relatively low, and such matters are not expected to have a material adverse effect on our business operations. However, we cannot assure you that we will not receive any complaints or be required by government authorities to make supplementary payments in the future, which could adversely affect our business and results of operations.

We may be affected by currency exchange regimes and exchange rate fluctuation.

During the Track Record Period, we generated our revenue, expenditures, liabilities and assets in RMB, while the **[REDACTED]** from the **[REDACTED]** will be in HKD. Currently, with the expansion of our overseas operations, such as the mining operations in Morocco, we are increasingly exposed to foreign exchange fluctuations. Thus, our operations and financial results are influenced by the fluctuations in currency exchange rates, particularly between the RMB and the HKD, as well as the USD and other foreign currencies. Under the current PRC foreign exchange control system, the PRC government exercises significant control over the convertibility of RMB into foreign currencies and the remittance of currency out of the country. The PRC's foreign exchange control system may impede our ability to obtain sufficient foreign currency for dividend payments to shareholders, to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business operating results and financial condition.

The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. While certain current account transactions can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange ("**SAFE**") by adhering to existing foreign exchange regulations, converting RMB into foreign currency and remitting it out of the PRC to pay for capital expenses, such as repaying foreign-denominated debts, requires government approval. The restrictions on foreign exchange transactions under capital accounts may also affect our ability to secure foreign exchange through debt or equity financing.

Gains on the sales of H Shares and dividends on the H Shares may be subject to PRC income taxes.

Non-PRC resident individuals and enterprises holding our H Shares are subject to PRC tax laws and regulations, which impose different tax obligations on dividends received and gains realized from the sale or other disposition of H Shares. Non-PRC resident individuals are required to pay a 20% individual income tax on dividends received and the gains realized upon the sale or other disposition of the H Shares held by them, as stipulated by the Individual Income Tax Law of the PRC (2018 Revision) (《中華人民共和國個人所得稅法 (2018修訂)》) and its implementation regulations. We are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdictions in which the foreign individuals reside, reduce or provide an exemption for the relevant tax obligations. Pursuant to the Circular of the State Taxation Administration on Individual Income Tax Collection Issues upon Abolishment of Document Guoshuifa [1993] No. 045 (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》), a tax rate of 5% to 20% (generally 10%) shall apply to the dividends paid by domestic non-foreign-invested enterprises issuing shares in Hong Kong to overseas resident individuals. Such tax rate depends on any applicable tax treaties between China and the jurisdiction in which the non-PRC resident individual holder of H Shares resides, and tax arrangement between the PRC and Hong Kong.

As for non-PRC resident enterprises incorporated under the laws of the foreign country whose actual administration institution is outside the PRC, but have set up institutions or establishments in the PRC or, without institutions or establishments set up in the PRC but have income originating from the

PRC, according to the PRC EIT Law, dividends paid by us and gains realized by such foreign enterprises from the sale or disposition of H shares are subject to PRC enterprise income tax at a 20%, which may be reduced under any special arrangement or applicable tax treaties between the China and the jurisdiction in which the non-PRC resident enterprise resides. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No.897) (國稅函[2008]897號) issued by SAT on 6 November 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares has been reduced to 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Given these uncertainties on the interpretation of the PRC tax laws, holders of our H Shares should consider the potential impact of PRC tax laws on their investment and the possibility of future changes that could affect the tax treatment of their holdings.

The preferential tax treatments and government incentives currently available to us may be reduced or withdrawn.

As of the Latest Practicable Date, three of our subsidiaries, including Yinman Mining, Rongguan Mining, and Qianjinda Mining, were accredited as High and New Technology Enterprises and, therefore, enjoyed the preferential EIT rate of 15.0%. We are required to renew our respective accreditations as a High and New Technology Enterprise upon its expiration. While we do not expect any difficulties in such renewal so long as we meet the applicable requirements and conditions and adhere to the procedures set forth in the relevant laws and regulations, there can be no guarantee that we will be granted such extension, and if not, we will not be able to continue to enjoy the preferential tax treatment for High and New Technology Enterprises in the future. If our preferential tax treatments are revoked, become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, the discontinuation of any of the various types of preferential tax treatment we enjoy could materially and adversely affect our results of operations. The discontinuation of any preferential tax treatment currently available to us will cause our effective tax rate to increase, which could have an adverse effect on our results of operations. In addition, the PRC government from time to time adjusts or changes its policies on business tax and other taxes. Such adjustments or changes, together with any uncertainties resulting therefrom, could have an adverse effect on our financial condition and results of operations.

