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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **Xinjiang Xinxin Mining Industry Co., Ltd.,** you should at once hand this circular and the accompanying proxy form to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

PROPOSED REVISION OF THE ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 MUTUAL SUPPLY AGREEMENT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Crescendo Capital Limited

The letter from the Board of the Company is set out on pages 1 to 24 in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 25 to 26 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 51 of this circular.

A notice convening the EGM to be held at 11:30 a.m. on Wednesday, 24 December 2025 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People's Republic of China is set out on pages 58 to 59 in this circular, and the proxy form are enclosed with this circular. Shareholders who wish to appoint a proxy to attend the EGM are required to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not later than 11:30 a.m. on Tuesday, 23 December 2025.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

9 December 2025

* *For identification purposes only*

CONTENTS

Page

DEFINITION ii

LETTER FROM THE BOARD 1

LETTER FROM THE INDEPENDENT BOARD COMMITTEE 24

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER 26

APPENDIX I – GENERAL INFORMATION 51

NOTICE OF EXTRAORDINARY GENERAL MEETING 57

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"2024 Mutual Supply Agreement"	the mutual supply agreement dated 1 November 2024 entered into between the Company and Xinjiang Non-ferrous in respect of the mutual supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products, please refer to the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024 for further details
"Announcement Dated 1 November 2024"	the announcement of the Company dated 1 November 2024 in relation to, among others, continuing connected transactions under the 2024 Mutual Supply Agreement
"Announcement Dated 20 December 2024"	the announcement of the Company dated 20 December 2024 in relation to, among others, continuing connected transactions under the 2024 Mutual Supply Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"or "Board of Directors"	the board of Directors of the Company
"Circular Dated 5 November 2024"	the circular of the Company dated 5 November 2024 in relation to, among others, continuing connected transactions under the 2024 Mutual Supply Agreement
"Company"	Xinjiang Xinxin Mining Industry Co., Ltd.*(新疆新鑫礦業股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange
"Company's Products"	nickel cathode, copper cathode, copper concentrates, self-produced precious metals, sulphuric acid, water, electricity and other ancillary materials provided/to be provided by the Company to Xinjiang Non-ferrous Group under the 2024 Mutual Supply Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Construction Services"	construction-related services, including project design, construction and facilities installation provided/to be provided by Xinjiang Non-ferrous Group to the Company under the 2024 Mutual Supply Agreement

"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	one or all of the director(s) of the Company
"EGM"	the 2025 extraordinary general meeting of the Company to be held at 11:30 a.m. on Wednesday, 24 December 2025 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the PRC, to approve the Revised Annual Caps, the notice of which is set out on pages 58 to 59 of this circular
"Fukang Refinery"	the refinery located in Fukang, Xinjiang where Fukang Branch of the Company (阜康分公司) carries out its business activities
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Hu Benyuan, Mr. Huang Yong and Mr. Lee Tao Wai, to advise the Independent Shareholders in respect of the Revised Annual Caps
"Independent Financial Adviser"or "Crescendo Capital"	Crescendo Capital Limited, a corporation licensed to carry out type 6 regulated activities (advising on corporate finance) under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps
"Independent Shareholders"	in respect of the Revised Annual Caps and transactions contemplated under the 2024 Mutual Supply Agreement, Shareholders other than Xinjiang Non-ferrous and its associates
"Independent Third Party(ies)"	third party independent of and not connected with the Company and its connected persons
"Kalatongke Mining"	Xinjiang Kalatongke Mining Industry Co., Ltd.* (新疆喀拉通克礦業有限責任公司), a wholly-owned subsidiary of the Company with business activity of operating a mine of nickel and copper

"Latest Practicable Date"	1 December 2025, being the latest practicable date prior to the printing of this circular for ascertaining information in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Annual Cap(s)"	the original annual cap(s) for the continuous supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products under the 2024 Mutual Supply Agreement for the three years ending 31 December 2027
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
"Revised Annual Cap(s)"	the revised annual cap(s) for the continuous supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products under the 2024 Mutual Supply Agreement for the three years ending 31 December 2027
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with a nominal value of RMB0.25 each in the share capital of the Company, including both the H Shares and the Domestic Shares
"Shareholder(s)"	holder(s) of the Shares in the registers of members of the Company from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

"Supporting and Ancillary Services"	services provided/to be provided by Xinjiang Non-ferrous Group to the Group under the 2024 Mutual Supply Agreement which include:(i) production supplies, transportation and supporting services:supplemental production materials (including copper concentrates, chemical materials, coal, coke and product packaging materials) and work safety products; (ii) storage, transportation and loading services:warehousing services in Beijing for the sales and distribution of nickel cathode to the Company's end-customers in Beijing and its surrounding areas, Hebei province and the northeastern region of the PRC, and the transportation service for the delivery of materials including coke and coal; and (iii) other supporting and ancillary services: machinery repair and improvement, and geological exploration in the mining areas
"Wuxin Copper"	Xinjiang Wuxin Copper Company Limited*(新疆五鑫銅業有限責任公司), a company incorporated in the PRC with limited liability, being one of the wholly-owned subsidiaries of Xinjiang Non-ferrous
"Xinjiang Non-ferrous"	Xinjiang Non-ferrous Metal Industry (Group) Ltd.*(新疆有色金屬工業(集團)有限責任公司), a wholly state-owned enterprise with limited liability and incorporated in the PRC, being one of the promoters and the controlling shareholder of the Company
"Xinjiang Non-ferrous Group"	Xinjiang Non-ferrous and its subsidiaries excluding the Company, its subsidiaries and associates
"%"	per cent

* *For identification purposes only*

Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

Executive Director:
Mr. Li Jiangping

Non-executive Directors:
Mr. Chen Yin
Mr. Zhou Chuanyou
Mr. Wang Lijian
Mr. Hu Chengye

Independent Non-executive Directors:
Mr. Hu Benyuan
Mr. Huang Yong
Mr. Lee Tao Wai

Employee Representative Director:
Ms. Zhang Li

Statutory address and principal place of business in the PRC:
No. 501, Fusion South Road,
Cooperation Zone, Economic and
Technological Development Zone,
Urumqi, Xinjiang

Registered office in Hong Kong:
9/F The Center
99 Queen's Road Central
Central, Hong Kong

9 December 2025

To the Shareholders

Dear Sir or Madam,

PROPOSED REVISION OF THE ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 MUTUAL SUPPLY AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 19 November 2025 in relation to the proposed revision of the annual caps for existing continuing connected transactions of the Company under the 2024 Mutual Supply Agreement.

References are also made to the Announcement Dated 1 November 2024, the Circular Dated 5 November 2024 and the Announcement Dated 20 December 2024.

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, the Company entered into the 2024 Mutual Supply Agreement with Xinjiang Non-ferrous on 1 November 2024 for the continuing supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products. As disclosed in the Announcement Dated 20 December 2024 of the Company, the 2024 Mutual Supply Agreement and the annual caps for the continuing supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products thereunder for the three years ending 31 December 2027 were approved at the extraordinary general meeting held by the Company on 20 December 2024.

References are also made to the announcement dated 14 February 2025, the announcement dated 19 March 2025, the circular dated 24 March 2025, the announcement dated 9 May 2025 and the announcement dated 12 June 2025 of the Company. Following the Company's completion of the acquisition of 51% equity interest in Xinjiang Huaou Mining Co., Ltd.* (新疆華甌礦業有限公司) ("**Huaou Mining**") in June 2025, Huaou Mining has become a non-wholly owned subsidiary of the Company with its financial information consolidated into the financial statements of the Company.

Taking into account (i) the increase in new projects under the Original Annual Caps estimated in accordance with the existing and future infrastructure construction, mining development, and operational development requirements of Huaou Mining after Huaou Mining became a holding subsidiary of the Company; (ii) the increase in the purchase of raw materials under the Original Annual Caps for the Supporting and Auxiliary Services; and (iii) the increase in budget under the Original Annual Caps for the Company's Products resulting from the ongoing increase of copper product prices and the anticipated increase in sales of other Company's Products, the Company proposes to revise the Original Annual Caps for the Construction Services, the Supporting and Ancillary Services and the Company's Products for the three years ending 31 December 2027.

The Original Annual Caps were not contained in the 2024 Mutual Supply Agreement. Accordingly, revising such annual caps does not constitute an amendment to the 2024 Mutual Supply Agreement, and the terms of the 2024 Mutual Supply Agreement disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024 remain unchanged. For a summary of the principal terms agreed under the 2024 Mutual Supply Agreement, please refer to the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024.

The purpose of this circular is:

(i) to give you details of the Revised Annual Caps;

(ii) to set out the recommendation of the Independent Board Committee; and

(iii) to set out a letter of advice from the Crescendo Capital to the Independent Board Committee and the Independent Shareholders advising on the Revised Annual Caps.

PRINCIPAL TERMS OF THE 2024 MUTUAL SUPPLY AGREEMENT

2024 Mutual Supply Agreement

Date: 1 November 2024

Parties: The Company and Xinjiang Non-ferrous

Term: 1 January 2025 to 31 December 2027

Subject Matter

On 1 November 2024, the Company and Xinjiang Non-ferrous entered into the 2024 Mutual Supply Agreement in respect of the continuous supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products.

Term

The principal terms of the 2024 Mutual Supply Agreement include the followings:

- the 2024 Mutual Supply Agreement is for a term commencing from 1 January 2025 and ending on 31 December 2027 which may be renewed upon agreement by Xinjiang Non-ferrous and the Company, subject to the approval by the Stock Exchange and/or the Independent Shareholders, if applicable;

- the Company and Xinjiang Non-ferrous Group are at liberty to procure from or provide to any Independent Third Party any of the required services and products save and except that Xinjiang Non-ferrous Group must provide the Company with services or supplies on terms no less favourable than those offered to any Independent Third Party;

- each party of the 2024 Mutual Supply Agreement may terminate the mutual supply of products and services on not less than six months' prior written notice. However, Xinjiang Non-ferrous Group may not terminate its service if the Company has informed them by written notice that the Company is unable to obtain similar products and services from an Independent Third Party (save that the Company has provided written consent to the termination by Xinjiang Non-ferrous Group); and

- the 2024 Mutual Supply Agreement is conditional and effective upon it having complied with the relevant Listing Rules and approved by the Independent Shareholders, if applicable.

Xinjiang Non-ferrous Group has agreed to provide the Company with the Construction Services and the Supporting and Ancillary Services. The Company has agreed to provide the Company's Products to Xinjiang Non-ferrous Group.

REVISION OF THE ORIGINAL ANNUAL CAPS

Original Annual Caps

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, the Original Annual Caps are as follows:

	For the year ending 31 December		
	2025	**2026**	**2027**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(approximately)	*(approximately)*	*(approximately)*
Original Annual Caps for the Construction Services	143,400	133,900	134,100
Original Annual Caps for the Supporting and Ancillary Services	167,262	171,075	174,556
Original Annual Caps for the Company's Products	757,481	746,422	778,402

Revised Annual Caps

The Company proposes to revise the annual caps for the continuing supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
	(approximately)	*(approximately)*	*(approximately)*
Revised Annual Caps for the Construction Services	307,519	208,212	153,600
Revised Annual Caps for the Supporting and Ancillary Services	211,888	241,742	246,193
Revised Annual Caps for the Company's Products	812,628	888,283	985,758

From 1 January 2025 to 30 September 2025, the fees paid by the Group to Xinjiang Non-ferrous Group for the Construction Services and the Supporting and Ancillary Services amounted to approximately RMB101,004,610 and RMB70,892,340, respectively, and the payments made by Xinjiang Non-ferrous Group to the Group for the Company's Products amounted to approximately RMB516,418,780, representing approximately 70.44%, 42.38% and 68.18% respectively of their respective Original

Annual Caps for the year ended 31 December 2025. The Company confirms that, as at the date of this announcement, the transaction amounts for the Construction Services, the Supporting and Ancillary Services and the Company's Products under the 2024 Mutual Supply Agreement have not exceeded the respective Original Annual Caps.

