THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Add New Energy Investment Holdings Group Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document is not for release, publication or distribution, in whole or in part, in, into or from any jurisdiction where to do so would constitute a violation of the applicable laws or regulations of such jurisdiction. This Composite Document does not constitute a prospectus or any equivalent document.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Form of Acceptance.

Prominence Investment Holding Company Limited

(Incorporated in the British Virgin Islands with limited liability)

Add New Energy Investment Holdings Group Limited
愛德新能源投資控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2623)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF PROMINENCE INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF ADD NEW ENERGY INVESTMENT HOLDINGS GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PROMINENCE INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to
Prominence Investment Holding Company Limited

SOMERLEY CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

紅日資本有限公司
RED SUN CAPITAL LIMITED

Terms as defined in the section headed "Definitions" in this Composite Document should carry the same meanings when used in this cover page.

A letter from Somerley containing, among other things, details of the terms of the Offer is set out on pages 6 to 23 of this Composite Document. A letter from the Board is set out on pages 24 to 29 of this Composite Document. A letter from the Independent Board Committee is set out on pages 30 to 31 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 32 to 62 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out on in Appendix I to this Composite Document and the accompanying Form of Acceptance. Acceptance of the Offer must be received by the Registrar as soon as possible and in any event no later than 4:00 p.m. on, 8 January 2026 (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code).

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read the relevant details which are contained in the section headed "Important Notices" in this Composite Document and the section headed "Overseas shareholders" in Appendix I to this Composite Document before taking any action. It is the sole responsibility of each Overseas Shareholder wishing to accept the Offer to ensure and satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including without limitation the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders are advised to seek professional advice before deciding whether to accept the Offer.

This Composite Document is issued jointly by the Offeror and the Company. This Composite Document will remain on the website of the Stock Exchange at http://www.hkexnews.hk and on the website of the Company at http://www.addnewenergy.com.hk so long as the Offer remains open.

In case of any inconsistency, the English language text of this Composite Document and the enclosed Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

18 December 2025

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ACCOMPANYING DOCUMENT – FORM OF ACCEPTANCE

The expected timetable sets out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any change to the timetable as and when appropriate.

Event	**Time & Date**
Despatch date of this Composite Document and the accompanying Form of Acceptance *(Note 1)*	Thursday, 18 December 2025
Offer opens for acceptance *(Note 1)*	Thursday, 18 December 2025
Latest time for acceptance of the Offer *(Notes 2 and 5)*	4:00 p.m. on Thursday, 8 January 2026
Closing Date *(Notes 2 and 5)*	Thursday, 8 January 2026
Announcement of the results of the Offer (or its extension or revision, if any) on the website of the Stock Exchange *(Note 2)*	no later than 7:00 p.m. on Thursday, 8 January 2026
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer *(Notes 4 and 5)*	Monday, 19 January 2026

Notes:

1. The Offer, which is unconditional in all respects, is made on Thursday, 18 December 2025 (being the date of posting of this Composite Document) and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code in the circumstances as set out in the paragraphs headed "6. Right of withdrawal" in Appendix I to this Composite Document.

2. In accordance with the Takeovers Code, the Offer must be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time for acceptance of the Offer is 4:00 p.m. on Thursday, 8 January 2026 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to revise the Offer or extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code).

In the event that the Offeror decides to extend the Offer, the announcement of the extension of the Offer must state either the next closing date or that the Offer will remain open until further notice. In the latter case, at least 14 days' written notice must be given, before the Offer is closed, to those Shareholders who have not accepted the Offer and an announcement must be published.

In the event that the Offeror, in the course of the Offer, decides to revise the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days after the date on which the date the revised offer document is posted and shall not close earlier than the Closing Date.

An announcement will be jointly issued by the Company and the Offeror on the websites of the Stock Exchange and the Company by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has closed for acceptance.

3. Beneficial owners of Offer Shares who hold their Offer Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

4. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Offer) payable for the Offer Shares tendered under the Offer will be despatched to accepting Offer Shareholders by ordinary post at their own risk as soon as possible, but in any event no later than seven (7) Business Days after the date of receipt by the Registrar of all the duly completed acceptance of the Offer and the relevant documents of title of the Offer Shares in respect of such acceptance to render the acceptance under the Offer complete and valid in accordance with the Takeovers Code.

5. If there is a tropical cyclone warning signal no. 8 or above, or "Extreme Conditions" or a "black rainstorm warning signal" as issued by the Hong Kong Observatory and/or the Government of Hong Kong (collectively, "**severe weather conditions**") on any of the following deadlines ("**Key Deadlines**"): (a) the Closing Date and the latest time for acceptance of the Offer and the submission and publication deadline for a closing announcement under Rule 19.1 of the Takeovers Code; and (b) the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances,

   (a) in case any severe weather condition is in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will remain on the same Business Day; or

   (b) in case any severe weather condition is in force in Hong Kong at any local time at 12:00 noon and/or thereafter on any Key Deadline, such Key Deadline will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Takeovers Code.

If the latest time for acceptance of the Offer and the latest date for posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Offer Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

Unless otherwise expressly stated, references to times and dates contained in this Composite Document and the Form of Acceptance are to Hong Kong time and dates.

NOTICE TO THE OVERSEAS SHAREHOLDERS

The making of the Offer to the Overseas Shareholders and/or their ability to participate in the Offer may be subject to the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the sole responsibility of any person who wishes to accept the Offer to ensure and satisfy himself/herself/itself as to full observance of the laws of the relevant jurisdiction in connection therewith, including without limitation the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required or the compliance with other necessary formalities and regulatory or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror, parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such persons for any taxes as such persons may be required to pay. Please see the paragraph headed "Overseas Shareholders" in the "Letter from Somerley" and Appendix I to this Composite Document for further information.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as "believe", "expect", "anticipate", "intend", "plan", "seek", "estimate", "will", "would" or words of similar meanings, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements.

The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws or regulations, including without limitation the Takeovers Code and the Listing Rules.

In this Composite Document, unless otherwise specified or the context otherwise requires, the following terms and expressions shall have the following meanings:

"**acting in concert**"	has the meaning ascribed to it under the Takeovers Code
"**associate(s)**"	has the meaning ascribed to it under the Takeovers Code
"**Board**"	the board of Directors
"**Business Day(s)**"	a day on which the Stock Exchange is open for transaction of business
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**Closing Date**"	Thursday, 8 January 2026, being the closing date of Offer, which is the 21st calendar day after the date of the posting of this Composite Document, or if the Offer is extended, any subsequent closing date(s) as may be determined by the Offeror and jointly announced by the Offeror and the Company with the consent of the Executive in accordance with the Takeovers Code
"**Company**"	Add New Energy Investment Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2623)
"**Completion**"	the completion of the Sale and Purchase Agreement, which took place on 15 October 2025 immediately after the entering into of the Sale and Purchase Agreement
"**Composite Document**"	this composite offer and response document combining the offer document issued by the Offeror and the offeree board circular issued by the Company (together with the Form of Acceptance) in respect of the Offer to the Shareholders in accordance with the Takeovers Code
"**Director(s)**"	the director(s) of the Company
"**Executive**"	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director