Additionally, pursuant to the Notice on Enterprise Income Tax Preferential Policies for Hainan Free Trade Port (《關於海南自由貿易港企業所得稅優惠政策的通知》) (財稅[2020]31號)(Cai Shui [2020] No. 31) issued by the Ministry of Finance and the State Taxation Administration and the Notice on Continuing the Implementation of Enterprise Income Tax Preferential Policies for the Hainan Free Trade Port (《關於延續實施海南自由貿易港企業所得稅優惠政策的通知》) (財務[2025]3號)(Cai Shui [2025] No. 3), from January 1, 2020, to December 31, 2027, enterprises registered in the Hainan Free Trade Port and engaged in substantive operations within encouraged industries shall be subject to a reduced enterprise income tax rate of 15%, such tax incentive applies to some of our subsidiaries. Furthermore, according to the Notice of the Continuation of Enterprise Income Tax for Implementation of Exploration and Development of Western Region (《關於延續西部大開發企業所得稅政策的公告》) jointly issued by the MOF and the State Administration of Taxation and National Development and Reform Commission on April 23, 2020, operating companies located in the western region of the PRC which engage in "encouraged businesses" are entitled to the preferential EIT rate of 15% from January 1, 2021 to December 31, 2030 if the operating revenue of the encouraged business in a year accounts for 60% of the total revenue of our Company in that year. The aforementioned tax incentives are applicable to some of our subsidiaries.

However, we cannot assure you that we will be able to pass all reviews of our eligibility for the aforementioned relevant tax rate in the future and to complete the tax reduction and exemption filing with the competent tax authorities in order to maintain the preferential tax rate. We also cannot assure you that the said preferential tax rate treatment according to the PRC laws and regulations will not change or be discontinued in the future.

There may be changes from time to time with respect to the legal systems of the jurisdictions in which we have operations, and any failure to comply with laws and regulations could adversely affect us.

The legal systems of the jurisdiction in which we have operations vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but are not legally binding on other courts.

Interpretation and enforcement of laws and regulations in the jurisdictions where we operate are subject to changes and evolving, and the application of some of these laws and regulations to our businesses is not settled. Since local administrative and court authorities have discretion in interpreting and implementing statutory provisions and contractual terms, the outcome of administrative and court proceedings and the level of legal protection we have in the jurisdictions in which we operate are unpredictable. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many of the legal systems in our markets are based in part on government policies and internal rules, some of which are not published on a timely basis, or at all, and may have retroactive effect. There are other circumstances where key regulatory definitions are unclear, imprecise or missing, or where interpretations that are adopted by regulators are inconsistent with interpretations adopted by a court in analogous cases. As a result, we may not be aware of our violation of certain policies and rules until some time after the violation. In addition, any administrative and court proceedings in our markets may be protracted, resulting in substantial costs and diversion of resources and management attention. It is possible that a number of laws and regulations may be adopted or construed to apply to us in our geographic markets. Scrutiny and regulation of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing this regulation.

You may have limited recourse to effect service of process, enforce foreign judgments and arbitral awards against us or our Directors and senior management located in the PRC.

Most of our Directors and executive officers reside within the PRC, and some of our assets and the assets of the aforementioned persons are located within the PRC. It may be difficult, complicated and time-consuming for investors to effect service of process upon us or those persons inside the PRC, or to enforce against us or them in the PRC any judgments obtained from non-PRC courts.