Basis of Determination of the Revised Annual Caps

(A) The Construction Services

(i) The Original Annual Caps for the Construction Services

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, in assessing the Original Annual Caps for the Construction Services, the Board assumed the budgeted amounts for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
– Kalatongke Mining	28,400	28,400	28,400
– Fukang Refinery	86,000	76,000	76,000
– Potential projects	29,000	29,500	29,700
Total	**143,400**	**133,900**	**134,100**

(ii) The Revised Annual Caps for the Construction Services

In assessing the Revised Annual Caps for the Construction Services, the Board assumed the revised budgeted amounts for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
– Kalatongke Mining	28,400	28,400	28,400
– Fukang Refinery	86,000	76,000	76,000
– Huaou Mining	164,119*	74,312*	19,500*
– Potential projects	29,000	29,500	29,700
Total	**307,519**	**208,212**	**153,600**

* indicates changes from the budget amount under the Original Annual Caps for the Construction Services.

Compared to the Original Annual Caps for the Construction Services, the increases in the Revised Annual Caps for the Construction Services for the three years ending 31 December 2027 are mainly due to new projects of Huaou Mining for the Construction Services compared to the Original Annual Caps for the Construction Services after Huaou Mining became a non-wholly owned subsidiary of the Company. Such increases primarily take into consideration: (i) the existing and future construction services projects planned by Huaou Mining regarding infrastructure construction, mining development and operation; and (ii) the required construction for existing, planned and potential projects of Huaou Mining, expected construction progress and current market prices.

The basis of determining the budgeted amount of the new projects for the Construction Services at Huaou Mining

The table below sets forth the details of the major new projects of Huaou Mining for the Construction Services under the 2024 Mutual Supply Agreement and the budgeted amounts:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
Huaou Mining			
Tailing pond civil engineering project	89,410	2,682	–
Civil engineering works for water diversion project	6,812	211	–
Civil engineering project for sewage treatment plant	320	–	–
Greenhouse civil engineering works	620	270	–
Slope and site leveling treatment	13,379	30,000	–
Tailings pond and plant road project	12,247	6,800	–
Belt inclined shaft installation project	1,639	–	–
Installation project of tailings pipeline	3,201	99	–
Installation project for outdoor piping networks at the mineral processing plant and residential area	13,200	8,800	–
East and west wind shaft distribution room installation project	5,500	4,500	4,500
Installation project for hot air blower room and air compressor room	5,600	2,400	–
Outdoor fire protection project for the mineral processing plant	1,110	740	–
Sporadic civil engineering works	11,082	17,810	15,000
Total	**164,119**	**74,312**	**19,500**

(B) The Supporting and Ancillary Services

(i) The Original Annual Caps for the Supporting and Ancillary Services

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, in assessing the Original Annual Caps for the Supporting and Ancillary Services, the Board assumed the budgeted amounts for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
Purchase of coke	14,000	14,000	14,000
Purchase of quartz stone	3,001	3,001	3,001
Purchase of chemical products	43,200	44,784	46,320
Purchase of oil	4,951	5,002	5,006
Purchase of water, electricity and materials	20,425	20,775	21,125
Purchase of transportation services	60,413	61,791	62,942
Purchase of other supporting and ancillary services	21,272	21,722	22,162
Total	**167,262**	**171,075**	**174,556**

(ii) The Revised Annual Caps for the Supporting and Ancillary Services

In assessing the Revised Annual Caps for the Supporting and Ancillary Services, the Board assumed the revised budgeted amounts for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000 (approximately)	*RMB'000 (approximately)*	*RMB'000 (approximately)*
Purchase of coke	14,000	14,000	14,000
Purchase of quartz stone	3,001	3,001	3,001
Purchase of chemical products	43,208*	45,239*	46,775*
Purchase of crude nickel sulfate	147*	17,626*	17,626*
Purchase of oil	36,096*	35,002*	35,006*
Purchase of water, electricity and materials	20,425	20,775	21,125
Purchase of transportation services	60,563*	62,191*	63,342*
Purchase of other supporting and ancillary services	34,448*	43,908*	45,318*
Total	**211,888**	**241,742**	**246,193**

* indicates changes from the budget amount under the Original Annual Caps for the Supporting and Ancillary Services.

Compared to the Original Annual Caps for the Supporting and Ancillary Services, the Revised Annual Caps for the Supporting and Ancillary Services for the three years ending 31 December 2027 increased, which are mainly due to that (i) Fukang Refinery proposed to construct a crude nickel sulfate extraction and purification pilot line, resulting in additional demands for supporting and ancillary service for scheme design, extraction experiments, purchase of raw materials, production line construction, talent and technical training, etc.; (ii) if the above pilot is verified as feasible, the Company intends to purchase crude nickel sulfate, a by-product of copper smelting, from Wuxin Copper on an ongoing basis, which, after extraction and purification, will be used as the raw material for the Company's nickel cathode production; and (iii) there are newly added demands for supporting and ancillary services from Huaou Mining, which mainly considered its expected demands for ore mining, mineral processing services (including but not limited to ore mining, crushing, filling, maintenance and other related services), transportation services, fuels and other materials for the three years ending 31 December 2027.

Extraction and Purification of Crude Nickel Sulfate Pilot Line at Fukang Refinery

Fukang Refinery may entrust Xinjiang Non-ferrous Research Institute Co., Ltd.* (新疆有色金屬研究所有限公司), a subsidiary of Xinjiang Non-ferrous, to conduct extraction purification trials on Wuxin Copper's by-product from copper smelting, crude nickel sulphate, and prepare a process plan for extraction and purification of crude nickel sulfate to produce nickel cathode. If the related extraction pilot of crude nickel sulfate is verified to be feasible, it will effectively improve the efficiency of resource utilisation and increase supply of raw materials for producing nickel cathode at Fukang Refinery, thereby providing robust support for Fukang Refinery in its efforts to build up its technological and talent reserves, expand production, and enhance efficiency. According to the plan and requirements for the trial and production phases, the Directors assume that the quantity of crude nickel sulfate purchased by the Company from Wuxin Copper and the relevant market unit price (excluding tax) are as follows:

	Budget for the year ending 31 December		
	2025	**2026**	**2027**
Purchase volume of crude nickel sulfate *(tonne)*	5	600	600
Unit price *(RMB per tonne)*	29,377	29,377	29,377
Amount *(RMB'000)*	147	17,626	17,626

(C) The Company's Products

(i) The Original Annual Caps for the Company's Products

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, in assessing the Original Annual Caps for the Company's Products, the Board assumed the budgeted amounts for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
Sales of copper cathode	682,301	667,898	696,438
Sales of other Company's Products	75,180	78,524	81,964
Total	**757,481**	**746,422**	**778,402**

(ii) The Revised Annual Caps for the Company's Products

The revised budgeted amounts for the Company's Products under the 2024 Mutual Supply Agreement for the three years ending 31 December 2027 as below:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(approximately)	*(approximately)*	*(approximately)*
Sales of copper cathode	736,885*	788,120*	882,155*
Sales of other Company's Products	75,743*	100,162*	103,603*
Total	**812,628**	**888,282**	**985,758**

* indicates changes from budget amount under the Original Annual Caps for the Company's Products.

As disclosed in the Circular Dated 5 November 2024, the Company sold all of the copper cathodes produced from its operation to Wuxin Copper and the estimated sales volume of cathode copper under the Original Annual Caps for the Company's Products remained unchanged. For the three years ending 31 December 2027, the increase in the Revised Annual Caps for the Company's Products is primarily attributable to (i) the adjustment to the estimated sales unit price and budgeted amount for copper products in light of the upward trend in market price of copper products as a result of the rising market price of copper products exceeding the estimated sales unit price of cathode copper under the Original Annual Caps for the Company's Products; and (ii) the increase in sales of other Company's Products, which is mainly due to the increase in sulfuric acid sales volume and market price under the Original Annual Caps for the Company's Products, as well as additional sales of the Company's products at Huaou Mining in small amount, primarily comprising supplies of water, electricity and other materials to the mining areas under Huaou Mining.

(1) Forecasted continuous increase in copper product price

As disclosed in the Circular Dated 5 November 2024, the Original Annual Caps for the Company's Products are based on the assumption that the market price of copper cathode products will be RMB66,372 per tonne for the three years ending 31 December 2027. Affected by factors such as international economic environment, supply and demand dynamics, and changes in the monetary and trade policies of major countries, the copper market price has increased significantly since the second quarter of 2025. On 31 October 2025, the three-month copper price on the London Metal Exchange ("**LME**") closed at US$10,887.50 per tonne, while the main copper price on the Shanghai Futures Exchange closed at RMB87,010 per tonne. The recent market price of copper has exceeded the assumptions under the Original Annual Caps for the Company's Products. Based on the sustained upward trend in copper price and in order to reserve a certain buffer to deal with fluctuations in copper prices, the Board, when reassessing the annual caps for the Company's Products, assumed the market prices (excluding tax) for cathode copper products for the three years ending 31 December 2025, 2026 and 2027 to be RMB71,681 per tonne, RMB78,319 per tonne and RMB84,071 per tonne, respectively. Therefore, such budgeted transaction amount only represents the maximum amount that the Company and Xinjiang Non-ferrous Group can trade during the relevant periods, and the actual sales price of cathode copper to be received will be determined by the prevailing market price at the time of transactions.

In recalculating the annual caps for the Company's Products, there will be a continuously forecasted high volatility in copper price on the basis of an analysis of historical market price trends in the past and the current market supply and demand situation. In addition to internal research analysis, the Company also referred to the views of relevant professional institutions: (i) Bank of America raised its copper price forecast in September 2025 due to multiple production disruptions at global copper mines while demand remains stable. It anticipates that the average price of copper at LME will be US$11,313 per tonne in 2026, representing an increase of 11% from its previous forecast; and US$13,501 per tonne in 2027, representing an increase of 12.5% from its previous forecast; (ii) Goldman Sachs raised its 2026 copper price forecast to US$10,500 per tonne in October 2025 (from US$10,000 per tonne) and maintained its copper price forecast for 2027 at US$10,750 per tonne; (iii) Citi is more optimistic than Goldman Sachs, forecasting that the average copper price may reach US$12,000 per tonne by the second quarter of 2026; and (iv) a certain percentage of buffer to accommodate any probable upward price fluctuation during the upcoming three years from 2025 to 2027.

According to the reasons set out above, the Board assumed that the estimated market unit price (excluding tax) for copper cathode is as follows:

	Budget for the year ending 31 December		
	2025	**2026**	**2027**
Sales volume of copper cathode *(tonne)*	10,280	10,063	10,493
Unit price* *(RMB per tonne)*	71,681	78,319	84,071

* *the unit price has been subject to rounding adjustment. Any minor discrepancies between (i) the revised budgeted sales of copper cathode for the three years ending 31 December 2027 mentioned above, and (ii) the calculated amount derived from multiplying the sales volume of copper cathode by the unit price here, are due to rounding.*

(2) Increase in sales of other Company's Products

Such increase in sales of other Company's Products is primarily due to that (i) based on the remote geographical location and high altitude of the mines under Huaou Mining, to ensure the production, construction and development of the mining area, Huaou Mining supplies water, electricity and other materials to other units in the mining area; (ii) due to the increased demand for sulfuric acid from the subsidiary of Xinjiang Non-ferrous Group and the rise in sulfuric acid prices, the sales of sulfuric acid by the Group to Xinjiang Non-ferrous Group are expected to further increase.

Based on the above, the Directors believe that the proposed revision of the Original Annual Caps would be conducive to the stability and development of the Company's business and is in the interest of the Company and its Shareholders as a whole.

Consideration

The fees in relation to the Construction Services, the Supporting and Ancillary Services and the Company's Products payable between the Company and Xinjiang Non-ferrous during the term of the 2024 Mutual Supply Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of the mutual supply services from time to time. Such transactions will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties.