"**Form of Acceptance**"	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
"**Group**"	collectively, the Company and its subsidiaries from time to time
"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HKSCC**"	Hong Kong Securities Clearing Company Limited
"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**Independent Board Committee**"	an independent board committee of the Company comprising Mr. Leung Nga Tat, Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther, each an independent non-executive Director, who have no direct or indirect interest in the Offer, which has been established to make recommendations to the Offer Shareholders in respect of the Offer
"**Independent Financial Adviser**"	Red Sun Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed as the independent financial adviser by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in connection with the Offer
"**Independent Third Party(ies)**"	person(s) or entity(ies) which is (are) not connected person(s) (as defined in the Listing Rules) of the Company
"**Joint Announcement**"	the joint announcement issued by the Offeror and the Company dated 4 November 2025 in relation to, among other things, the Sale and Purchase Agreement and the Offer
"**Last Trading Day**"	15 October 2025, being the last trading day of the Shares on the Stock Exchange immediately prior to the suspension of trading in the Shares pending the release of the Joint Announcement

"**Latest Practicable Date**"	16 December 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining the information contained in this Composite Document
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange
"**Offer**"	the unconditional mandatory general cash offer made by Somerley for and on behalf of the Offeror for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
"**Offer Period**"	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 4 November 2025, being the date of the Joint Announcement, and ending at 4.00 p.m. on the Closing Date, or such other time or date to which the Offeror may decide to extend the Offer in accordance with the Takeovers Code
"**Offer Price**"	HK$0.4104 per Offer Share
"**Offer Share(s)**"	all the Share(s) in issue, other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it
"**Offer Shareholder(s)**"	Shareholder(s) other than the Offeror and the parties acting in concert with it
"**Offeror**"	Prominence Investment Holding Company Limited, a company incorporated in the British Virgin Islands with limited liability
"**Overseas Shareholders**"	Offer Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
"**PRC**" or "**Chinese Mainland**"	the People's Republic of China, which, for the purpose of this Composite Document, shall, unless the context requires otherwise, exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan

"**Purchaser B**"	Mr. Ng Hoi Kam (吳海淦), an investor acquiring his portion of the Sale Shares together with the Offeror under the Sale and Purchase Agreement with financial assistance provided by the Offeror who has agreed to act in concert with the Offeror in respect of the Company, and hence a party acting in concert with the Offeror under the Takeovers Code
"**Purchasers**"	collectively, the Offeror and Purchaser B
"**Registrar**"	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company and the agent for receiving and processing acceptances of the Offer in respect of the Offer Shares, located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
"**Relevant Period**"	the period commencing on 4 May 2025, being the date falling six months before the commencement date of the Offer Period (i.e. 4 November 2025), and ending on and including 16 December 2025, being the Latest Practicable Date
"**RMB**"	Renminbi, the lawful currency of the PRC
"**Sale and Purchase Agreement**"	the sale and purchase agreement dated 15 October 2025 entered into among the Vendors and the Purchasers
"**Sale Share(s)**"	the aggregate of 194,959,831 Share(s) acquired by the Purchasers from the Vendors pursuant to the terms of the Sale and Purchase Agreement
"**Severe Weather Condition**"	Typhoon Signal No. 8 or above or a Black Rainstorm Warning (as issued by the Hong Kong Observatory) or the "Extreme Conditions" warning (as announced by the HKSAR Government)
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Shareholder(s)**"	holder(s) of Share(s)
"**Share(s)**"	ordinary share(s) of HK$0.04 each in the share capital of the Company

"**Somerley**"	Somerley Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the agent making the Offer for and on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offer
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Takeovers Code**"	the Hong Kong Code on Takeovers and Mergers
"**Vendor A**"	Hongfa Holdings Limited (鴻發控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Vendor B
"**Vendor B**"	Mr. Li Yunde (李運德), the chairman of the Board and an executive Director
"**Vendors**"	collectively, Vendor A and Vendor B
"***%***"	per cent.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

18 December 2025

To the Offer Shareholders

Dear Sir or Madam,

UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF PROMINENCE INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF ADD NEW ENERGY INVESTMENT HOLDINGS GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PROMINENCE INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement date 4 November 2025 regarding, among other things, the Sale and Purchase Agreement entered into among the Vendors, as sellers, and the Offeror and Purchaser B, as purchasers, for the sale and purchase of the Sale Shares, being an aggregate of 194,959,831 Shares (representing approximately 55.66% of the issued share capital of the Company as at the date of the Joint Announcement). Completion of the Sale and Purchase Agreement took place on 15 October 2025 immediately after the entering into of the Sale and Purchase Agreement.

The consideration for the Sale Shares is HK$80,000,000 (equivalent to approximately HK$0.4103 per Sale Share). The consideration payable by the Purchasers to the Vendors for the Sale Shares had been settled in full in cash by the Offeror with its own resources and by Purchaser B with an unsecured loan of approximately HK$8,003,396, representing the full consideration and the stamp duty payable by Purchaser B in respect of his Sale Shares acquired, made by the Offeror to Purchaser B for full payment of the consideration and the stamp duty payable by Purchaser B, respectively. The aforementioned loan is interest-free and repayable within three years from the date of payment of the consideration, i.e. on or before 14 October 2028.

Immediately before Completion, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) were interested in an aggregate of 194,959,831 Shares, representing approximately 55.66% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, following Completion, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it). We, Somerley Capital Limited, have been appointed by the Offeror to make the Offer for and on behalf of it.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, the information of the Offeror and its intention in relation to the Company. Further details of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Your attention is also drawn to information contained in the letter from the Board, the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices set out in this Composite Document. You are advised to read and consider all the information contained in this Composite Document before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Principal terms of the Offer

Somerley Capital Limited is, for and on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the following terms:

For each Offer Share . . . . . **HK$0.4104 in cash**

The Offer Price of HK$0.4104 per Offer Share is roughly equivalent to but higher than the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there were 350,286,528 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which were convertible or exchangeable into any Shares or other types of equity interest as at the Latest Practicable Date.

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer extends to all Shares in issue on the date on which the Offer is made, being the date of despatch of this Composite Document, other than those Shares already held by or agreed to be acquired by the Offeror and the parties acting in concert with it.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As disclosed in the letter from the Board, as at the Latest Practicable Date, no dividend and/or other distribution had been declared but not yet paid to the Shareholders, nor did the Board have any plan to declare any dividend or other distribution before the close of the Offer. The Offer is unconditional in all respects and not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

The Offer Price

The Offer Price of HK$0.4104 per Offer Share represents:

(i) a discount of approximately 91.57% to the closing price as quoted on the Stock Exchange on 16 December 2025, being the Latest Practicable Date, i.e. HK$4.870 per Share;

(ii) a discount of approximately 48.70% to the closing price as quoted on the Stock Exchange on 15 October 2025, being the Last Trading Day, i.e. HK$0.800 per Share;

(iii) a discount of approximately 48.05% to the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.790 per Share;

(iv) a discount of approximately 47.92% to the average closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.788 per Share;

(v) a discount of approximately 43.63% to the average closing price of the Shares as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.728 per Share;

(vi) a discount of approximately 37.44% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.656 per Share;

(vii) a discount of approximately 75.86% to the audited consolidated net asset value per Share of the Group as at 31 December 2024 of approximately HK$1.700 (based on a total of 350,286,528 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value of the Group as at 31 December 2024 of approximately RMB545,843,000); and

(viii) a discount of approximately 75.77% to the unaudited consolidated net asset value per Share of the Group as at 30 June 2025 of approximately HK$1.694 (based on a total of 350,286,528 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value of the Group as at 30 June 2025 of approximately RMB544,038,000).

