

## CONNECTED TRANSACTION

### OVERVIEW

Upon the [REDACTED], the following parties, which have entered into certain written agreement with our Group, will be connected persons of our Group:

| Name                   | Connected Relationship   |
|------------------------|--|
| Xingye Group . . . . . | A member of the Single Largest Group of Shareholders, holding approximately 20.46% of the issued shares of our Company as of the Latest Practicable Date, is a substantial shareholder of the Company under Rule 14A.07(1) of the Listing Rules and is therefore a connected person of the Company |

### CONTINUING CONNECTED TRANSACTION

#### Budun Yingen Mining Entrustment Agreement

##### *Principal Terms*

On December 30, 2024, the Company entered into an entrustment agreement (the “**Budun Yingen Mining Entrustment Agreement**”) with Xingye Group, pursuant to which Xingye Group entrusted the Company with the operation and management of its holding subsidiary, Budun Yingen Mining. The principal terms of the Budun Yingen Mining Entrustment Agreement are set out below:

| Entrustor              | Trustee     | Term   | Entrustment fee      |
|------------------------|-------------|--|----------------------|
| Xingye Group . . . . . | the Company | Three years commencing from the effective date of the Budun Yingen Mining Entrustment Agreement (i.e. from December 30, 2024 to December 29, 2027) | RMB100,000 per annum |

Budun Yingen Mining is a limited liability company incorporated in the PRC, principally engaged in the exploration and mining of the Budunwula Silver Polymetallic Mine located in Xi Ujimqin Banner, Inner Mongolia Autonomous Region. As of the Latest Practicable Date, Xingye Group holds approximately 54.31% equity interest in Budun Yingen Mining and is its controlling shareholder. Jiaxing Jinyue Xingcai Venture Capital Partnership (Limited Partnership) (“**Jinyue Xingcai**”) holds approximately 45.69% equity interest in Budun Yingen Mining. Jinyue Xingcai is an Independent Third Party of the Company.

Pursuant to the Budun Yingen Mining Entrustment Agreement, Xingye Group entrusts the Company to exercise all rights of Budun Yingen Mining save for the right to income and right of disposal enjoyed by all shareholders of Budun Yingen Mining. During the entrustment term, all profits and losses, risks and liabilities of Budun Yingen Mining shall continue to be enjoyed and borne by Xingye Group. Budun Yingen Mining obtained the Mining Licence (Certificate No.: C1525002024094210157438) issued by the Xilin Gol League Bureau of Natural Resources of Inner Mongolia Autonomous Region on September 24, 2024, with a valid period from September 24, 2024 to September 24, 2032, a mining area of 5.2115 km<sup>2</sup> and a production scale of 675,000 tonnes per annum. As of the Latest Practicable Date, Budun Yingen Mining had not commenced production and construction.

The Budun Yingen Mining Entrustment Agreement shall terminate automatically upon the occurrence of the following circumstances: (i) Xingye Group transfers its equity interest in Budun Yingen Mining to the Company, and the relevant transaction agreement has been signed and taken effect by all parties; or (ii) Budun Yingen Mining terminates its business operation in accordance with the law.

##### *Historical transaction amounts*

As the Budun Yingen Mining Entrustment Agreement only took effect on December 30, 2024, the Company did not receive any entrustment management fee in respect of Budun Yingen Mining for the years ended December 31, 2023 and 2024. For the year ended December 31, 2025, the entrustment fee received by the Company under the Budun Yingen Mining Entrustment Agreement was RMB100,000.

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### *Reasons for and benefits of the Transaction*

The Budun Yingen Mining Entrustment Agreement was entered into pursuant to the non-compete undertaking given by Xingye Group during the Company’s major asset restructuring in 2011. Under the undertaking, in the year when the relevant exploration rights of Xingye Group and its subsidiaries (excluding the Company) are converted into mining rights, Xingye Group shall entrust the relevant mining rights or mining business subsidiaries to the Company for entrusted operation; and within one year after the relevant mining rights or mining business subsidiaries commence production and generate profits, Xingye Group shall initiate the transfer of such mining rights or mining business subsidiaries to the Company.

Given that Budun Yingen Mining obtained the Mining Licence in September 2024 (i.e. completing the conversion of exploration rights to mining rights), Xingye Group entrusted the operation and management of Budun Yingen Mining to the Company in compliance with the aforesaid undertaking. This arrangement is beneficial to: (i) preventing potential competition between the Company and Xingye Group and safeguarding the interests of the Company and all shareholders; (ii) enabling the Company to make rational layout and overall planning in light of regional resource distribution, so as to achieve the goals of minimising future project construction investment, shortening the construction cycle and maximizing scale benefits; and (iii) ensuring the standardised operation of Budun Yingen Mining under the professional management of the Company.

The Budun Yingen Mining Entrustment Agreement does not involve any transfer of asset ownership, nor does it affect the scope of the Company’s consolidated financial statements.

### *Listing Rules Implications*

Pursuant to the Budun Yingen Mining Entrustment Agreement, Xingye Group shall pay an annual entrustment fee of RMB100,000 to the Company. As the Budun Yingen Mining Entrustment Agreement involves the Group providing management services to an associate of a connected person (i.e. Xingye Group) and receiving fees on a regular basis, the transaction constitutes a continuing connected transaction under Chapter 14A of the Listing Rules.

Given that the annual transaction amount under the Budun Yingen Mining Entrustment Agreement (namely the annual entrustment fee of RMB100,000, equivalent to approximately HK\$114,410) is below the exemption threshold stipulated under Rule 14A.76(1) of the Listing Rules, the transactions under the Budun Yingen Mining Entrustment Agreement constitute fully exempted continuing connected transactions and are therefore exempt from the requirements of Chapter 14A of the Listing Rules in respect of filing, announcement, annual review, circular and independent shareholders’ approval.

If there is any material change to the terms of the Budun Yingen Mining Entrustment Agreement (including without limitation the adjustment of the entrustment fee after the commencement of production and construction by Budun Yingen Mining), the Company shall comply again with the provisions of Chapter 14A of the Listing Rules in respect of such changes, including (if not exempted under the Listing Rules) seeking the approval of independent shareholders prior to implementing the relevant changes.

### **CONFIRMATION FROM THE DIRECTORS**

The Directors (including the independent non-executive Directors) consider that the Budun Yingen Mining Entrustment Agreement (i) had been entered into in the ordinary and usual course of our Company’s business; and (ii) are on normal commercial terms or better which are fair and reasonable and in the interests of our Company and its Shareholders as a whole.