In order to ensure that such principles are adhered to, the Company has adopted the following internal procedures:

(1) In respect of the supply of products/services by Xinjiang Non-ferrous Group under the Supporting and Ancillary Services, the relevant officer of the finance department will check the prices of such products under the relevant invoices issued by Xinjiang Non-ferrous Group and the Company and compare such prices with the prevailing market prices of such products if they are supplied by/to other Independent Third Parties. The finance manager will check the aforementioned pricing comparison performed by the finance officer and the financial controller will only approve the relevant invoices after he has ensured that such prices will be on terms not less favourable to the Company than terms available to/from (as appropriate) Independent Third Parties.

Further, the internal audit department of the Company will perform regular audit of the invoices to/from Xinjiang Non-ferrous Group with reference to the prevailing market prices of the relevant products and ensure that the abovementioned principle is adhered to.

(2) In respect of the provision of Construction Services by Xinjiang Non-ferrous Group, the service fees payable will be determined with reference to the prevailing market prices under general commercial terms. Pursuant to the internal guidance of the Company on the construction projects, the Company is required to select service providers for all major construction projects, including the technical improvement projects, through an open tender process (the "**Tendering Process**"), through which the price and terms of services offered by the vendors will be compared and the service contracts will be awarded to vendor(s) which offer(s) the best price and/or terms of service. In addition to the tender from Xinjiang Non-ferrous Group, there will be at least two or more valid tenders to be obtained from Independent Third Parties for a comparable volume and similar service.

In accordance with the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Implementation Regulations of the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法實施條例》) and other relevant laws and regulations, the Company entrusted a qualified bidding agency to organize and handle bidding matters. The tender and bidding procedures are as follows:

(a) Preparing tender documents; (b) Publishing tender notices on public service platforms such as China Tendering and Bidding Public Service Platform (http://cebpubservice.cn) and China Tendering and Procurement Network (https://www.gc-zb.com); (c) Applying for bidding by bidders; (d) Releasing tender documents, drawings and other relevant information to bidders; (e) Organizing bidders to visit the site and answering questions about the bidding documents according to the actual situation and requirements of such project; (f) Establishing the tender evaluation committee; according to the project's nature and actual needs, the expert members of the tender evaluation committee shall be determined by selecting from a list of experts regarding the relevant professions in the pool of bid evaluation experts. In order to ensure the impartiality and authority of the tender evaluation committee that has a reasonable knowledge structure and high-quality members as much as possible, and pursuant to the relevant requirements of laws and regulations, the tender evaluation committee shall be composed of representatives of the bidders and experts in the relevant fields of technology and economy. The number of members shall be five or more in an odd number, and the number of technological and economic experts shall not be less than 2/3 of the total number of members; (g) Convening the tender evaluation to examine the tender documents, and conducting qualification reviews on bidders; if there are less than three bidders, the tender shall not be started, and the bidding agent will publish tender notices again; if there are still less than three bidders, the tender may be replaced by competitive negotiation (競爭性磋商), competitive negotiation (競爭性談判) and single-source negotiation (單一來源談判) to determine the successful bidder; (h) Organizing tender evaluation to determine the successful bidder; the bidders shall be scored by the tender evaluation committee on the basis of the same objective selection criteria such as qualification, resources, experience and technical expertise of the tenders, reputation and quality of work and pricing and terms of service, then ranked according to the evaluation results in descending order, and the bidder who receives the highest score will be the first candidate of successful bidder recommended by the tender evaluation committee. If the first candidate of successful bidder surrenders the right for winning the bid, or is unable to to perform the contract due to force majeure, or fails to pay the performance bond within the stipulated period as agreed in the tender documents,

the tenderer may determine the second-ranked candidate as the successful bidder according to the score rankings. By analogy, if the second-ranked candidate of successful bidder fails to sign the contract with the tenderer due to the aforementioned reasons, the tenderer may successively determine the third-ranked candidate as the successful bidder. If the difference between the successful candidate identified in the order of priority and the requirements of the tender project is expected to be larger, or if it is obviously unfavourable to the tenderer, the tenderer will re-tender; (i) The bidding agent will release the bid winning result and make a announcement on public service platforms such as China Tendering and Bidding Public Service Platform (http://cebpubservice.cn) and China Tendering and Procurement Network (https://www.gc-zb.com); (j) Issuing the notice of successful bidding by the bidding agent; (k) The entering into of a contract between the tenderer and the successful bidder.

PRICING POLICIES AND INTERNAL CONTROL MEASURES RELATING PRICING POLICIES

There has been no change to the pricing policies and internal control measures set out in the Circular Dated 5 November 2024, which remain applicable to transactions contemplated under the Revised Annual Caps.

For ease of reference, the pricing policies under the 2024 Mutual Supply Agreement and the internal control measures relating thereto are set out below.

Pricing Policies

The mutual supply services will be provided according to the following pricing policies in order of priority and to be settled on a monthly basis:

- the state-prescribed price (國家指定價) (including any price prescribed by any relevant local government), if applicable;

- where there is no state-prescribed price, then the state-guidance price (國家指導價)；

- where there is neither a state-prescribed price nor a state-guidance price, the market price which is determined by (i) the price offered by an Independent Third Party for providing similar services in an area where such supporting services are provided under general commercial terms, or (ii) where not applicable, the market price offered by an Independent Third Party for providing similar services in the PRC under general commercial terms;

- where none of the above is applicable, the price shall be determined by the cost-plus method, parties to determine price based on reasonable costs (note) incurred by them in providing the services plus a profit margin of not more than 5% of such reasonable costs (note); and

- the Company and Xinjiang Non-ferrous will ensure that any specific agreements which set out the specific terms and conditions for the supply of any such services are entered into between the parties in accordance with the terms and conditions of the 2024 Mutual Supply Agreement.

Note: The profit margin of not more than 5% is determined after negotiation between the parties based on general commercial terms and principles of equity, and the reasonable costs are the costs (including relevant taxes and surcharges) as calculated under the Accounting Standards for Business Enterprises of the PRC. According to macroeconomic data released by the National Bureau of Statistics, the operating profit margin of China's industrial enterprises above designated size has generally remained within the 5% to 7% range in recent years (for instance, 5.25% for the period January to October 2025). Against this macroeconomic backdrop, and considering the alignment of rights, responsibilities and obligations, investment and risk borne by the relevant parties in the transaction, the Directors are of the view that such profit margin constitutes a fair and reasonable commercial arrangement.

In respect of the provision of Construction Services by Xinjiang Non-ferrous Group, the service fees payable will be determined with reference to the prices established through the Tendering Process. For details of the Tendering Process, please refer to the above paragraph headed "Consideration".

In respect of the provision of Supporting and Ancillary Services by Xinjiang Non-ferrous Group, the fees payable by the Company will be determined according to the following pricing policy:

– transportation services:	The best bid price as determined by the Tendering Process
– supply of gasoline and diesel:	State-prescribed price
– supply of coal and coke, production indirect and supplementary materials, packaging materials, parts and services for machinery repairs and maintenance; and labor safety and protection and sundry supplies:	The best bid price as determined by the Tendering Process

State-prescribed prices for gasoline and diesel are updated by the Xinjiang CNPC (新疆中石油) based on the notice published by the NDRC from time to time depending on the changes in the international oil and gas market prices. As at the Latest Practicable Date, the State-prescribed prices for gasoline and diesel are RMB6.68/liter for No. 92 gasoline, and RMB6.31/liter for No. 0 diesel.

Since none of the previous transactions regarding the Supporting and Ancillary Services and the Company's Products were transacted based on the cost-plus method as all the Supporting and Ancillary Services and the Company's Products have a state prescribed price, a state-guidance price or a market price (as appropriate), the Company expects that the prices of the Supporting and Ancillary Services and the Company's Products would continue to in compliance with the state-prescribed price or the state-guidance price, if any, or the market price in the future.

The Company will provide the Company's Products to Xinjiang Non-ferrous Group at market prices which are to be determined as afore-mentioned. Since the prices of all the existing Company's Products can be determined with reference to the prevailing market prices, the Company expects that the pricing of the supply of the Company Products will not be based on the cost-plus method. Up to and as at the Latest Practicable Date, state-prescribed price and state-guidance price have never been applicable to the Company's Products as they have never been included in any category for the state-prescribed price or the state-guidance price.

Internal Control Measures Relating to Pricing Policies

For Construction Services and Supporting and Ancillary Services under the 2024 Mutual Supply Agreement, the engineering department or the user department of the subsidiaries of Company and its designated persons will obtain quotations or tenders of the services from at least two Independent Third Parties for a comparable volume and similar services and ascertain the pricing of the quotations or tenders of the suppliers according to the above pricing policy. The service price of each service and contract price of each construction contract will be reviewed and be approved by the head of the engineering department of the subsidiaries of the Company for preparation of the final contracts. Individual contracts for Construction Services and Supporting and Ancillary Services under the 2024 Mutual Supply Agreement are reviewed and approved by the general manager of the Company or the subsidiaries.

For the sales of the Company's Products to Xinjiang Non-ferrous Group under the 2024 Mutual Supply Agreement, the sales department of the Company and its designated persons will submit the sales orders to the finance department of the Company with the required quantities who will then check into the spot rates of the metal products from Shanghai Yangtze River Non-ferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange *(note)* for preparation of formal sales invoices. Upon the receipt of payments from the customers, the finance department of the Company will acknowledge the sales department for preparation of the goods delivery notes for warehouse to deliver products to customers.

Note: In relation to the Shanghai Yangtze River Non-ferrous Metals Spot Market, reference prices and their determination method are published by the SMM Information & Technology Co., Ltd.* (上海有色網信息科技股份有限公司, "**SMM**"), a leading comprehensive service provider in the non-ferrous metals industry and are currently made available via the website https://www.smm.cn/. The reference prices are updated at 10:30 a.m. on every working day, and are presented both in terms of (i) price range; and (ii) average price in RMB per unit by category of the relevant metal. SMM formulates relevant determination method for the reference prices it publishes and all reference prices are determined and published in strict accordance with such methodology. SMM obtains the data for evaluation of relevant metal spot prices through collection of samples (i.e. collection of raw data from samples which comply with the SMM standards) and determines the reference prices pursuant to the rules of the methodology and the calculation based on the formula. Such samples are collected from the representative market participants, including manufacturers, traders and etc. In considering the data collected, SMM will take into account the circumstances of each transaction, including the relationship between the parties, market supply and demand, the brand, specifications and quality of the product transacted, freight and payment terms, and etc.

In relation to the Shanghai Futures Exchange, reference prices are published by the Shanghai Futures Exchange, which is regulated by the China Securities Regulatory Commission. Reference prices are made available via the website https://www.shfe.com.cn/and are determined based on real-time trading price quoted on the Shanghai Futures Exchange. Reference prices are presented in RMB per unit by category of the relevant metal. Trading prices are updated in real time during the trading period on every trading day, with a summary of settlement price updated at 3:00 p.m. on every trading day.

Quotations or tenders of the Construction Services and Supporting and Ancillary Services, payments of material requests, collections of sales invoices and goods delivery notes are subject to the internal audit procedures of the Company on a periodical basis.

For the supply of Supporting and Ancillary Services, that is, transportation services, and supply of coal and coke, production indirect and supplementary materials, packaging materials, parts and services for machinery repairs and maintenance; and labour safety and protection and sundry supplies, the user department of the subsidiaries of the Company and its designated persons will submit material request forms or purchase orders of services to the finance department of the subsidiaries of the Company with the required quantities who will then conduct check on the prevailing market price and/or the unit price of similar products or services to be purchased from other independent third parties in order to ensure the actual price of the Supporting and Ancillary Services would be determined on normal commercial terms and on terms not less favourable to the Company than terms offered by Independent Third Parties. Different levels of the finance department of the Company would also perform independent checks on the unit price charged by the Xinjiang Non-ferrous Group and compare such price with the prevailing market price and/or the unit price of similar products to be purchased from other Independent Third Parties during the relevant period before payment is made. For the supply of gasoline and diesel, the unit prices will be checked against the state-prescribed prices given by the Xinjiang CNPC. The internal audit department of the Company would perform audit of the invoices to/from Xinjiang Non-ferrous Group with reference to the prevailing market prices and the state-prescribed prices of the relevant products and ensure that the above internal procedures were adhered to.