Highest and lowest Share prices

During the Relevant Period,

(a) the highest closing price of the Shares as quoted on the Stock Exchange was HK$5.160 per Share on 17 November 2025; and

(b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.420 per Share on 29 May 2025, 2 to 5 June 2025 and 9 June 2025 respectively.

Value of the Offer

As at the Latest Practicable Date, there were 350,286,528 Shares in issue. Assuming no change in the issued share capital of the Company, based on the Offer Price of HK$0.4104 per Offer Share, the entire issued share capital of the Company is valued at approximately HK$143,757,591.09.

Taking into account the 194,959,831 Shares that were already owned by the Offeror and the parties acting in concert with it (including Purchaser B) as at the Latest Practicable Date, a total of 155,326,697 Shares (assuming no change in the total number of issued Shares from the Latest Practicable Date up to the date of the close of the Offer) are subject to the Offer. Based on the Offer Price of HK$0.4104 per Offer Share and a total of 155,326,697 Offer Shares, the Offer is valued at approximately HK$63,746,076.45.

Financial resources available for the Offer

The Offeror intends to finance the entire consideration payable under the Offer of approximately HK$63,746,076.45 with its internal resources.

Somerley, the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the consideration for the full acceptance of the Offer.

Effect of accepting the Offer

Acceptance of the Offer by any Offer Shareholder will be deemed to constitute a warranty by such person to the Offeror that all Shares sold by such person under the Offer are free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the rights to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made, being the date of this Composite Document.

The Offer is unconditional in all respects. Acceptance of the Offer will be irrevocable and will not be capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of an acceptance of the Offer, whichever is the higher, will be deducted from the amount payable to the relevant Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of each accepting Offer Shareholder and pay the buyer's ad valorem stamp duty in connection with each acceptance of the Offer and transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer, net of the seller's Hong Kong ad valorem stamp duty, will be made as soon as possible but in any event no later than seven (7) business days (as defined under the Takeovers Code) after the date on which the duly completed forms of acceptance of the Offer and the relevant documents of title to the Shares in respect of such acceptances are received by or for the Offeror to render each such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Taxation advice

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the parties acting in concert with it (including Purchaser B), the Company, Somerley, the Independent Financial Adviser and the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and any other persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptances or rejection of the Offer.

Overseas Shareholders

The Offeror intends to make the Offer available to all Offer Shareholders, including those with registered address in a jurisdiction outside Hong Kong. The availability of the Offer to persons with a registered addresses in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdiction. The Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptances of the Offer (including the obtaining of any governmental, exchange control or other consent and any registration or filing which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Shareholder or beneficial owner of the Shares who is a citizen, resident or national of a jurisdiction outside Hong Kong will be deemed to constitute a representation and warranty from such a person to the Offeror that the local laws and requirements have been complied with. Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

According to the register of members of the Company, as at the Latest Practicable Date, the Company did not have any Overseas Shareholders.

INFORMATION OF THE PURCHASERS

Offeror

The Offeror is an investment-holding company incorporated in the British Virgin Islands with limited liabilities on 12 October 2023 and is wholly owned by SSC Group Limited, which is in turn directly held as to 50% by each of Mr. William Ng and his spouse, Ms. Wei Jiaming. As at the Latest Practicable Date, the directors of the Offeror were Mr. William Ng and Ms. Wei Jiaming. Mr. William Ng and Ms. Wei Jiaming are investors with investment experience in, amongst other things, the mining industry, having also made investments through the Offeror and other companies founded by them in other listed companies in Hong Kong principally engaged in the mining business, namely Wanguo Gold Group Limited (stock code: 3939) which is primarily engaged in mining, ore processing and sale of concentrates products (including copper, iron, zinc and gold), Zijin Gold International Company Limited (stock code: 2259), GT Gold Holdings Limited (stock code: 8299) and China Qinfa Group Limited (stock code: 866) which is engaged in coal operation business involving coal mining, purchase and sales, filtering, storage and blending of coal. They have also invested in Richmond Vanadium Technology Limited, a company whose shares are listed on the Australian Securities Exchange (stock code: RVT) which is engaged in mineral exploration and development with a particular focus on vanadium resources. For detailed information of Ms. Wei Jiaming, please refer to the section headed "Proposed Change in Board Composition" below.

Purchaser B

Purchaser B is an individual investor who is familiar with the Hong Kong capital market. From his experience in working with, and acting as either the representative or responsible persons of, various licensed corporations in Hong Kong since 2003, Purchaser B has over 20 years of experience in the equity capital market business and the investment banking and financial industry in Hong Kong, where he also gained relevant experience in the mining industry through involvement in the initial public offering in Hong Kong of companies engaged in the mining business.

Given that the Offeror and Purchaser B are investors acquiring their respective portions of the Sale Shares together under the Sale and Purchase Agreement and agreeing to act in concert in respect of the Company, and given that Purchaser B's acquisition of the Sale Shares was wholly financed by an unsecured loan made by the Offeror to Purchaser B, Purchaser B is a party acting in concert with the Offeror under the Takeovers Code. Save for the above, there is no relationship between the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (other than Purchaser B) on one hand and Purchaser B and his concert parties on the other hand.

Save that Purchaser B has acquired 8,137,200 Sale Shares from Vendor B pursuant to the Sale and Purchase Agreement, there is no other relationship between the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) on one hand and any of the Directors on the other hand.

INFORMATION OF THE GROUP

As disclosed in the letter from the Board in this Composite Document, the Company, an investment holding company, was incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 2623). The Group is principally engaged in iron ore processing and sales of iron concentrates and other minerals in the PRC. Financial information of the Group and general information of the Group is set out in the Appendix II and Appendix IV to this Composite Document, respectively.

INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

It is the intention of the Offeror to continue the Group's existing principal business following the close of the Offer and to retain the existing management team of the Group as well as Mr. Geng Guohua (who will continue to serve as an executive Director under his existing service contract entered into with the Company on 27 March 2024 with a term of three years from 27 April 2024 without amendments to the terms and conditions thereof) and Mr. Leung Nga Tat and Mr. Li Xiaoyang (who will continue to serve as independent non-executive Directors under their respective service contracts entered into with the Company on 30 March 2023 and 27 March 2024, respectively, without amendments to the terms and conditions thereof and who were not Shareholders as at the Latest Practicable Date) to ensure the continued oversight and management of the Group's existing principal business. Subject to the Offeror's

detailed review of the Group's existing principal business operations and financial position as mentioned below, as at the Latest Practicable Date, the Offeror had no intention, understanding, negotiation or arrangement to downsize, cease or dispose of any of the existing businesses of the Group.

The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies for the Group's future development, and may explore other business opportunities from time to time and consider whether any acquisition or disposal of assets, fund-raising activity or business restructuring plan should be pursued with a view to achieving business diversification and/or long-term business growth of the Group.