A judgment of a court of another jurisdiction may only be reciprocally recognized or enforced if the jurisdiction has a treaty with the PRC or if the judgment complies with the principle of reciprocity and do not violate the basic principles of the PRC laws, national sovereignty, security, social interests and public interests, subject to the satisfaction of other requirements. On January 25, 2024, the Supreme People's Court issued the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of the Chinese mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**Arrangement**"), which was implemented on January 29, 2024. Under the Arrangement, any relevant party may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of a final court judgment in civil and commercial cases subject to the conditions set forth in the Arrangement. Although the Arrangement has come into effect, uncertainties remain as to the outcome and effectiveness of any action brought under the Arrangement. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in Chinese mainland may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law on basis of either on (i) the treaties between Chinese mainland and the country where the judgment is made or (ii) on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the courts in Chinese mainland will not enforce a foreign judgment against us or our Directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, in case of violation of the above principles, there is no assurance that a judgment rendered by a court outside the PRC would be recognized and enforced in a court in Chinese mainland.

Payment of dividends is subject to conditions under the PRC law.

As stipulated under PRC laws, dividends may be paid only out of distributable profits. Distributable profits refer to net profit as determined under PRC GAAP or HKFRS Accounting Standards, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable us to make dividend distributions to our Shareholders in the future, including periods for which our financial statements indicate that our operations have been profitable. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

In addition, because the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS Accounting Standards in certain respects, our subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRS Accounting Standards, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries. Failure by our subsidiaries to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

If we fail to comply with environmental, health and safety laws and regulations, we could be subject to fines or penalties or incur costs that could have an adverse effect on the success of our business.

We are subject to numerous environmental, health and safety laws and regulations and related inquiries in relation to our production processes. For example, our construction projects are subject to Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), and its environmental impact assessment documents shall be approved by the relevant environmental protection department. Our production plants and the facilities we use are subject to regular inspections by the regulatory authorities for compliance with the Safe Production Law of the PRC (《中華人民共和國安全生產法》) and Regulation on Work Safety Permits (《安全生產許可證條例》). Furthermore, under the PRC Labor Law (《中華人民共和國勞動法》) and Law of the PRC on the Prevention and Treatment of Occupational Diseases (《中華人民共和國職業病防治法》), we must ensure that our facilities comply with the PRC standards and requirements on occupational health and safety conditions for employees.

However, there can be no assurance that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall retroactively or any administrative penalties. Moreover, our operations may be affected by accidents of third parties. In addition to adversely affecting our business and results of operations, safety accidents in the region may also adversely affect our reputation. In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other costs, thereby adversely affecting our financial condition and results of operations.

Additionally, the mining industry is inherently susceptible to work-related injuries and industrial and mining accidents. Depending on the circumstances, civil or criminal litigation may be instituted against us in respect of accidents resulting in the death of employees or contractor staff. Such incidents may also result in breaches of the conditions for our mining and exploration licenses or any other approvals, permits or authorizations, which may result in fines and penalties or even potential revocation of such licenses, approvals, permits and authorizations. There can be no assurance that accidents will not occur at our operations in the future. If we fail to comply with any relevant laws, regulations or policies or if any accident occurs, our reputation, business, financial condition and results of operations may be adversely affected, and we may be subject to penalties, civil liabilities, and/or criminal liabilities.

RISKS RELATING TO THE [REDACTED] AND H SHARES

The characteristics of the A Share and H share market may differ.

Our A Shares were listed and traded on the Shenzhen Stock Exchange. Following the **[REDACTED]**, our A Shares will continue to be traded on the SZSE, and our H Shares will be **[REDACTED]** on the Hong Kong Stock Exchange. Without regulatory approval, our A Shares and H Shares are neither convertible into nor fungible with each other. The A share and H share markets have different characteristics, including different **[REDACTED]** and liquidity and different **[REDACTED]** bases. As a result of these differences, the **[REDACTED]** of our A Shares and H Shares may not be the same. Fluctuations in the **[REDACTED]** of our A Shares may adversely affect the **[REDACTED]** of our H Shares, and vice versa. Due to the different characteristics of the A share and the H share markets, the historical **[REDACTED]** of our A shares may not be indicative of the **[REDACTED]** of our H Shares. You should not rely on the prior **[REDACTED]** history of our A Shares when evaluating an **[REDACTED]** in our H Shares. Past **[REDACTED]** is no guarantee of future results.

There has been no prior public market for our H Shares, and an active trading market may not develop or be sustained.