For the supply of geological exploration service in the mining areas by Xinjiang Non-ferrous Group, if any, the pricing policy is the prevailing market price through the tender process which is the same as that of the supply of Construction Services. The internal control measures relating to the pricing policy in respect of geological exploration would be the same as that of the supply of Construction Services.

In respect of sales of the Company's Products to Xinjiang Non-ferrous Group, which mainly consist of copper cathode and other products, and in order to ensure each sales transaction will be on terms no more favourable to Xinjiang Non-ferrous Group than to other Independent Third Parties, the pricing of each sales transaction is determined by the sales department of the Company based upon the spot price of the product from Shanghai Yangtze River Non-ferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange and be approved by the sales department manager and checked by the finance department manager and final approved by the pricing committee of the Company. The pricing committee of the Company consists of the general manager, financial controller and the managers of the sales department and the finance department of the Company.

The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the 2024 Mutual Supply Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.

The auditors of the Company will conduct annual review on the transactions contemplated under the 2024 Mutual Supply Agreement in relation to the pricing policy and annual caps contemplated thereunder in accordance with the Listing Rules.

Internal Control on Review of Annual Caps

The Company has implemented the following internal control measures to ensure that the Revised Annual Caps for the transactions contemplated under the 2024 Mutual Supply Agreement will not be exceeded:

1. An annual cap will be assigned to each subsidiary of the Group involved in relevant transaction(s) based on the total annual caps as approved by the Independent Shareholders, and each subsidiary is responsible for monitoring their transactions to ensure that their transaction amount does not exceed such annual cap assigned to them.

2. The finance department provides the Chief Financial Officer of the Company with information in relation to the actual transaction amounts (i) upon the end of the first half of the year as the production and transaction amount is usually lower during such period; (ii) upon the end of the third quarter of the year; and (iii) on a monthly basis during the fourth quarter of the year.

3. If such amount of transactions is close to the relevant annual cap, the person-in-charge of the relevant subsidiary of the Company will be notified and reminded so that the scale of transactions will be adjusted to strictly comply with the annual cap requirement. In case where the amount of transactions is estimated to exceed the relevant annual cap due to change in the Company's business strategy or otherwise based on the Company's operational needs, the secretariat to the Board will be notified to make necessary assessments and arrangements may be made to issue announcements and/or to obtain the relevant approvals from the Board and the Independent Shareholders in accordance with the requirements of the Listing Rules.

The Directors believe that the above methods and procedures are adequate to ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the 2024 Mutual Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

GENERAL

All the existing terms and conditions under the 2024 Mutual Supply Agreement remain unchanged.

The Directors (including the independent non-executive Directors whose views are set out in the "Letter from the Independent Board Committee" in this circular) consider that the Revised Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY

The Company and its subsidiaries are principally engaged in the mining, ore processing, smelting, refining of nickel, copper and other non-ferrous metals, which include cobalt and precious metals such as gold, silver, platinum and palladium.

INFORMATION RELATING TO XINJIANG NON-FERROUS

Xinjiang Non-ferrous is principally engaged in, among other things, investment in non-ferrous metal industry and sale of non-ferrous metal products. As at the Latest Practicable Date, Xinjiang Non-ferrous was held as to 90.16% by the State-owned Asset Supervision and Administration Commission of Xinjiang Uygur Autonomous Region and 9.84% by the Department of Finance of Xinjiang Uygur Autonomous Region.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xinjiang Non-ferrous was the controlling shareholder (as defined in the Listing Rules) of the Company and was beneficially interested in approximately 40.06% of the entire issued share capital of the Company. Accordingly, members of Xinjiang Non-ferrous Group are connected persons of the Company and the transactions with members of Xinjiang Non-ferrous Group contemplated under the 2024 Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to comply again with the relevant provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Revised Annual Caps exceeds 5%, the Revised Annual Caps are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, Xinjiang Non-ferrous and its associate(s) were beneficially interested in 885,204,000 Domestic Shares of the Company, representing approximately 40.06% of the entire issued share capital of the Company. Xinjiang Non-ferrous and its associate(s), holding 885,204,000 Domestic Shares of the Company, are required to and will be abstained from voting at the EGM in relation to the approval of the Revised Annual Caps.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Crescendo Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 51 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders indicates that the Independent Financial Adviser considers the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

INDEPENDENT BOARD COMMITTEE

The Company has established an Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders as to whether the Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 25 to 26 of this circular. Having taken into account the advice of the Independent Financial Adviser, the independent non-executive Directors are of the view that the Revised Annual Caps are fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

BOARD'S APPROVAL

Mr. Chen Yin, Mr. Li Jiangping, Mr. Wang Lijian and Ms. Zhang Li have abstained from voting on the board resolution approving the Revised Annual Cap since Mr. Chen Yin is the deputy general manager of Xinjiang Non-ferrous; Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous; and Mr. Li Jiangping and Ms. Zhang Li are deputy secretaries of the Party Committee appointed by the Party Committee of Xinjiang Non-ferrous.

Other than Mr. Chen Yin, Mr. Li Jiangping, Mr. Wang Lijian and Ms. Zhang Li, none of the Directors has any material interest in the transactions contemplated under the 2024 Mutual Supply Agreement and therefore none of them is required to abstain from voting on the relevant board resolution to approve the Revised Annual Caps.

EGM

A notice of the EGM is set out on pages 58 to 59 of this circular. The EGM will be held to consider and, if thought fit, approve the Revised Annual Caps. Every shareholder of the Company who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the EGM.

A proxy must be appointed by an instrument in writing and signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar. Return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM if he so wishes.

If more than one proxy is appointed, such proxies shall only be entitled to vote by poll. Shareholders or their proxies are required to produce their identification documents when attending the EGM.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote at a general meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors consider that the proposed resolution for consideration and approval by the Shareholders at the EGM is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM as set out in the notice of the EGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board of
Xinjiang Xinxin Mining Industry Co., Ltd.*
Wu Ning, Lam Siu Wing
Joint Company Secretaries

* *For identification purposes only*

Xinjiang Xinxin Mining Industry Co., Ltd.*
新疆新鑫礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

9 December 2025

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REVISION OF THE ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 MUTUAL SUPPLY AGREEMENT

We refer to the circular dated 9 December 2025 (the "**Circular**") of Xinjiang Xinxin Mining Industry Co., Ltd. (the "**Company**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We, being the independent non-executive Directors, have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the Revised Annual Caps. Crescendo Capital has been appointed as the Independent Financial Adviser to advise the Independent Shareholders and us on the fairness and reasonableness of the Revised Annual Caps. Details of Crescendo Capital's advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out in the "Letter from the Independent Financial Adviser" on pages 27 to 51 of the Circular.

The Independent Shareholders' attention is drawn to the "Letter from the Board", the advice of Crescendo Capital in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Revised Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole, as set out in the "Letter from the Independent Financial Adviser" as well as other additional information set out in other parts of the Circular.

* *For identification purposes only*

Having taken into account the independent advice of Crescendo Capital, in particular the principal factors, reasons and recommendations set out in the "Letter from the Independent Financial Adviser" on pages 27 to 51 of the Circular and having considered the terms of the Revised Annual Caps, we consider the Revised Annual Caps to be fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised Annual Caps.

Yours faithfully,
Independent Board Committee
Mr. Hu Benyuan, Mr. Huang Yong and Mr. Lee Tao Wai
Independent Non-executive Directors

The following is the text of a letter of advice from Crescendo Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Caps, which have been prepared for the purpose of inclusion in this circular.

1105 Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

9 December 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

PROPOSED REVISION OF THE ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS UNDER THE 2024 MUTUAL SUPPLY AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders for the revision of the annual caps for the three years ending 31 December 2027 in respect of the existing continuing connected transactions in relation to the provisions of the Construction Services and the Supporting and Ancillary Services by Xinjiang Non-ferrous Group to the Group, and the supply of the Company's Products by the Group to Xinjiang Non-ferrous Group contemplated under the 2024 Mutual Supply Agreement (the "**Continuing Connected Transactions**"), details of which are set out in the letter from the Board contained in the circular of the Company dated 9 December 2025 to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

Following the initial approval of the 2024 Mutual Supply Agreement and its Original Annual Caps, the Company's subsequent acquisition of Xinjiang Huaou Mining Co., Ltd.* (新疆華甌礦業有限公司) ("**Huaou Mining**") created new connected transactions not contemplated in the Original Annual Caps. Furthermore, the proposed implementation of trials for extraction and purification of crude nickel sulfate, which may lead to unbudgeted purchases of crude nickel sulfate from Xinjiang Non-ferrous Group, coupled with rising copper prices increasing expected transaction values of the continuing connected transactions under the 2024 Mutual Supply Agreement, has necessitated a proposed revision to the Original Annual Caps, as announced by the Board on 19 November 2025.

Pursuant to Rule 14A.54 of the Listing Rules, a revision to the annual caps for continuing connected transactions requires the Company to re-comply with the relevant provisions of Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Revised Annual Caps exceeds 5%, the Revised Annual Caps are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Xinjiang Non-ferrous, as a contracting party to the 2024 Mutual Supply Agreement and a controlling Shareholder interested in 885,204,000 domestic shares of the Company, representing approximately 40.06% of the total issued share capital of the Company, is considered an interested party. Accordingly, Xinjiang Non-ferrous and its Associates are required to, and will, abstain from voting on the resolution to approve the Revised Annual Caps at the forthcoming EGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Hu Benyuan, Mr. Huang Yong and Mr. Lee Tao Wai, has been established to advise the Independent Shareholders as to whether the terms of the Continuing Connected Transactions are on normal commercial terms, and such transactions are conducted in the ordinary and usual course of business of the Group, and, including the Revised Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We, Crescendo Capital Limited, have been appointed to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard and our recommendation on how to vote on the resolution to be proposed at the EGM.

We are not associated with the Group and its Associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment and the occasion as detailed in the circulars of the Company dated (i) 5 April 2024 regarding the proposed revision of annual cap for the year ending 31 December 2024 in respect of the provision of the Company's Products; and (ii) 5 November 2024 regarding the 2024 Mutual Supply Agreement, we have not acted as a financial adviser or an independent financial adviser to the Company and its Associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its Associates. We are not aware of any relationship or interest between our firm and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders. We confirm that we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and the management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or the management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses and affairs or future prospect of the Group and the related subject of, and parties to, the 2024 Mutual Supply Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in the market and economic conditions) may affect and/or change this opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Continuing Connected Transactions, we have considered the following principal factors and reasons:

1. Background and reasons for the revision of the Original Annual Caps

(a) The 2024 Mutual Supply Agreement

The Group is principally engaged in mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metals, which include cobalt and precious metals such as gold, silver, platinum and palladium.

Xinjiang Non-ferrous, the controlling Shareholder, is principally engaged in, among other things, investment in the non-ferrous metal industry and sale of non-ferrous metal products. As at the Latest Practicable Date, Xinjiang Non-ferrous was held as to 90.16% by the State-owned Asset Supervision and Administration Commission of Xinjiang Uygur Autonomous Region and 9.84% by the Department of Finance of Xinjiang Uygur Autonomous Region.

As disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024, the Company and Xinjiang Non-ferrous entered into the 2024 Mutual Supply Agreement on 1 November 2024. This agreement governs the ongoing provision of the Construction Services and the Supporting and Ancillary Services by Xinjiang Non-ferrous Group to the Group, and the provision of the Company's Products by the Group to Xinjiang Non-ferrous Group, which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The 2024 Mutual Supply Agreement and the Original Annual Caps were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 20 December 2024.

(b) The Huaou Mining Acquisition

On 14 February 2025, the Company entered into an equity transfer agreement with Xinjiang Non-ferrous and Huaou Mining to acquire a 51% equity interest in Huaou Mining from Xinjiang Non-ferrous at a consideration of RMB1,098.08 million (the "**Huaou Mining Acquisition**"). The Huaou Mining Acquisition was completed on 12 June 2025. Since then, Huaou Mining has become a non-wholly-owned subsidiary of the Company. As at the Latest Practicable Date, Huaou Mining was owned as to 51% by the Company and 49% by Shanghai Xingqiang Mining Industry Co., Ltd.