In particular, the Offeror acknowledges that the iron ore market has experienced fierce price and demand volatility since the second half of 2024, which had adversely affected the business and performance of the Group during the year ended 31 December 2024 and the six months ended 30 June 2025. It is the Offeror's intention to engage in discussion with the Board on the feasibility and possible strategies of expanding the Group's existing mining and mineral trading business to include other material resources, including but not limited to gold, alongside its existing iron ore business. The Offeror believes that such diversification may enhance the Group's resilience to commodity market fluctuations and contribute to long-term shareholder value. Nevertheless, any changes to the business development and strategies of the Group would be subject to the Board's review of the Group's business performance, available resources, market conditions and changes in the industry from time to time.

Notwithstanding the above, as at the Latest Practical Date, the Offeror had no specific proposal for any acquisition or disposal of assets, fund-raising activity or business restructuring in relation to the Group and had not entered into any specific agreement or arrangement with the Group in connection therewith. In the event that any suitable opportunity for such corporate actions arises, further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

Save as set out above and the potential changes to the members of the Board as described below, as at the Latest Practicable Date, the Offeror had no intention to (i) discontinue the employment of any employees of the Group; or (ii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

As at the Latest Practicable Date, the Group had outstanding advances of RMB488.9 million in total due to the Vendors ("**Outstanding Advances**"), including additional advances of approximately RMB84.7 million made during the period from 1 July 2025 and up to the close of business on 31 October 2025 (being the latest practicable date for the purpose of the statement of indebtedness included in this Composite Document). The Outstanding Advances are interest-free, unsecured and with no fixed repayment term, and are only repayable when the relevant Group company has sufficient resources to make such repayment. The Offeror does not have any plan to require settlement of the Outstanding Advances within six months after

the Closing Date, and expects that the Board to from time to time review the financial positions and capital requirements of the relevant Group companies and decide whether and when the relevant Group companies have such resources to repay the relevant Outstanding Advances.

PROPOSED CHANGE IN BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo, and four independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Ms. Cheng Shuk Teh Esther.

Pursuant to the Sale and Purchase Agreement, Mr. Li Yunde (as Vendor B) has tendered his resignation, and the Vendors shall procure such other existing Directors (other than Mr. Geng Guohua for reasons further elaborated below) as may be specified by the Purchasers to resign, as Director with effect from the earliest time permitted under the Takeovers Code, the Listing Rules and other laws, regulations and rules applicable to the Company.

Save and except for Mr. Geng Guohua (an existing executive Director) and Mr. Leung Nga Tat and Mr. Li Xiaoyang (each an existing independent non-executive Director), all other existing Directors will resign with effect from after the publication of the closing announcement on the Closing Date (being the earliest date as permitted under the Takeovers Code).

The Offeror intends to nominate Ms. Wei Jiaming (being a shareholder of the holding company of the Offeror), Mr. Ng Hoi Kam (i.e. Purchaser B), Mr. Liao Daxue, Mr. Chen Hongzheng and Mr. Zhao Ju as executive Directors, Mr. Xia Chun and Mr. Wang Dong as non-executive Directors and Mr. Xie Jie and Mr. Wong Chi Wah as independent non-executive Directors with effect from after the Composite Document is posted on the date of dispatch of this Composite Document (being the earliest date as permitted under the Takeovers Code). Ms. Wei Jiaming and Mr. Ng Hoi Kam did not own, or otherwise hold any interest in, any Shares before Completion of the Sale and Purchase Agreement, and as parties acting in concert with the Offeror, they are not Offer Shareholders. Further, they will each enter into a service contract with the Company for service as an executive Director on ordinary and usual terms that are no more favourable than those applicable to the existing executive Directors and the other proposed executive Directors who are not Shareholders, and such contracts do not involve purchase or sale of any Shares or acceptance of the Offer. Except for Ms. Wei Jiaming and Mr. Ng Hoi Kam, none of the above proposed Directors was a Shareholder or otherwise held any interest in the Shares as at the Latest Practicable Date. For the above reasons, the Offeror believes that the appointments of the above proposed Directors do not constitute arrangements that fall within Rule 25 of the Takeovers Code. Further announcement(s) and/or disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

As an executive Director since 2012 and the Chief Executive Officer of the Company since 2013, Mr. Geng Guohua has been primarily responsible for the Group's overall operation. Given that the Offeror intends to continue the Group's existing principal business following the close of the Offer, the Offeror would like to enlist the services of Mr. Geng Guohua and take advantage of his rich industry knowledge and familiarity with the Group's operations to ensure a smooth transition and stability in operation as control over the Company changes hands, with a view to achieving continuous development and growth in the business of the Group. Save for being one of the directors of Vendor A from whom both of the Purchasers have acquired certain Sale Shares under the Sale and Purchase Agreement, Mr. Geng Guohua and the parties acting in concert with him have no relationship with the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B).

The biographical information of the proposed Directors nominated by the Offeror is set out below:

Proposed executive Directors

Ms. Wei Jiaming (魏嘉明) ("Ms. Wei")

Ms. Wei, aged 42, has over 15 years of experience in investment. Since March 2017, she has been the president of Shangshan Capital Group Co., Limited (上善資本集團有限公司) ("**SSC Capital**"), a company principally engaged in wealth management research, wealth management consultancy and services, asset management and investment management and advisory services. Prior to joining SSC Capital, she served as the general manager of Beijing Century Hualong Investment Management Consulting Co., Ltd.* (北京世紀華隆投資管理顧問有限公司) from August 2009 to December 2016. Ms. Wei obtained a bachelor degree in finance in June 2006 from Sun Yat-Sen University.

Ms. Wei (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) save as disclosed in "Information of the Purchasers" in this Composite Document, does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Ms. Wei is taken to be interested in the Shares in which the Offeror was interested under the SFO.

Purchaser B (Mr. Ng Hoi Kam (吳海淦)) ("Mr. Ng")

Mr. Ng, aged 52, has over 20 years of experience in the investment banking and financial industry focusing on the areas of initial public offerings, mergers and acquisitions, corporate restructuring and other financial advisory services to listed companies and listing applicants in Hong Kong. From September 2017 to October 2025, he served successively as the deputy general manager and executive Director of CMBC Capital Holdings Limited ("**CMBC Capital**"), and while also acting as a Responsible Officer and director of each of CMBC

International Capital Limited and CMBC Securities Company Limited, both of which are direct wholly-owned subsidiaries of CMBC Capital. Being a part of their senior management, he was in charge of the equity capital market and investment banking businesses and the research department. From December 2000 to July 2017, he served as the managing director of corporate finance in Haitong International Capital Limited. From July 1997 to December 2000, he worked in Arthur Anderson & Co. (now known as PricewaterhouseCoopers).

Mr. Ng is a member of the Hong Kong Institute of Certified Public Accountants. He received his bachelor of business administration from the Chinese University of Hong Kong in December 1997 and his Master of Economics from the University of Hong Kong in November 2007.

Mr. Ng (i) has not, save as disclosed above, served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) save as disclosed in "Information of the Purchasers" in this Composite Document, does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Ng was interested in 19,466,280 Shares (being the Sale Shares acquired pursuant to the Sale Purchase Agreement) directly held by him.