Prior to the **[REDACTED]**, there was no public market for our H Shares. There can be no assurance that the **[REDACTED]** will result in the development of an active, liquid public trading market for our H Shares. The initial **[REDACTED]** for our H Shares to the public will be the result of negotiations between us and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), and the **[REDACTED]** may differ significantly from the market price of the H Shares following completion of the **[REDACTED]**.

We have applied to the Hong Kong Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares (including any H Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**). However, there can be no guarantee that (i) an active and liquid trading market for the H Shares will develop; (ii) or, if it does develop, that it will be sustained following the **[REDACTED]**; or (iii) that the market price of the H Shares will not decline below the **[REDACTED]**. If an active public market for our H Shares does not develop following the completion of the **[REDACTED]**, the market price and liquidity of our H Shares could be adversely affected. You may not be able to resell your Shares at a price that is attractive to you, or at all.

The trading price of our H Shares may be volatile, and investors may suffer losses.

The trading price and **[REDACTED]** of our H Shares may be volatile. The market price of our Shares may fluctuate significant and rapidly in response to factors beyond our control, including, but not limited to: actual or anticipated variations of our results of operations; loss of key suppliers and/or contractors; changes in securities analysts' estimates or market perception of our financial performance; announcement by us of significant acquisitions, depositions or strategic alliances; addition or departure of key senior management or other key personnel; fluctuations in the stock market price and **[REDACTED]**; regulatory or legal developments, including involvement in litigations; fluctuations in **[REDACTED]** or the release of lock-up or other transfer restrictions on our outstanding Shares or sales of additional Shares by us; and general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world.

Furthermore, the performance and fluctuation of the market prices of other companies with business operations located mainly in Chinese mainland that have listed their securities in Hong Kong may affect the volatility in the price of and **[REDACTED]** for our H Shares. A number of Chinese mainland-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards Chinese mainland-based companies listed in Hong Kong and, consequently, may adversely impact the trading **[REDACTED]** of our H Shares.

Future sales or perceived sales of substantial amounts of our H Shares could adversely affect the market price of our H Shares and our ability to raise additional capital in the future.

The market price of our H Shares could decline as a result of future sales of a substantial number of our H Shares or other securities relating to our H Shares in the public market, or the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or anticipated sales, of substantial amounts of our securities, including any future offerings, could also adversely affect our ability to raise capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

You should not place any reliance on any information released by us in connection with the listing of our A Shares on the Shenzhen Stock Exchange.

Since the listing of our A Shares on the SZSE, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to us on the SZSE or other media outlets designated by the SZSE. However, the information we announce in connection with our A Shares listing is based on regulatory requirements and market practices in the PRC, which differ from those applicable to the **[REDACTED]**. Such information does not and will not form a part of this document. As a result, prospective **[REDACTED]** in our H Shares are reminded that in making their **[REDACTED]** decisions as to whether to **[REDACTED]** our H Shares, they should rely only on the financial, operating and other information included in this document. Past performance is no guarantee of future results. By applying to **[REDACTED]** H Shares in the **[REDACTED]** you will be deemed to have agreed that you will not rely on any information other than that contained in this document, and any formal announcements made by us in Hong Kong related to the **[REDACTED]**.

The interests of our Single Largest Group of Shareholders may not necessarily be aligned with the interests of our other Shareholders.

The interests of our Single Largest Group of Shareholders may differ from the interests of our other Shareholders. They could through their shareholding interest in us exert influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including mergers, consolidations, the sale of all or substantially all of our assets, election of Directors, and other significant corporate actions. This as a result, may discourage, delay or prevent a change in control of us, which could deprive our Shareholders of an opportunity to receive a premium for their H Shares in a sale of us or may reduce the market price of our H Shares. In addition, to the extent the interests of our Single Largest Shareholder Group conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged or harmed.

If the [REDACTED] of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our Shares in the [REDACTED] may experience immediate dilution upon such purchases, and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of our Shares is expected to be higher than the net tangible assets per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of our Shares in the **[REDACTED]** will experience an immediate dilution in net tangible asset value per Share. In addition, in order to expand our business, we may consider offering and issuing additional securities in the future.