Huaou Mining is principally engaged in energy investment, mining investment, mineral resources exploration and investment, and sales of mineral products. Xinjiang Non-ferrous Group has been providing construction services and supporting and ancillary services to Huaou Mining, from time to time, before Huaou Mining became a member of the Group. Subsequent to the completion of the Huaou Mining Acquisition, transactions between Xinjiang Non-ferrous Group and Huaou Mining constitute continuing connected transactions for the Company and such ongoing transactions were not included in the Original Annual Caps.

(c) Provision of the Construction Services

Huaou Mining commenced its infrastructure construction in early 2024, generating significant ongoing demand for construction services. The Company has historically engaged Xinjiang Non-ferrous Group for these services, leveraging its expertise as a major regional industry player with specialized capabilities in mine-related design and construction. Given the Group's satisfactory experience with Xinjiang Non-ferrous Group's service quality and competitive terms, it is deemed appropriate to continue this arrangement for Huaou Mining and other Group members. Consequently, the proposed revision to the Construction Services annual caps is necessary to accommodate the projected fees for these continuing engagements through 31 December 2027.

(d) Provision of the Supporting and Ancillary Services

Pursuant to the 2024 Mutual Supply Agreement, the Supporting and Ancillary Services to be provided by Xinjiang Non-ferrous Group to the Group shall include (i) the provision of production supplies such as supplemental production materials (including copper concentrates, chemical materials, coal, coke and product packaging materials) and work safety products; (ii) storage, transportation and loading services, including warehousing services for the sales and distribution of nickel cathodes to the Company's end-customers in Beijing and its surrounding areas, Hebei province and the north-eastern region of the PRC, and transportation services for delivery of products and materials including coke and coal; and (iii) other supporting and ancillary services such as machinery repair and improvement, and geological exploration.

We were advised by the management of the Company that the Supporting and Ancillary Services are essential for the Group's seamless operational continuity. Xinjiang Non-ferrous Group, as a major regional industry player in the non-ferrous metals industry, is a reliable business partner capable of meeting the Group's specific supply and service standards. The Directors therefore believe that maintaining this long-term relationship with Xinjiang Non-ferrous Group is in the Company's best interest to ensure a stable supply of these critical services for the Group's operations, including those of Huaou Mining.

Furthermore, the Group has planned to implement trials on extraction and purification of crude nickel sulfate, which will then be used to produce nickel cathode, being one of the Group's main products. If proven feasible, the Group may purchase crude nickel sulfate, a by-product of copper smelting, from Xinjiang Non-ferrous Group as feedstock for production of nickel cathode. This potential procurement was not contemplated in the Original Annual Caps.

Consequently, due to both the unbudgeted needs of Huaou Mining and the potential purchases of crude nickel sulfate, the Company has proposed a revision to the Annual Caps for Supporting and Ancillary Services.

(e) Provision of the Company's Products

Under the 2024 Mutual Supply Agreement, the Group supplies various Company's Products to Xinjiang Non-ferrous Group, including nickel cathode, copper cathode, copper concentrates, self-produced precious metals, sulphuric acid, water, electricity and other ancillary materials. The Directors believe these sales provide a stable sales channel and contribute to a reliable revenue stream for the Group.

Market data indicates significant volatility in copper prices since the Original Annual Caps were set in November 2024. With reference to the copper prices quoted from Shanghai Yangtze River Nonferrous Metals Spot Market, the price of copper dropped from its peak at approximately RMB86,330 per tonne in May 2024 to its short-term lowest level of approximately RMB72,520 per tonne in April 2025. Subsequently, in October 2025, the copper price surged to a short-term high of RMB88,360 per tonne, which is approximately 33.2% higher than the average price adopted for budgeting the Original Annual Caps in November 2024. In light of this sustained price increase, the Group anticipates that the transaction amount of its product sales to Xinjiang Non-ferrous Group will be higher than initially projected. Consequently, a revision to the Annual Caps for the Company's Products is proposed.

(f) No amendments on the 2024 Mutual Supply Agreement

The Original Annual Caps were not set out in the 2024 Mutual Supply Agreement. Therefore, the revision to the Original Annual Caps does not entail a revision to the 2024 Mutual Supply Agreement. The terms of the 2024 Mutual Supply Agreement as disclosed in the Announcement Dated 1 November 2024 and the Circular Dated 5 November 2024 remain unchanged. Please refer to the above-mentioned announcement and circular for a summary of the principal terms of the 2024 Mutual Supply Agreement.

(g) Our opinion on the reasons for entering into the 2024 Mutual Supply Agreement and the revision of the Original Annual Caps

Having considered that (i) Xinjiang Non-ferrous Group is a major player in the non-ferrous metal industry in Xinjiang which has been offering high quality Construction Services that meet the Company's stringent standards in the previous technical improvement and construction projects; (ii) the Group has established a long-term business relationship with Xinjiang Non-ferrous Group and is satisfied with the quality of the Construction Services and the Supporting and Ancillary Services provided by Xinjiang Non-ferrous Group; (iii) the Group requires the Construction Services and the Supporting and Ancillary Services for fulfilling its production needs from time to time; (iv) the provision of the Supporting and Ancillary Services by Xinjiang Non-ferrous Group can secure the supply channels and the quality of products and services for the Group; and (v) the sale of the Company's Products is carried out in the ordinary and usual course of business of the Group and provides additional turnover to the Group, we are of the opinion that the provision of the Construction Services, the Supporting and Ancillary Services and the Company's Products under the 2024 Mutual Supply Agreement are commercial transactions conducted in the ordinary and usual course of business of the Group and they are in the interests of the Company and Shareholders as a whole.

Furthermore, we consider that the revision of the Original Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole since the Original Annual Caps did not account for (i) new transactions with the newly acquired Huaou Mining; (ii) the potential procurement of crude nickel sulfate for a new pilot line; and (iii) higher-than-anticipated transaction amounts due to a material increase in the market price of copper. The revised caps accurately reflect these new commercial realities.

2. Principal terms of the Continuing Connected Transactions

Pursuant to the 2024 Mutual Supply Agreement, Xinjiang Non-ferrous agreed to provide the Construction Services and the Supporting and Ancillary Services to the Group, and the Group agreed to provide the Company's Products to Xinjiang Non-ferrous Group, for a period of three years, commencing from 1 January 2025, which may be renewed upon agreement by Xinjiang Non-ferrous and the Company, subject to the approval of the Stock Exchange and/or the Independent Shareholders, if applicable. The Company and Xinjiang Non-ferrous Group are at liberty to procure from, or provide to, any Independent Third Party any of the required services and products, save and except that Xinjiang Non-ferrous Group must provide the Company with services or supplies on terms no less favourable than those offered to any Independent Third Party.

Either party of the 2024 Mutual Supply Agreement may terminate the mutual provision of products and services by giving to the other party not less than six months' prior written notice. However, unless the Company has provided written consent to the termination of the 2024 Mutual Supply Agreement by Xinjiang Non-ferrous Group, Xinjiang Non-ferrous Group may not terminate its supply of services and/or products if the Company has informed them by written notice that the Company is unable to obtain similar products and/or services from an Independent Third Party. The 2024 Mutual Supply Agreement is conditional and effective upon having complied with the relevant Listing Rules and approved by the Independent Shareholders, if applicable, at the extraordinary general meeting of the Company.

The 2024 Mutual Supply Agreement is a framework agreement that sets out the principles upon which detailed terms and conditions of the transactions are to be determined between the parties. The Company and Xinjiang Non-ferrous will ensure that any specific agreement, which sets out the specific terms and conditions for the provisions of services or products, to be entered into between the parties shall follow the terms and conditions of the 2024 Mutual Supply Agreement.

Under the 2024 Mutual Supply Agreement, the Company and Xinjiang Non-ferrous agreed that the actual price of the services and products would be determined principally by commercial negotiations between the parties according to the principles of fairness and reasonableness with reference to the market prices of the services and products from time to time and would be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and terms not less favourable to the Company than terms available to or from, as appropriate, Independent Third Parties. The mutual supply services will be provided according to the following general pricing policies in order of priority and shall be settled monthly:

– the State-prescribed price, including any price prescribed by any relevant local government, if applicable;

– where there is no State-prescribed price, then the State-guidance price;

– where there is neither a State-prescribed price nor a State-guidance price, the market price shall be determined by (i) the price offered by an Independent Third Party for providing similar products or services in an area where such products or services are provided under general commercial terms; or (ii) where not applicable, the price offered by an Independent Third Party for providing similar products or services in the PRC under general commercial terms; and

– where none of the above is applicable, the price shall be determined by the parties based on reasonable costs, being costs (including relevant taxes and surcharges) as calculated under the Accounting Standards for Business Enterprises of the PRC, incurred by them in providing the products or services plus a profit margin of not more than 5% of such reasonable costs (the "**Cost-plus Method**").

Based on the above and taking into account that (i) the Company has the liberty to procure from, or provide to, any Independent Third Party any of the Construction Services, the Supporting and Ancillary Services and the Company's Products; (ii) Xinjiang Non-ferrous Group must provide the Company with services or supplies on terms no less favourable to the Company than those offered to any Independent Third Party and such practices have been and will be consistently applied by Xinjiang Non-ferrous Group; and (iii) the Company may terminate the mutual provision of products and services by giving to Xinjiang Non-ferrous Group not less than six months' prior written notice while the termination of the provision of services and products by Xinjiang Non-ferrous Group is subject to the consent of the Company, and Xinjiang Non-ferrous Group may not terminate its supply of services and/or products if the Company has informed them by written notice that the Company is unable to obtain similar products and/or services from other Independent Third Parties, we consider that the Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

3. Pricing policies of the Company in respect of the Continuing Connected Transactions

We have reviewed the Company's pricing policies and practices for price determination in relation to transactions contemplated under the 2024 Mutual Supply Agreement in respect of the procurement of the Construction Services and the Supporting and Ancillary Services and the supply of the Company's Products and our findings are set out below:

(a) Provision of the Construction Services

According to the management of the Company, the service fees for the Construction Services are, and will continue to be, determined by the tendering process as there is neither a State-prescribed price nor a State-guidance price for the Construction Services. Pursuant to the Company's internal guidance on construction projects, the Company is required to select service providers for all major construction projects through an open tender process, through which the price and terms of services (including the payment term) offered by the vendors will be compared and rated by the tender evaluation committee and the service contracts will be awarded to vendor(s) which offer(s) the best price and/or terms of service. The Company entrusts a qualified bidding agency to organize and handle bidding matters. The tender evaluation committee would be established according to the project's nature and actual needs with five or more members in an odd number, consisting of representatives of the bidders and experts in the relevant fields of technology and economy selecting from a list of experts regarding the relevant professions in the pool of bid evaluation experts. For each tender evaluation, in addition to the tender(s) from the connected person(s), there should be at least two or more valid tenders obtained from Independent Third Parties for comparison purposes. In case the only bidder/tenderer of a transaction is a connected person, the Company would not proceed with the transaction.

Since the Construction Services were tailor-made to fit the specific requirements of the Company, we were unable to compare the terms of Construction Services offered by Xinjiang Non-ferrous Group to the Group with the terms of construction services offered by Xinjiang Non-ferrous Group to other Independent Third Parties. However, we have reviewed five sample tender assessment reports of projects carried out in the year ending 31 December 2025, which were randomly selected from the list of Construction Projects awarded to Xinjiang Non-ferrous Group in 2025. We noted that the bidding parties of the aforementioned projects included both member(s) of Xinjiang Non-ferrous Group and Independent Third Parties. We also noted that the contracts were awarded to tenderers with the highest scores, which were rated by the tender evaluation committee based on the same assessment criteria such as qualification, resources, experience, technical expertise, reputation and quality of work of the tenderers and the proposed pricing, payment term and duration of services. We considered the results of the tender process fair and reasonable. With a similar open tender system in place and taking into account the nature of services and the prevailing market circumstances, we believe that the prices and terms of transactions in respect of the Construction Services under the 2024 Mutual Supply Agreement are, and will be, on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

(b) Provision of the Supporting and Ancillary Services

We understand from the management of the Company that the prices for gasoline and diesel are, and will be, determined in accordance with the State-prescribed price released by Xinjiang CNPC based on the notice published by the NDRC from time to time. The prices for the Supporting and Ancillary Services other than gasoline and diesel are, and will be, determined with reference to the best bid price as determined by the tendering process/quotations. The management of the Company confirmed that none of the previous transactions regarding the Supporting and Ancillary Services were transacted based on the Cost-plus Method as all the Supporting and Ancillary Services have either a State-prescribed price, a State-guidance price or a market price. The management of the Company also expected that the Cost-plus Method would not be applicable for the Supporting and Ancillary Services in the foreseeable future.