Mr. Liao Daxue (廖大學) ("Mr. Liao")

Mr. Liao, aged 61, has over ten years of management experience in the PRC mining industry. During 2003 to 2018, Mr. Liao had served as the deputy mine manager of Hunan Huangshaping Lead-Zinc Mine, the chairman and general manager of Hunan Nonferrous Metals Xintianling Tungsten Co., Ltd. (湖南有色新田嶺鎢業有限公司), chairman of the board and general manager of Hunan Shizhuyuan Nonferrous Metals Co., Ltd.* (湖南柿竹園有色金屬有限責任公司), the deputy director of the tungsten business division of China Minmetals Nonferrous Metals Holding Co., Ltd. (中國五礦有色金屬控股有限公司), and deputy general manager of China Tungsten and Hightech Materials Co., Ltd. (中鎢高新材料股份有限公司) ("**China Tungsten**"), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000657) and a member of the China Minmetals group (中國五礦集團), a state-owned enterprise directly subordinated to the PRC central government.

Mr. Liao obtained a bachelor degree in engineering with a major in mining engineering and an MBA from Central South University (中南大學) in July 1987 and December 2003, respectively. He obtained his qualifications as a senior engineer specialising in mining engineering in December 1999 accredited by the Hunan Province Personnel Bureau, as a senior engineer (research fellow) specialising in mining engineering in October 2011, and as a certified safety engineer in October 2017 accredited by Ministry of Human Resources and Social Security of the PRC and State Administration of Work Safety. He has served as the chairman of the governing committee of the Fifth and Sixth Council of the China Tungsten Industry Association.

Mr. Liao (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Liao did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Chen Hongzheng (陳泓錚) ("Mr. Chen")

Mr. Chen, aged 39, has over ten years of experience in investment. Since January 2025, he has been serving as the managing director of SSC Capital. From 2015 to 2024, he served successively as the investment director of Shanghai Fosun Venture Capital Management Co., Ltd. (上海復星創業投資管理有限公司) ("**Fosun VC**"), the investment executive general manager of Fosun VC and the Maternal, Infant, and Family Industry Group within Shanghai Fosun High Technology (Group) Company Limited (上海復星高科技(集團)有限公司), and an investment lead in Baihe Jiayuan Network Group Co., Ltd. (百合佳緣網絡集團股份有限公司) representing its shareholder, Fosun International Ltd. (復星國際有限公司) (listed on the Stock Exchange (stock code: 656)), where he was responsible for expanding its business and brand portfolio through investment and mergers and acquisitions. Prior to that, he served as the deputy manager of the investment development division in Zhejiang Venture Capital Investment Group Co., Ltd* (浙江省創業投資集團有限公司), a market-oriented professional investment institution approved and established by Zhejiang Provincial Development and Reform Commission.

Mr. Chen obtained a bachelor of arts degree in finance and investment in June 2009 from the University of Stirling and his master of science in finance in 2010 from Manchester Business School, University of Manchester. He is also a chartered financial analyst since 2015 awarded by the CFA Institute.

Mr. Chen (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Chen did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Zhao Ju (趙駒) ("Mr. Zhao")

Mr. Zhao, aged 61, has over 20 years of experience in investment banking. He joined China Merchants Bank, a company listed on the Shanghai Stock Exchange (stock code: 600036) in November 2014 and has served as its deputy president from February 2015 to

February 2019, during which time he had also been the chief executive officer and chairman of CMB International Capital Corporation Limited. During 2005 to 2014, Mr. Zhao worked in UBS and prior to his departure, served as co-head and chairman of China investment banking.

Mr. Zhao obtained his bachelor's degree in national economic management from Tsinghua University in July 1988 and his MBA from Peking University in June 2005.

Mr. Zhao (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder (as respectively defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Zhao did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Proposed non-executive Directors

Mr. Xia Chun (夏春) ("Mr. Xia")

Mr. Xia, aged 51, has over 15 years of experience in economics and research. Since July 2024, Mr. Xia has served as Chief Economist and Head of Research at SSC Capital. From November 2021 to June 2024, Mr. Xia served as Chief Economist of Forthright Financial Holdings Co. Ltd., a company engaged in global securities and futures trading, asset management, equity financing, investment advisory and Hong Kong insurance services, and also served as Head of the Yintech Finance Research Institute at Yintech Investment Holdings Limited (銀科控股有限公司) ("**Yintech**"), which conducts research on domestic and international macroeconomic trends, monetary policy, fiscal policy, and financial regulatory developments. From August 2015 to October 2021, Mr. Xia devoted his time to serve as Director of Research Department of Noah International (Hong Kong) Holdings Limited (諾亞國際(香港)有限公司). Throughout August 2008 to July 2017, he also worked as a lecturer and professor at the University of Hong Kong, School of Economics and Finance and School of Business and the Faculty of Business and Economics. Since September 2024, Mr. Xia has been employed as an Adjunct Professor in the College of Business at the City University of Hong Kong.

Mr. Xia won the "Greater Bay Area Leading Economist Award" in 2023 awarded by the Greaterbay Financier Association, the "2023 Influential Video Creator Award" for his channel "Chun Xia Financial Intelligence (春夏財經知識)" in 2023 awarded by TMTPost Group and the "Annual Key Opinion Leader Award" in 2020 awarded by Sina Finance.

Mr. Xia graduated from Peking University majoring in Global Economics in July 1997. Subsequently, he completed a master's program in World Economy at Peking University in September 2000. In August 2008, Mr. Xia obtained his degree of Doctor of Philosophy from the University of Minnesota in the United States.

Save as disclosed above, Mr. Xia (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Xia did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Wang Dong (王東) ("Mr. Wang")

Mr. Wang Dong, aged 52, has over ten years of experience in corporate management and strategic investment. In August 2023, Mr. Wang founded Khentii Mountains Energy Co., Limited (肯特山能源有限公司) and has been serving as its chairman of the board since then, being responsible for its overall operations and investment, development, trade and mineral rights acquisition in the energy sector. From September 2022 to June 2023, Mr. Wang served successively as the chief executive officer and executive director and then non-executive director of SouthGobi Resources Limited (南戈壁資源有限公司), a company whose shares are listed on the Stock Exchange (stock code: 1878) and the Toronto Stock Venture Exchange (stock code: TSX-V SGQ), a company which, through its subsidiaries, is principally engaged in coal mining, development and exploration in Mongolia, and logistics and trading of coal in Mongolia and China. From February 2018 to August 2022, Mr. Wang served as the general manager of Inner Mongolia Dongfang Guoxin Technology Co., Limited* (內蒙古東方國信科技有限公司). From 2013 to 2018, Mr. Wang served as the chairman of the board at Guangzhou Guide Investment Company Limited (廣州貴德投資有限公司), who, through its subsidiary, Beijing Handlewell Technology Limited (北京翰納維科技有限公司), engages in information technology development in the energy sector.

Mr. Wang graduated from Liaoning Technical University (遼寧工程技術大學) in 1997 majoring in electrical automation. He also obtained a master's degree in Business Management from Graduate University of Chinese Academy of Sciences (中國科學院大學) in July 2012.

Mr. Wang (i) has not, save as disclosed above, served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Wang did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Proposed independent non-executive Directors

Mr. Xie Jie (謝杰) ("Mr. Xie")

Mr. Xie, aged 42, has more than 15 years of experience in the legal profession. Mr. Xie has been a lawyer at Hansheng Law Offices Shanghai since July 2016, specializing in corporate and criminal practice. Concurrently, from December 2019 to December 2025, Mr. Xie served as an Associate Professor at the Koguan School of Law, Shanghai Jiao Tong University (上海交通大學凱原法學院). Mr. Xie was also a Postdoctoral Fellow at the National University of

Singapore Law School in Singapore from August 2015 to August 2016, and prior to that, worked as an Assistant Researcher at the East China University of Political Science and Law (華東政法大學) from January 2015 to May 2016 and also took part in the Fullbright China PhD Dissertation Research at the University of Pennsylvania Law School from September 2013 to May 2014. In the early days of his career, Mr. Xie was a public prosecutor from July 2007 to January 2015 and was qualified as a level 5 Prosecutor in April 2010 accredited by Shanghai Baoshan District People's Procuratorate Department.