Purchasers of our Shares may experience dilution in the net tangible asset value per Share of their investments in Shares if we issue additional securities in the future at a price which is lower than the net tangible asset value per Share prior to the issuance of such additional securities.

In addition, there is no assurance that the Single Largest Group of Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the **[REDACTED]**. We cannot predict the effect, if any, of any future sales of the Shares by the Single Largest Group of Shareholders, or that the availability of the Shares offered by the Single Largest Group of Shareholders for purchase may have on the market price of the Shares. Sales of a substantial number of Shares by the Single Largest Group of Shareholders or the market perception that such sales may occur could adversely affect the prevailing market price of the Shares.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the market price and [REDACTED] for our H Shares could decline.

The trading market for the **[REDACTED]** will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the **[REDACTED]** or publishes inaccurate or unfavorable research about our business, the market price for the **[REDACTED]** would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or **[REDACTED]** for the **[REDACTED]** to decline.

Our historical dividends may not be indicative of our future dividend policy, and we may not be able to pay any dividends on our H Shares.

There is no assurance as to when and in what form dividends will be paid on our H Shares following the **[REDACTED]**. Declaring dividends on our H shares is subject to the discretion of our Board and is contingent upon a comprehensive assessment of our financial condition, operational results, and capital requirements, among other considerations, and will subject to our Shareholders' approval. We may not have sufficient or any profits to enable us to make dividend distributions to our Shareholders in the future, even if our financial statements indicate that our operations have been profitable.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favorable return. See "Future Plans and **[REDACTED]**" for details of our intended **[REDACTED]**. However, our management will have discretion as to the actual application of our **[REDACTED]**. We may not be able to use the funds in strict accordance with each planned **[REDACTED]**, and there is a possibility that we may deviate from the planned implementation timeframe or fail to allocate the **[REDACTED]** according to our original plan. This potential divergence could be driven by a range of factors, including but not limited to, fluctuations in market conditions, alterations in the regulatory landscape, challenges in executing our business strategies, and unforeseen external occurrences. Additionally, our **[REDACTED]** may not achieve the expected operational and financial impact on us. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the **[REDACTED]** from this **[REDACTED]**.

RISKS RELATING TO STATEMENTS MADE IN THIS DOCUMENT

Certain information contained in this document is derived from third-party or government sources and may not be independently verified.

Certain facts, statistics and data in this document are derived from various government and other publicly available sources. In addition, certain information and statistics set out in "Industry Overview" in this document have been extracted from the Industry Report. We believe that the sources of information are appropriate sources for such information, and the Sole Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this document. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither us, our Directors, the Sole Sponsor, nor any parties involved in the **[REDACTED]** have independently verified, or make any representation as to, the accuracy of such information and statistics from the official government sources. It cannot be assured that statistics derived from the official government sources are stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics from the official government sources may not be accurate and should not be unduly relied upon.

You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the [REDACTED].

Investors should read the entire document carefully and we strongly caution you not rely on any information contained in press articles and/or other media regarding us, our business, our industry and the **[REDACTED]** prior to the publication of this document, which contained, among other things, certain financial information, projections, valuations and other forward-looking information about us and the **[REDACTED]**. We have not authorized the disclosure of any such information in the press or media and do not accept responsibility for the accuracy or completeness of any information such press articles or other media coverage, nor the fairness or appropriateness of any estimates, views or opinions expressed by the press or other media regarding the **[REDACTED]** or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of such information. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them and you should not rely on such information.

Forward-looking statements in this document are subject to risks and uncertainties and may differ materially from actual results.

This document contains forward-looking statements relating to us and our operations and strategies made based on our current beliefs, assumptions and information currently available to us.

When used in this document, the words "anticipate," "believe," "estimate," "plan," "could," "potential," "outcome," "expect," intend," "may," "seek," "will," "would," "should," "going forward" and any similar terms, as they relate to us or our business, are intended to identify these forward-looking statements. Such statements are necessary estimates that reflects the current views of our Directors and management and subject to risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this document. Whether the actual results of such statements will conform to our predictions is beyond our actual control. As a result, investors should not regard these forward-looking statements as a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement. We do not intend to update these forward-looking statements in addition to our ongoing disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.