We have reviewed five samples of invoices for diesel transactions conducted between the Group and Xinjiang Non-ferrous Group and noted that the prices of those transactions complied with the State-prescribed prices for diesel issued by Xinjiang CNPC at the relevant time and payment is settled monthly in accordance with the payment term of the relevant contracts. Given the samples were randomly selected from transactions carried out at different times during the term of the 2024 Mutual Supply Agreement, we consider that the samples are representative and sufficient.

In order to ensure the actual price of the Supporting and Ancillary Services (other than gasoline and diesel) provided by Xinjiang Non-ferrous Group was on normal commercial terms and not less favourable to the Company than those offered by Independent Third Parties, the Company would obtain tenders/quotations from at least two Independent Third Parties for similar services/products for comparison before entering into the contract. In addition, staff from different levels of the finance department of the Company would perform independent checks by comparing the price charged by Xinjiang Non-ferrous Group with the prevailing market price obtained through tenders/quotations and/or the unit price of similar products purchased from other Independent Third Parties during the relevant period before payment was made. We have reviewed five samples of invoices issued by Xinjiang Non-ferrous Group to the Group for transactions in relation to the Supporting and Ancillary Services (other than gasoline and diesel) and the tenders/quotations obtained from other Independent Third Parties for the same set of transactions. We noted that the terms offered by Xinjiang Non-ferrous Group were not less favourable to the Group as compared to those offered by the Independent Third Parties and signatures of both the finance officer and the finance manager who performed the verification works were put on the invoices to signify their completion of the verification works on the pricing of such transactions and payment is settled monthly in accordance with the payment term of the relevant contracts. Given the samples were randomly selected from transactions carried out at different times during the term of the 2024 Mutual Supply Agreement, we consider that the samples are representative and sufficient. In view of the above, we believe that the above-mentioned internal control policy has been properly followed by the Group in its daily operations.

(c) Provision of the Company's Products

We understand from the management of the Company that the prices of the Company's Products are, and will be, determined with reference to the prevailing market price as neither State-prescribed prices nor State-guidance prices were available for such transactions. The management of the Company confirmed that none of the previous transactions regarding the sale of the Company's Products were transacted based on the Cost-plus Method as all the Company's Products have a market price. The management of the Company also expected that the Cost-plus Method would not be applicable to the Company's Products in the foreseeable future.

In order to ensure each sales transaction is/was on terms no more favourable to Xinjiang Non-ferrous Group than to other Independent Third Parties, the selling prices of the Company's Products are, and were, (i) determined by sales department of the Company with reference to the prevailing market prices as quoted at Shanghai Yangtze River Non-ferrous Metals Spot Market as set out in the website of SMM Information & Technology Co., Ltd. ("SMM") (www.cmm.cn), an independent leading comprehensive service provider in the non-ferrous metals industry, and the relevant future prices quoted on Shanghai Futures Exchange, which is regulated by China Securities Regulatory Commission; (ii) approved by the sales department manager; (iii) checked by the finance department manager; and (iv) finally approved by the pricing committee of the Company, which consists of the general manager, financial controller and the managers of the sales department and the finance department.

We have visited the website of SMM and noted that it summarized the pricing information of, among others, six major non-ferrous metals, namely copper, aluminum, zinc, tin, lead and nickel in Shanghai Metals Spot Market. We understand from the management of the Company that the website of SMM is one of the leading internet platforms widely recognized by the players in the PRC non-ferrous metals industry regarding trading and pricing information. Based on the above and the fact that Shanghai Futures Exchange is regulated by China Securities Regulatory Commission, we concur with the view of the Directors that it is a valid reference for information in relation to the trading and/or pricing of the relevant non-ferrous metals.

We have reviewed ten samples of invoices issued by the Group to Xinjiang Non-ferrous Group regarding the sales of copper cathodes and the relevant prevailing market prices quoted from Shanghai Futures Exchange at the relevant time and noted that the prices charged by the Group were in line with the then prevailing market prices and payment is settled monthly in accordance with the payment term of the relevant contracts. In view of the above, we believe that the above-mentioned internal control policy has been properly followed by the Group in its daily operations and the prices of the transactions in respect of the sales of the Company's Products under the 2024 Mutual Supply Agreement were on normal commercial terms, and fair and reasonable so far as the Independent Shareholders are concerned.

We were given to understand that the internal audit department of the Company would perform an annual audit on the transactions with Xinjiang Non-ferrous Group by comparing the invoiced prices with the prevailing market prices of the relevant products and ensuring that the abovementioned internal control procedures were adhered to. The management of the Company also confirmed to us that the aforementioned pricing policy was and would be consistently applied to all transactions in respect of the supply of the Company's Products by the Group to Xinjiang Non-ferrous Group.

We were advised by the management of the Company that none of the previous transactions regarding the purchase of the Supporting and Ancillary Services and the sale of the Company's Products were transacted based on the Cost-plus Method as all the Supporting and Ancillary Services and the Company's Products have either a State-prescribed price, a State-guidance price or a market price. The profit margin of not more than 5% under the Cost-plus Method was determined by the contracting parties after arm's length negotiation and on normal commercial terms with reference to the profit margins of industrial enterprises above designated size in the PRC published by the National Bureau of Statistics of China in the range of 5% to 7% in recent years.

We have reviewed the statistics published by National Bureau of Statistics of China [(1)] and noted that the profit margins of industrial enterprises above designated size in the PRC were 5.39% for the year 2024 and decreased to 4.53% for the two months ended 28 February 2025 and gradually increased to 5.26% for the nine months ended 30 September 2025 and was 5.25% for the ten months ended 31 October 2025. Given that (i) the maximum profit margin of 5% under the Cost-plus Method falls within the range of profit margins of industrial enterprises above designated size in the PRC during 2025 of 4.53% and 5.26%; (ii) both parties to the 2024 Mutual Supply Agreement are mutually bound by the same maximum profit margin of 5% under the Cost-plus Method; (iii) the Cost-plus Method will be adopted only if there are no State-prescribed prices, State-guidance prices or market prices; and (iv) the Cost-plus Method has not been applied for transactions under the 2024 Mutual Supply Agreement so far and the Directors consider that the chance of using the Cost-plus Method in determining the prices of the Supporting and Ancillary Services and the Company's Products under the 2024 Mutual Supply Agreement is remote as the pricing of all the existing Supporting and Ancillary Services and the Company's Products can be determined based on the State-prescribed price, the State-guidance price or the market price, we concur with the view of the Directors that the Cost-plus Method is commercially justifiable as the last resort for price determination and the maximum profit margin of 5% thereunder is fair and reasonable.

Based on our understanding and verification works performed, we are of the view that the pricing policies with respect to the Continuing Connected Transactions are properly developed and implemented by the Company.

(1) Source: https://www.stats.gov.cn/english/PressRelease/202511/t20251128_1961940.html

4. The Revised Annual Caps

The Original Annual Caps and the Revised Annual Caps are summarized as follows:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
Provision of the Construction Services			
Original Annual Caps	143,400	133,900	134,100
Additional annual caps	164,119	74,312	19,500
Revised Annual Caps	307,519	208,212	153,600
Provision of the Supporting and Ancillary Services			
Original Annual Caps	167,262	171,075	174,556
Additional annual caps	44,626	70,667	71,637
Revised Annual Caps	211,888	241,742	246,193
Provision of the Company's Products			
Original Annual Caps	757,481	746,422	778,402
Additional annual caps	55,147	141,860	207,356
Revised Annual Caps	812,628	888,282	985,758

(a) Provision of the Construction Services

Our review of the Revised Annual Caps for Construction Services involved detailed discussions with Company management and an examination of the underlying calculations. We note that the revision pertains exclusively to the new construction services required for Huaou Mining while the original budgeted amounts for other Construction Services remain unchanged as disclosed in the Circular Dated 5 November 2024. Consequently, our analysis of the Revised Annual Caps for the Construction Services focuses specifically on the annual caps for the provision of Construction Services for Huaou Mining (the "**Huaou Mining Construction Services Annual Caps**").

Management of the Company has advised that the Huaou Mining Construction Services Annual Caps were established by the Directors based on (i) the terms of the contracted projects; (ii) Huaou Mining's future development plan for infrastructure construction, mining development and operations; (iii) potential improvement and maintenance projects through 31 December 2027; (iv) expected construction progress; and (v) prevalent market prices for similar works. The breakdown of the Huaou Mining Construction Services Annual Caps for the three years ending 31 December 2027 are summarized as follows:

		For the year ending 31 December		
		2025	**2026**	**2027**
		RMB'000	*RMB'000*	*RMB'000*
(a)	**Contracted projects**			
	– projects to be completed in 2025	24,266	–	–
	– projects to be completed in 2026	106,643	7,662	–
	Sub-total	130,909	7,662	–
(b)	**Planned projects**	33,210	51,650	4,500
(c)	**Potential projects**	–	15,000	15,000
Total		**164,119**	**74,312**	**19,500**

Contracted projects

Aggregation construction fees of RMB130.9 million and RMB7.7 million have been or are scheduled to be paid for the contracted projects in the years ending 31 December 2025 and 2026, respectively. Our review of the list of the project list indicates that ten projects commenced construction in 2025, with five projects expected to be completed in 2025 and the remaining five in 2026. For the period from 1 January 2025 to 30 September 2025, a total service fee of approximately RMB101.0 million was paid by the Group to Xinjiang Non-ferrous Group for the Construction Services.

We performed a sample-based review, selecting randomly two sample contracts from the list of the contracted projects, namely the slope and site leveling treatment project and the tailing pond civil engineering project, which accounted for approximately 68% and 10% of the total contract sum of the contracted projects for the year ending 31 December 2025 and 2026, respectively. Our assessment confirms that the payment schedules for these projects are commensurate with their respective work progress.

These contracted projects constitute approximately 80% and 10% of the total Huaou Mining Construction Services Annual Caps for the years ending 31 December 2025 and 2026, respectively.

Planned projects

In addition to the contracted projects, Huaou Mining has identified a portfolio of planned development projects, including slope and site leveling, plant road construction, outdoor piping networks installation at the mineral processing plant, wind shaft distribution room installation, hot air blower room and air compressor room installation, outdoor fire protection installation and sporadic civil engineering with a total estimated budget of approximately RMB89.4 million.

Huaou Mining anticipates the construction work for these planned projects will be completed approximately 37% in 2025, 58% in 2026 and 5% in 2027. Accordingly, based on the assumption that Xinjiang Non-ferrous Group will be engaged for all related works, construction fees of approximately RMB33.2 million, RMB51.7 million and RMB4.5 million are budgeted for payment in the years ending 31 December 2025, 2026 and 2027, respectively.

We have reviewed, and discussed with the management of the Company, the budgets for these planned projects and were advised by the management of the Company that such budgets were arrived at based on the scope of works, anticipated construction progress and the prevailing market price for similar works. The proposed fees payable to Xinjiang Non-ferrous Group are generally commensurate with these budget estimates and projected work schedules. These planned projects constitute approximately 20%, 70% and 23% of the total Huaou Mining Construction Services Annual Caps for the years ending 31 December 2025, 2026 and 2027, respectively.

Potential projects

The Huaou Mining Construction Services Annual Caps also include an allocation of RMB15.0 million annually for 2026 and 2027 to cover potential efficiency improvements, maintenance, and sporadic civil engineering works. These provisions are intended to enhance operational efficiency and create a buffer for unplanned work, representing approximately 20% and 77% of the respective annual caps for those years. Based on our review of Huaou Mining's construction needs, budgets and projected work schedules, we consider that the Huaou Mining Construction Services Annual Caps for the three years ending 31 December 2027 are fair and reasonable.