Mr. Xie attained his bachelor of laws at the China Youth University of Political Studies (中國青年政治學院) in July 2005. He then attained his doctorate in laws with a focus in criminal law from East China University of Political Science and Law (華東政法大學) in June 2014. Mr. Xie holds a legal professional qualification certificate in the PRC.

Mr. Xie (i) has not served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Xie did not hold any interest in the Shares within the meaning of Part XV of the SFO.

Mr. Wong Chi Wah (王志華) ("Mr. Wong")

Mr. Wong, aged 51, has more than 25 years of experience in audit and accounting. Since July 2022, Mr. Wong has been acting as an independent non-executive director of China General Education Group, a company whose shares are listed on the Stock Exchange (stock code: 2175), and has been the chief financial officer and company secretary of Wanguo Gold Group Limited, a company listed on the Stock Exchange (stock code: 3939) since July 2011 and May 2012, respectively. From February 2010 to June 2011, Mr. Wong worked as the group chief financial controller and company secretary of China Automotive Interior Decoration Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 48). Prior to that, Mr. Wong worked as a group financial controller at Kingsun-Aima Biotech Co. Limited where he was responsible for reviewing monthly financial reports of the group's entities, preparing the group's consolidated financial reports and budgets as well as reviewing pricing for new products. At the start of his accounting career, Mr. Wong worked at Ernst & Young from February 2000 to September 2003 in several positions and was a senior accountant prior to his departure and at Nelson Wheeler from June 1996 to January 2000 in several positions, serving as an audit senior prior to his departure.

Mr. Wong received his bachelor of arts in accountancy from the Hong Kong Polytechnic University in November 1996. Following that, he became an Associate of the Association of Chartered Certified Accountants (then known as Hong Kong Society of Accountants) in October of 1999 and was admitted as a Fellow thereof in December of 2004.

Mr. Wong (i) has not, save as disclosed above, served as director in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years; (ii) does not hold any other positions in the Company or any of its subsidiaries; and (iii) does not, save as disclosed above, have any relationship with any director, senior management, substantial shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Wong did not hold any interest in the Shares within the meaning of Part XV of the SFO.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Shares outstanding after the close of the Offer.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that, if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer, if the level of acceptances of the Offer Shares results in the shareholding of the Offeror and the parties acting in concert with it exceeding 75% of the total issued share capital of the Company. Such steps may include but are not limited to placing down or selling by the Offeror of a sufficient number of accepted Shares acquired under the Offer to Independent Third Parties or in the market through arrangements that do no fall within Rule 25 of the Takeovers Code. No arrangement had been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further terms of the Offer, including the procedures for acceptance and settlement and acceptance period of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL INFORMATION

To ensure equality of treatment of all Offer Shareholders, those registered Offer Shareholders who hold any Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to the section headed "Important Notices" contained in this Composite Document and the section headed "Overseas Shareholders" in Appendix I to this Composite Document.

All documents and remittances to be sent to the Offer Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Offer Shareholders at their respective addresses as they appear in the register of members of Company or in the case of joint Offer Shareholders, to the Offer Shareholder whose name appears first in the register of members of the Company among such joint Offer Shareholders. None of the Offeror, the parties acting in concert with it (including Purchaser B), the Company, Somerley, the Independent Financial Adviser and the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and any other persons involved in the Offer accepts any responsibility for any loss or delay in transmission or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

WARNING

Offer Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which forms part of this Composite Document. In addition, your attention is also drawn to the "Letter from the Board" on pages 24 to 29 of this Composite Document, "Letter from the Independent Board Committee" on pages 30 to 31 of this Composite Document and "Letter from the Independent Financial Adviser" on pages 32 to 62 of this Composite Document in relation to their respective recommendations and advices with respect to the Offer. You are advised to read and consider all the information contained in this Composite Document before reaching a decision as to whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Somerley Capital Limited
M.N. Sabine
Chairman

Add New Energy Investment Holdings Group Limited
愛德新能源投資控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 2623)

Executive Directors:
Mr. Li Yunde *(Chairman)*
Mr. Geng Guohua *(Chief Executive Officer)*
Mr. Lang Weiguo

Independent non-executive Directors:
Mr. Leung Nga Tat
Mr. Li Xiaoyang
Mr. Zhang Jingsheng
Ms. Cheng Shuk Teh Esther

Registered office:
Windward 3
Regatta Office Park
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Grand Cayman, KY1-1108
Cayman Islands

Principal place of business in Hong Kong:
Suite 3105, 31/F
Tower 6, The Gateway
Harbour City
9 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Company Secretary:
Ms. Chan Yuen Ying, Stella

18 December 2025

To Offer Shareholders:

Dear Sir or Madam,

UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF PROMINENCE INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PROMINENCE INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

Reference is made to the Joint Announcement.

The Board was informed by the Offeror that on 15 October 2025 (after trading hours of the Stock Exchange), the Vendors, as sellers, and the Offeror and Purchaser B, as Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase an aggregate of 194,959,831 Shares, being the Sale Shares (representing approximately 55.66% of the total issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date), for an aggregate cash consideration of HK$80,000,000 (equivalent to approximately HK$0.4103 per Sale Share. The Completion took place on 15 October 2025 immediately after the entering into of the Sale and Purchase Agreement.

Immediately before Completion, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) are interested in an aggregate of 194,959,831 Shares, representing approximately 55.66% of the entire issued share capital of the Company.

Accordingly, pursuant to Rule 26.1 of the Takeovers Code, following Completion, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other matters, (i) information relating to the Group, the Offeror and the Offer; (ii) a letter from Somerley containing, among other things, details of the Offer; (iii) a letter of recommendation from the Independent Board Committee containing its recommendations to the Offer Shareholders in relation to the Offer; and (iv) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Offer and as to their acceptance; and (v) the Form of Acceptance.

Unless the context otherwise requires, terms defined in this Composite Document shall have the same meanings when used in this letter.

2. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Mr. Leung Nga Tat, Mr. Li Xiaoyang, Mr. Zhang Jingsheng and Ms. Cheng Shuk Teh Esther, each of whom being an independent non-executive Director who has no direct and indirect interest in the Offer, has been established to make recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer in accordance with Rules 2.1 and 2.8 of the Takeovers Code.

With the approval of the Independent Board Committee, and pursuant to Rule 2.1 of the Takeovers Code, Red Sun Capital Limited has been appointed by the Company to act as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

3. THE OFFER

As disclosed in the "Letter from Somerley" in this Composite Document, Somerley will, for and on behalf of the Offeror, make the Offer in compliance with the Takeovers Code on the following terms:

For each Offer Share . . . . . **HK$0.4104 in cash**

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of this Composite Document. As at the Latest Practicable Date, no dividend and/or other distribution had been declared but not yet paid to the Shareholders, nor did the Board have any plan to declare any dividend or other distribution before the close of the Offer.

Further details of the Offer are set out under the section headed "Letter from Somerley" and Appendix I in this Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Offer and certain related information.

4. OFFEROR'S INTENTION ON THE COMPANY

Your attention is drawn to the paragraphs headed "Intention of the Offeror in relation to the Group" in the "Letter from Somerley" in this Composite Document which sets out the intention of the Offeror regarding the Group.

The Board is pleased to note the intention of the Offeror in respect of the Group as disclosed. The Board is willing to cooperate with the Offeror for the best interests of the Company and its Shareholders as a whole.

5. INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed "Information on the Purchasers" in the "Letter from Somerley" in this Composite Document for information relating to the Offeror.

6. INFORMATION OF THE GROUP

The Company, an investment holding company, is incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 2623). The Group is principally engaged in iron ore processing and sales of iron concentrates and other minerals in the PRC.

Shareholding structure of the Company

The table below sets out the shareholding structure of the Company immediately (i) before the Completion and (ii) after the Completion and as at the Latest Practicable Date:

	Immediately before Completion		**Immediately after Completion and as at the Latest Practicable Date**	
	No. of Shares	*Approximate%*	*No. of Shares*	*Approximate%*
Vendors				
Vendor A *(Note 1)*	186,822,631	53.34	–	–
Vendor B *(Note 4)*	8,137,200	2.32	–	–
Subtotal	194,959,831	55.66	–	–
Offeror and parties acting in concert with it				
Offeror	–	–	175,493,551	50.10
Purchaser B	–	–	19,466,280	5.56
Subtotal	–	–	194,959,831	55.66
Directors (other than Vendor B)				
Mr. Geng Guohua *(Notes 2 and 4)*	1,258,933	0.36	1,258,933	0.36
Mr. Lang Weiguo *(Notes 3 and 4)*	1,246,666	0.35	1,246,666	0.35
Subtotal	2,505,599	0.71	2,505,599	0.71
Public Shareholders	152,821,098	43.63	152,821,098	43.63
Total	350,286,528	100.00	350,286,528	100.00

Notes:

1. Vendor A is a company wholly owned by Vendor B.

2. Mr. Geng Guohua is an executive Director.

3. Such Shares include 1,203,333 Shares held by All Five Capital Ltd and 43,333 Shares held by Novi Holdings Limited, each being a company wholly owned by Mr. Lang Weiguo, an executive Director.

4. Other than Vendor B, Mr. Geng Guohua and Mr. Lang Weiguo, no Director held/holds any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company (i) immediately before Completion; and (ii) immediately after Completion and as at the Latest Practicable Date.

5. Figures presented in the table above are subject to rounding adjustments.

Your attention is also drawn to Appendices II and IV to this Composite Document which contain the financial information and the general information of the Group, respectively.

7. PROPOSED CHANGE OF THE BOARD COMPOSITION

Your attention is drawn to the paragraphs headed "Proposed Change of the Board Composition" in the "Letter from Somerley" in this Composite Document.

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo, and four independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Ms. Cheng Shuk Teh Esther.

The Board is aware that pursuant to the Sale and Purchase Agreement, Mr. Li Yunde (as Vendor B) has tendered his resignation, and the Vendors shall procure such other existing Directors (other than Mr. Geng Guohua for reasons as stipulated in the paragraphs headed "Proposed Change of the Board Composition" in the "Letter from Somerley" in this Composite Document) as may be specified by the Purchasers to resign, as Directors with effect from the earliest time permitted under the Takeovers Code, the Listing Rules and other laws, regulations and rules applicable to the Company. The Board is aware that the Offeror intends to nominate new Directors to the Board and will request the resignation of the existing executive Directors (save for Mr. Geng Guohua) and two independent non-executive Directors in accordance with relevant requirements of the Takeovers Code, the Listing Rules or other applicable regulations. As at the Latest Practicable Date, the Offeror intends to nominate five executive Directors, two non-executive Directors and two independent non-executive Directors to the Board with effect from after the Composite Document is posted on the date of dispatch of this Composite Document (being the earliest date as permitted under the Takeovers Code). Please refer to the paragraph headed "Proposed Change of the Board Composition" in the "Letter from Somerley" in this Composite Document for the biographical information of the proposed Directors nominated by the Offeror.

The above appointments and resignations will be made as and when appropriate in accordance with the Takeovers Code and the Listing Rules. Further announcement(s) and/or disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

8. PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY

Your attention is drawn to the section headed "Maintaining the Listing Status of the Company" in the "Letter from Somerley" in this Composite Document.

9. FURTHER INFORMATION

You are advised to read the "Letter from Somerley" in this Composite Document and the accompanying Form of Acceptance for information relating to the Offer and the acceptance and settlement procedures of the Offer. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

10. RECOMMENDATION

Your attention is drawn to (i) "Letter from the Independent Board Committee" as set out on pages 30 to 31 of this Composite Document, which contains the recommendation of the Independent Board Committee to the Offer Shareholders in relation to the Offer; and (ii) "Letter from the Independent Financial Adviser" as set out on pages 32 to 62 of this Composite Document, which sets out the advice and recommendation of the Independent Financial Adviser to the Independent Board Committee in relation to the Offer and the principal factors considered by it before arriving at its recommendation. You are urged to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Offer.

In considering what action to take in response to the Offer, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

By Order of the Board
Add New Energy Investment Holdings Group Limited
Li Yunde
Chairman

Add New Energy Investment Holdings Group Limited
愛德新能源投資控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 2623)

18 December 2025

To Offer Shareholders:

Dear Sir or Madam,

UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF PROMINENCE INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PROMINENCE INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

1. INTRODUCTION

We refer to the Composite Document dated 18 December 2025 issued jointly by the Offeror and the Company of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to make recommendation to you as to whether, in our opinion, the Offer is fair and reasonable so far as the Offer Shareholders are concerned and as to acceptance of the Offer.

Red Sun Capital Limited, with the approval of the Independent Board Committee, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offer and in particular as to whether the Offer is, or is not, fair and reasonable and as to the acceptance of the Offer. Details of its advice and recommendation are set out in the "Letter from the Independent Financial Adviser" set out in the Composite Document.

We also wish to draw your attention to the "Letter from Somerley", the "Letter from the Board" and the additional information set out in the Composite Document, including the appendices to the Composite Document and the accompanying Form(s) of Acceptance.

2. RECOMMENDATION

Having taken into account the terms of the Offer and the advice and recommendation of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the "Letter from the Independent Financial Adviser", we concur with the view of the Independent Financial Adviser and consider that the Offer is not fair and not reasonable so far as the Offer Shareholders are concerned, and do not recommend the Offer Shareholders to accept the Offer. The Offer Shareholders are recommended to read the full text of the "Letter from the Independent Financial Adviser" as set out in this Composite Document.

The Offer Shareholders who intend to accept the Offer are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period. and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer. In any event, the Offer Shareholders should note that there is no certainty that the current trading volume and/or current trading price level of the Shares will be sustainable during or after the Offer Period.

Notwithstanding our recommendation, Offer Shareholders are strongly advised that their decision to realise or hold their investment in the Company depends on their own individual circumstances and investment objectives. If in any doubt, Offer Shareholders should consult their own professional advisers for professional advice.