(b) Provision of the Supporting and Ancillary Services

We have discussed with the management of the Company and reviewed the calculation of the Revised Annual Caps for the Supporting and Ancillary Services. We noted that the revision pertains exclusively to (i) the Supporting and Ancillary Services provided to the newly acquired Huaou Mining; and (ii) the procurement of crude nickel sulfate by the Group for its new pilot line. The original budgeted amounts for all other Supporting and Ancillary Services remain unchanged from those disclosed in the Circular Dated 5 November 2024. Therefore, our analysis of the Revised Annual Caps for the Supporting and Ancillary Services focuses solely on these additional components. The breakdown of the Revised Annual Caps for the provision of the Supporting and Ancillary Services by Xinjiang Non-ferrous Group are summarized as follows:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
Original Annual Caps	167,262	171,075	174,556
Additional annual caps			
– Purchase of diesel	31,145	30,000	30,000
– Purchase of crude nickel sulfate	147	17,626	17,626
– Purchase of other Supporting and Ancillary Services	13,334	23,041	24,011
Sub-total	**44,626**	**70,667**	**71,637**
Total	211,888	241,742	246,193

We noted that the purchases of diesel and crude nickel sulfate are the principal drivers of the increase, collectively constituting over 65% of the additional annual caps for each of the three years. Specifically, diesel accounts for approximately 69.8%, 42.5% and 41.9% of the additional annual caps for the years ending 31 December 2025, 2026 and 2027, respectively, while crude nickel sulfate accounts for approximately 0.3%, 25.8% and 24.6% of the additional annual caps for the years ending 31 December 2025, 2026 and 2027 respectively. As no single item under the category of purchases of other Supporting and Ancillary Services exceeds 20% of the additional annual caps in any year, our analysis will focus on the two primary components – diesel and crude nickel sulfate.

Purchase of diesel

Huaou Mining has historically procured diesel from Xinjiang Non-ferrous Group for its infrastructure construction. The historical transaction amount of diesel purchased by Huaou Mining from Xinjiang Non-ferrous Group for the years ended 31 December 2023 and 2024 and the nine months ended 30 September 2025 was approximately RMB2.2 million, RMB18.0 million and RMB25.1 million respectively. The Company estimated that the transaction amount for purchase of diesel for the years ending 31 December 2025, 2026 and 2027 would be approximately RMB31.1 million, RMB30.0 million and RMB30.0 million respectively. The estimate for 2025 is slightly lower than the annualized transaction amount of approximately RMB33.4 million based on the first nine months of the year.

The significant increase in expenditure for diesel purchase is directly correlated with a rise in purchase volume, which grew from approximately 220 tonnes in 2023 to 2,310 tonnes in 2024 and 2,970 tonnes for the nine months ended 30 September 2025. Management of the Company attributes this growth to Huaou Mining's infrastructure construction phase, which commenced in early 2024 and is expected to peak in 2025. Accordingly, the projected purchase volume for the year ending 31 December 2025 is approximately 3,690 tonnes. As major construction concludes and commercial production begins, diesel demand is expected to moderate, with estimated purchase volumes of approximately 3,560 tonnes for each of the years ending 31 December 2026 and 2027. Having considered Huaou Mining's historical and projected usage of diesel, we consider that the budgeted purchase volumes of diesel to be reasonable.

We were given to understand that the prices for diesel are determined in accordance with the State-prescribed price released by China National Petroleum Corporation, Xinjiang branch based on the notice published by the National Development and Reform Commission from time to time. Based on the information provided by the Company, the actual selling price of diesel paid by Huaou Mining to Xinjiang Non-ferrous Group fluctuated during the period from 2023 to 2025. The average unit price of diesel decreased from approximately RMB10,023 per tonne for the year ended 31 December 2023 to approximately RMB7,802 per tonne for the year ended 31 December 2024, before rebounding to approximately RMB8,439 per tonne for the first nine months of 2025. In light of this historical volatility, the Company has utilized the average selling price of diesel for the period from 1 January 2023 to 30 September 2025 to compute the annual caps for the three years ending 31 December 2027. We consider this methodology for projecting the future selling price of diesel to be reasonable.

Purchase of crude nickel sulfate

As detailed in the letter from the Board, the Group proposes to implement trials for extraction and purification of crude nickel sulfate, which will be used as feedstock to produce nickel cathode. Xinjiang Non-ferrous Group may be engaged by the Group to conduct the trials and prepare a processing plan for the extraction and purification of crude nickel sulfate. This initiative is currently at a preliminary planning stage. If proven feasible, the Group will purchase crude nickel sulfate, a by-product of Xinjiang Non-ferrous Group's copper smelting operations, as feedstock for the Group's production of nickel cathode.

Aligned with the project plan, the Group plans to purchase approximately 5 tonnes of crude nickel sulfate for the trials of extraction and purification of nickel sulfate in 2025, scaling up to roughly 600 tonnes annually for each of the years ending 31 December 2026 and 2027 for normal production. Assuming the average annual selling price of crude nickel sulfate for the three years ending 31 December 2027 would be maintained at a rate similar to the existing level of approximately RMB29,377, the projected transaction amount for purchase of crude nickel sulfate from Xinjiang Non-ferrous Group are approximately RMB0.1 million, RMB18.2 million and RMB17.6 million for the years ending 31 December 2025, 2026 and 2027, respectively.

We have discussed with the management of the Company the Group's production plan of nickel cathode for the two years ending 31 December 2027. We noted that the targeted production volume of nickel cathode for the years ending 31 December 2026 and 2027 are forecasted to grow slightly, having taken into account the existing production capacity of the Group and the expected future demand of nickel cathode.

According to the statistics released by Beijing Antaike Information Technology Co., Ltd., an information service provider affiliated with China Non-ferrous Metals Industry Association, a national non-profit association with members from enterprises, institutions and social organizations relating to China's non-ferrous metals industry and registered with the PRC Ministry of Civil Affairs, the production volume of nickel in the PRC for the years ended 31 December 2024 was approximately and 356,000 tonnes [(2)], representing an increase of approximately 52.2% as compared to the previous year. With reference to the press release [(3)] issued on 7 October 2025 by the International Nickel Study Group ("**INSG**"), an inter-governmental organization to improve the nickel market's transparency, the world's primary nickel production were 3.365 million tonnes and 3.531 million tonnes in 2023 and 2024 respectively and is projected to increase to 3.810 million tonnes in 2025 and 4.085 million tonnes in 2026. INSG also stated that the world's primary nickel usage was 3.190 million tonnes in 2023 and 3.419 million tonnes in 2024 and would increase to 3.601 million tonnes and 3.824 million tonnes in 2025 and 2026 respectively.

Given that (i) the market demand for nickel in the PRC is generally projected to be on a rising trend in the next few years; and (ii) the Group is well experienced in sales and manufacturing of nickel cathode, we are satisfied that the production plan of the Group have been prepared after due and careful consideration.

Based on the information provided by the Company, the selling price of crude nickel sulfate decreased from its short-term highest level of approximately RMB32,500 in November 2024 to its short-term lowest level of approximately RMB27,550 in July 2025 and subsequently increased gradually to approximately RMB29,380 in October 2025. The management of the Company expected that the average annual selling price of crude nickel sulfate for the three years ending 31 December 2027 would be maintained at a rate similar to the existing level although there might be fluctuation in the price of crude nickel sulfate during the forecast period. Having considered the projected prices of crude nickel sulfate for the three years ending 31 December 2027 fall within the recently observed trading range, we consider the management's expectation that the average selling price of crude nickel sulfate will remain near current levels throughout the forecast period is reasonable.

In summary, the proposed additional caps for Supporting and Ancillary Services are driven by specific, justifiable operational developments. The projected volumes for crude nickel sulfate are integral to a credible production plan, and the assumed pricing is grounded in recent market data. Furthermore, these caps represent maximum potential values, with final transaction prices subject to prevailing market rates. Therefore, we consider the proposed Revised Annual Caps for Supporting and Ancillary Services for the three years ending 31 December 2027 to be fair and reasonable.

[(2)] Source: https://www.metalchina.com/contents/detail?id=92d4b23f83a9428a8eae7be181f4c42e&columnId=a654cf6da3d942479a1f483a1ea2ef3b&articleColumnId=b26bd512b5214097a69366fb8e843a99

[(3)] Source: https://insg.org/wp-content/uploads/2025/10/pressrel_INSG-Press-Release-October_2025-nd782v78.pdf

(c) Provision of the Company's Products

The historical transaction amount of the Company's Products sold to Xinjiang Non-ferrous Group has risen substantially, from approximately RMB139.0 million for the year ended 31 December 2023 to approximately RMB631.0 million for the year ended 31 December 2024, reaching approximately RMB516.4 million for the nine months ended 30 September 2025. Management of the Company attributes this growth primarily to a strategic shift in June 2024, whereby the Group began directing all its copper cathode sales through Xinjiang Non-ferrous Group. This sales strategy is expected to continue in the coming years.

The breakdown of the Original Annual Caps and the Revised Annual Caps for the provision of the Company's Products are summarized as follows:

	Original Annual Caps			**Revised Annual Caps**		
	For the year ending 31 December			**For the year ending 31 December**		
	2025	**2026**	**2027**	**2025**	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Sales of copper cathode	682,301	667,898	696,438	736,885	788,120	882,155
Sales of other Company's Products	75,180	78,524	81,964	75,743	100,162	103,603
Provision of the Company's Products	757,481	746,422	778,402	812,628	888,282	985,758

We have discussed with the management of the Company, and reviewed, the calculation of the Revised Annual Caps in respect of the provision of the Company's Products. The increase in transaction amounts of sales of copper cathode was solely due to the increase in expected selling price of copper cathode. Moreover, the increase in sales of other Company's Products was mainly attributable to the increase in transaction amounts of sales of sulfuric acid to Xinjiang Non-ferrous Group and the inclusion of supplies of water, electricity and other materials in the mining areas of Xinjiang Non-ferrous Group by Huaou Mining following the completion of the Huaou Mining Acquisition. Given that the sales of copper cathode account for over 80% of the total Revised Annual Caps for the provision of the Company's Products, we focus our analysis on the sales of copper cathode.

The Company anticipated that the transaction amounts of sales of copper cathode to Xinjiang Non-ferrous Group for the years ending 31 December 2025, 2026 and 2027 would increase to approximately RMB736.9 million, RMB788.1 million and RMB882.2 million, respectively with the estimated sales volume of copper cathode remains unchanged at approximately 10,280 tonnes, 10,063 tonnes and 10,493 tonnes for the years ending 31 December 2025, 2026 and 2027, respectively as projected for the Original Annual Caps. The increase in transaction amounts of sales of copper cathode to Xinjiang Non-ferrous Group was solely due to the expected increase in selling price of copper cathode in the coming years.

According to the Company's annual reports and the interim report, the Group's sales volume of copper cathodes was 11,051 tonnes for the years ended 31 December 2021, 9,775 tonnes for the years ended 31 December 2022, 4,908 tonnes for the years ended 31 December 2023, 8,939 tonnes for the years ended 31 December 2024 and 4,559 tonnes for the six months ended 30 June 2025. The notable dip in sales volume in 2023 was resulted from a temporary production disruption due to the "National Assistance Guidance on Production Safety" initiative in Xinjiang. Production has since resumed to normal levels in 2024.

Based on the discussions between the Group and Xinjiang Non-ferrous Group and having considered the Group's available supply of copper cathode, it is expected that the volume of copper cathodes for sales to Xinjiang Non-ferrous Group would be in a range of approximately 10,063 tonnes to 10,493 tonnes during the three years ending 31 December 2027. This forecast is consistent with the Group's average sales volume of copper cathodes of approximately 10,413 tonnes for the years ended 31 December 2021 and 2022. Management of the Company also confirmed that the projected volumes are aligned with the memorandum of understanding entered into between the Group and Xinjiang Non-ferrous Group regarding the projected trading volume of copper cathode between the parties in 2025, 2026 and 2027.

We were advised by the management of the Company that the prices of copper cathode sold by the Company to Xinjiang Non-ferrous Group are determined based upon the spot prices of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange. The average spot price (including tax) of copper cathode in the Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB67,645 per tonne, RMB68,401 per tonne, RMB75,091 per tonne and RMB77,718 per tonne in the year 2022, 2023 and 2024 and the first half of 2025 respectively, representing an increase of approximately 1.1%, 9.8% and 3.5% respectively. Meanwhile, the Group's average selling price of copper cathode (tax exclusive) was RMB59,605 per tonne for the year ended 31 December 2022, RMB60,334 per tonne for the year ended 31 December 2023, RMB67,326 per tonne for the year ended 31 December 2024 and RMB69,243 per tonne for the six months ended 30 June 2025, representing an increase of approximately 1.2%, 11.6% and 2.9% respectively.

The management's calculation of the Revised Annual Caps is based on the historical average selling prices of copper cathode and considered projections from leading financial institutions. As detailed in the letter from the Board, Bank of America projected that the price of copper could reach US$11,313 (approximately RMB80,549) per tonne in 2026 and US$13,501 (approximately RMB96,127) per tonne in 2027, while Citi, projected that the copper price may reach US$12,000 (approximately RMB85,440) per tonne by the second quarter of 2026. Based on this analysis, the Company projected that the average domestic selling price of copper cathode (tax exclusive) would rise to approximately RMB71,681 per tonne in 2025, RMB78,319 per tonne in 2026 and RMB84,071 per tonne in 2027, representing year-on-year increases of approximately 9.3% and 7.3%, respectively.

According to the Commodity Markets Outlook [(4)] released in October 2025 by The World Bank, an international financial institution that provides loans and grants to governments of developing countries, copper price was US$9,142 (approximately RMB65,091) per tonne in 2024 and was forecasted to reach US$9,700 (approximately RMB69,064) per tonne in 2025, US$9,800 (approximately RMB69,776) per tonne in 2026 and US$10,000 (approximately RMB71,200) per tonne in 2027, representing a year-on-year growth of approximately 6.1%, 1.0% and 2.0% respectively. As at 1 December 2025, the copper spot price at London Metal Exchange was US$11,295 per tonne, which was approximately 16.4% higher than the copper price forecasted by The World Bank of US$9,700 for 2025.

Having considered that (i) the expected growth rates of the average selling price of copper cathode for the three years ending 31 December 2027 fall within the range of the historical increment rates of the average selling price of copper cathode of 1.2% and 11.6%; (ii) the current copper price substantiates a view that is more optimistic than the copper prices forecasted by The World Bank; and (iii) the annual caps represent a maximum potential value, with final transaction prices being determined by prevailing market rates at the time of sale, thus providing a built-in buffer for volatility, we consider the underlying methodology and market conditions justify the projected selling prices used to calculate the Revised Annual Caps for copper cathode although the Company's forecast is more aggressive than some benchmarks.

In conclusion, based on the above, we consider that the Revised Annual Caps for the provision of the Company's Products proposed by the Directors are fair and reasonable.

[(4)] Source: https://thedocs.worldbank.org/en/doc/55ed8b04df8228fea1607a97b5561f73-0050012025/related/CMO-October-2025-Forecasts.pdf

5. Internal control measures

The Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the Company must set an annual cap for the continuing connected transaction; (ii) the Company must re-comply with the announcement and shareholders' approval requirements before the annual cap is exceeded or the Company proposes to renew the agreement or to effect a material change to its terms; (iii) the Company's independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; (iv) the Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions: (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (d) have exceeded the annual caps; and (v) the Company must notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors cannot confirm the matters as required.

To ensure the Original Annual Caps will not be exceeded, the finance department provides the Chief Financial Officer of the Company with information relating to the actual transaction amounts at the end of the first half of the year, the end of the third quarter of the year, and monthly during the fourth quarter of the year. For the purpose of evaluating the effectiveness of internal control measures in place to monitor the usage of the Original Annual Caps and ensure that the annual caps would not be exceeded, we have reviewed the list of actual transaction amounts of the Continuing Connected Transactions as of 30 September 2025 prepared by the finance department and noted that the Original Annual Caps has not been exceeded.

Given the above, we are of the view that appropriate measures were/would be in place to monitor the Continuing Connected Transactions and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having considered the aforementioned principal factors and reasons, we consider that (i) the Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Continuing Connected Transactions (and the Revised Annual Caps thereunder) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. We, therefore, recommend the Independent Board Committee to advise the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the resolution to approve the Continuing Connected Transactions (including the Revised Annual Caps) at the upcoming EGM.

Yours faithfully,
For and on behalf of
Crescendo Capital Limited

Amilia Tsang	**Helen Fan**
Managing Director	*Director*

Notes:

(i) *Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 21 years of experience in corporate finance.*

(ii) *Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 17 years of experience in corporate finance.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors, supervisors and chief executive of the Company

(i) As at the Latest Practicable Date, save and except for Mr. Zhou Chuanyou, being a director, who has interests in 117,850,000 H Shares and 345,924,000 Domestic Shares of the Company, none of the directors, supervisors and chief executive of the Company had any interests and short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, chief executive or supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company under section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

(ii) As at the Latest Practicable Date, none of the directors, proposed directors, supervisors or proposed supervisors of the Company had any direct or indirect interest in any assets which have since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Substantial shareholders of the Company

As at the Latest Practicable Date, so far as the directors are aware, each of the following persons, not being a director, chief executive or supervisor of the Company, had an interest in the Shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares *(%)*	Approximate percentage of the total share capital *(%)*
Xinjiang Non-ferrous Metal Industry (Group) Ltd (新疆有色金屬工業(集團)有限公司) *(Note 1)*	885,204,000 (L)	Domestic Share	70.29	40.06
Shanghai Yilian Kuangneng Company Limited* (上海怡聯礦能實業有限公司) ("**Shanghai Yilian**") *(Note 2)*	282,896,000 (L)	Domestic Share	22.46	12.80
China Capital Investment (Group) Company Limited*(中金投資(集團)有限公司) ("**Zhongjin Investment**")	63,028,000 (L)	Domestic Share	5.00	2.85
(Note 2)	117,850,000 (L)	H Share	12.40	5.33
Zijin Mining Group Company Limited*(紫金礦業集團股份有限) ("**Zijin Mining**")	59,444,000 (L)	H Share *(Note 3)*	6.25	2.69
Zijin Mining Group (Xiamen) Investment Co., Ltd*(紫金礦業集團(廈門)投資有限公司) ("**Zijin Mining (Xiamen)**")	56,580,000 (L)	H Share *(Note 3)*	5.95	2.56

(L) = Long positions

Note 1: Mr. Chen Yin, Mr. Li Jiangping and Mr. Wang Lijian, each a non-executive Director, and Ms. Zhang Li, the employee representative Director, hold positions in Xinjiang Non-ferrous. For details, please refer to the paragraph headed "Competing Interest" in this appendix.

Note 2: The entire shareholding or equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou.

Mr. Zhou Chuanyou, a non-executive Director, is the chairman of the board of Zhongjin Investment.

Note 3: The H shares are held by Zijin Mining (Xiamen) and Gold Mountains (H. K.) International Mining Company Limited (金山(香港)國際礦業有限公司). The entire shareholding or equity interests of Zijin Mining (Xiamen) and Gold Mountains (H. K.) International Mining Company Limited are beneficially owned by Zijin Mining.

* *The English name is a translation of the Chinese name and provided for reference only*

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a director, supervisor or chief executive of the Company), who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, each of the Directors has entered into a service contract for a term of three years with the Company from 14 October 2023 or the date of new appointment to the expiry of the term of the seventh session of the Board.

Pursuant to the articles of association of the Company, the term for each of the Directors is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (except contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

4. INTEREST IN CONTRACT

As at the Latest Practicable Date, none of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which any member of the Group was a party.

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, save as disclosed in the final results announcement of the Company dated 28 March 2025 and the announcement of the Company dated 2 August 2025 in respect of the profit warning for the six months ended 30 June 2025, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, the date to which the latest published consolidated audited accounts of the Company were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules:

Mr. Chen Yin is the general manager of Xinjiang Non-ferrous; Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous; and Mr. Li Jiangping and Ms. Zhang Li are deputy secretaries appointed by the Party Committee of Xinjiang Non-ferrous. Mr. Chen Yin, Mr. Li Jiangping, Wang Lijian and Ms. Zhang Li have not given any confidential or sensitive commercial information of the Company to Xinjiang Non-ferrous or any other third party and have physically abstained the voting right of directors for the approval of the Revised Annual Cap. As the board of directors is independent from the board of directors of Xinjiang Non-ferrous and the above directors do not control the board of directors of the Company, the Group is capable of carrying out its businesses independent from, and at arm's length from, the business of Xinjiang Non-ferrous.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors of the Company and its subsidiary, or their respective associates (as defined in the Listing Rules) had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

7. EXPERT AND CONSENT

(a) The following is the qualification of the expert who has given opinions and advice which are included in this circular:

Name	Qualification
Crescendo Capital	A licensed corporation to carry out type 6 regulated activity (advising on corporate finance) under the SFO

(b) As at the Latest Practicable Date, Crescendo Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Crescendo Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(d) As at the Latest Practicable Date, Crescendo Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024, the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

(a) The statutory address and principal place of business of the Company in the PRC is situated at No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang.

(b) The registered office of the Company in Hong Kong is 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong.

(c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The joint company secretaries of the Company are Mr. Wu Ning and Mr. Lam Siu Wing.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display for inspection on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at kunlun.wsfg.hk from the date of this circular up to and including the date of the EGM:

(a) the letter from the Independent Board Committee dated 9 December 2025, the text of which is set out on pages 25 to 26 of this circular;

(b) the letter from the Independent Financial Adviser dated 9 December 2025, the text of which is set out on pages 27 to 51 of this circular;

(c) the letter of consent from the Independent Financial Adviser dated 9 December 2025 and referred to under the paragraph headed "Expert and Consent" in this appendix; and

(d) the 2024 Mutual Supply Agreement.

Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN that the extraordinary general meeting ("**EGM**") of Xinjiang Xinxin Mining Industry Co., Ltd. (the "**Company**") will be held at 11:30 a.m. on Wednesday, 24 December 2025 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People's Republic of China to consider and, if thought fit, to pass the following resolution:

Unless otherwise defined, capitalized terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 9 December 2025.

ORDINARY RESOLUTION

1. To consider and approve the following matter:

   THAT the Revised Annual Caps be and are hereby approved and confirmed. The Board be and is hereby authorised to do all such acts and things and execute such other documents as he in his sole and absolute discretion deems necessary, desirable or expedient in relation to the implementation of the above (if necessary).

By order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.
Wu Ning, Lam Siu Wing
Joint Company Secretaries

Xinjiang, the PRC
9 December 2025

Notes:

1. Closure of register of members and eligibility for attending the EGM

   The register of members of the Company will be closed from Thursday, 18 December 2025 to Wednesday, 24 December 2025 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the EGM, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 17 December 2025. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Wednesday, 24 December 2025 are entitled to attend the EGM.

2. Proxy

   Every shareholder of the Company who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the EGM.

   A proxy must be appointed by an instrument in writing and signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar. Return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM if he so wishes.

   If more than one proxy is appointed, such proxies shall only be entitled to vote by poll. Shareholders or their proxies are required to produce their identification documents when attending the EGM.

3. Others

   Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the general meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

   The EGM is expected to last for approximately two hours. Shareholders and their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.

As at the date of this notice, the executive director of the Company is Mr. Li Jiangping; the non-executive directors are Mr. Chen Yin, Mr. Zhou Chuanyou, Mr. Wang Lijian and Mr. Hu Chengye; the independent non-executive directors are Mr. Hu Benyuan, Mr. Huang Yong and Mr. Lee Tao Wai; and the employee representative director is Ms. Zhang Li.

* *For identification purposes only*