For and on behalf of the
Independent Board Committee of
Add New Energy Investment Holdings Group Limited

Mr. Leung Nga Tat	**Mr. Li Xiaoyang**	**Mr. Zhang Jingsheng**	**Ms. Cheng Shuk Teh Esther**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee in respect of the Offer for inclusion in this Composite Document.

紅日資本有限公司
RED SUN CAPITAL LIMITED

Room 2703, 27/F,
China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

18 December 2025

To: The Independent Board Committee

Dear Sirs,

UNCONDITIONAL MANDATORY GENERAL CASH OFFER BY SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF PROMINENCE INVESTMENT HOLDING COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF ADD NEW ENERGY INVESTMENT HOLDINGS GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY PROMINENCE INVESTMENT HOLDING COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 18 December 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

The Board was informed by the Offeror that on 15 October 2025 (after trading hours of the Stock Exchange), the Vendors, as sellers, and the Offeror and Purchaser B, as Purchasers entered into the Sale and Purchase Agreement, pursuant to which the Vendors agreed to sell and the Purchasers agreed to purchase an aggregate of 194,959,831 Shares, being the Sale Shares (representing approximately 55.66% of the total issued share capital of the Company as at the date of the Joint Announcement and as at the Latest Practicable Date), for an aggregate cash consideration of HK$80,000,000 (equivalent to approximately HK$0.4103 per Sale Share. The Completion took place on 15 October 2025 immediately after the entering into of the Sale and Purchase Agreement.

Immediately before Completion, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) did not hold, own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion and as at the Latest Practicable Date, the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) are interested in an aggregate of 194,959,831 Shares, representing approximately 55.66% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, following Completion, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it).

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Ms. Cheng Shuk Teh Esther, has been established to advise the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer. Red Sun Capital Limited has been appointed by the Board with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and its concert parties and their respective shareholders, directors or chief executives, or any of their respective associates. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Offer Shareholders regarding the Offer.

In the last two years, save for this appointment, we have not acted as an independent financial adviser to the independent board committee of the Company and/or the Offer Shareholders. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. In addition, having considered that (i) remuneration for our independent financial adviser engagement in relation to the Offer is fixed and at market level, and is not conditional upon the outcome of the Offer; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration) or the Offeror, their respective controlling shareholders or any parties acting in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of the Company and the Offeror, their respective controlling shareholders and any parties acting in concert with any of them, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules and Rule 2 of the Takeovers Code.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Group, the Directors and/or management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Composite Document or made, given or provided to us by the Company, the Directors and the Management, for which they are solely and wholly responsible, were true and accurate and complete in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have assumed that all the opinions and representations made by the Directors in the Composite Document have been reasonably made after due and careful enquiry. The Directors and the Management confirmed that no material facts have been omitted from the information provided and referred to in the Composite Document. 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. The Company will notify the Shareholders of any material changes to information contained or referred to in the Composite Document as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Shareholders will also be informed as soon as practicable when there is any material changes to the information contained or referred to herein as well as changes to our opinion, advice and/or recommendation, the information and representations provided and made to us and the information contained in this letter, if any, after the Latest Practicable Date as soon as possible.

We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the financial position, business and affairs of the Group and, where applicable, their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

We consider that we have been provided with sufficient information to enable us to reach an informed view and to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group, the Directors and/or the Management and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents.

We have not considered the tax and regulatory implications on the Offer Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Offer Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued to the Independent Board Committee solely for their consideration in respect of the Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

PRINCIPAL TERMS OF THE OFFER

Somerley Capital Limited, the financial adviser to the Offeror, is, for and on behalf of the Offeror, making the Offer in compliance with the Takeovers Code on the following terms:

For each Offer Share	**HK$0.4104 in cash**

The Offer Price of HK$0.4104 per Offer Share is roughly equivalent to but higher than the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

As at the Latest Practicable Date, there are 350,286,528 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into any Shares or other types of equity interest as at the Latest Practicable Date.

The Offer is extended to all Offer Shareholders in accordance with the Takeovers Code. The Offer extends to all Shares in issue on the date on which the Offer is made, being the date of despatch of the Composite Document, other than those Shares already held by or agreed to be acquired by the Offeror and the parties acting in concert with it.

The Offer Shares to be acquired under the Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of despatch of the Composite Document. As at the Latest Practicable Date, no dividend and/or other distribution had been declared but not yet paid to the Shareholders, nor did the Board have any plan to declare any dividend or other distribution before the close of the Offer. The Offer is unconditional in all respects and not conditional upon acceptances being received in respect of a minimum number of Shares or other conditions.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Financial information of the Group and industry outlook

1.1 Business of the Group

The Group is engaged in mining business and trading business.

The Group's mining business comprises two types of business activities, namely, (a) the ilmenite mining, the processing of the ilmenite ores so extracted out of the Group's own mines, and the sale of iron concentrates and titanium concentrates so produced; and (b) the provision of processing services in respect of iron and other mineral ores provided by the Group's customers (the "**Mining Business**"). The Group possessed mining rights in respect of Yangzhuang Iron Mine, an iron ore mine located in Qinjiazhuang Village, Yangzhuang Town, Shandong Province, the PRC ("**Yangzhuang Iron Mine**") and the Group disposed of the Yangzhuang Iron Mine in the year ended 31 December 2024. The Company is also principally engaged in ilmenite ore mining and processing at its ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC (the "**Zhuge Shangyu Ilmenite Mine**"), however, save for the trial production of mining activities in 2013 and 2014, mining activities at the Zhuge Shangyu Ilmenite Mine had not continued after 2014. In the mining process, the Group first extracts ilmenite ores from the mine. The ores extracted are then processed into iron concentrates and titanium concentrates.

The existing production facilities at the Zhuge Shangyu Ilmenite Mine, particularly the flotation sorting facilities for sorting titanium concentrates, are in such a small scale that prevents the Group from achieving the necessary economies of scale, making it commercially unviable for the Group to mine and process the ilmenite ore extracted from the Zhuge Shangyu Ilmenite Mine, as the costs associated with such mining and processing would otherwise be disproportionately high as compared to the potential output.

The planned new downstream processing plant has a designed total processing capacity of 10,000,000 tonnes per year, which corresponds to the processing capacity of the upstream ore processing system that has already been set up, and will be constructed in two phases. The first phase of the new processing plant is currently being constructed and will be equipped with a processing capacity of 5,000,000 tonnes per year. The construction work is expected to be completed by the end of 2025, upon which the processing plant will undergo testing, trial production and (depending on the quality of the products produced during trial production) adjustment to the production parameters, which are expected to be completed by the end of the first quarter in 2026. With the construction of the first phase of the new processing plant at the Zhuge Shangyu Ilmenite Mine expected to be completed by the end of 2025, the Group resumed its mining activities at the Zhuge Shangyu Ilmenite Mine in June 2025.

To supplement its Mining Business, the Group has been utilising its processing capacity to provide processing services in respect of iron and other ores and such services are provided under subcontracting arrangements with customers (the "**Processing Services**"). Such services are provided under subcontracting arrangements with customers, where the mineral ores to be processed are supplied and delivered by the customers and the Group is only responsible for performing the processing procedures with its own facilities and equipment.

The Group has also been conducting trading of commodities (the "**Trading Business**"). In its Trading Business, the Group serves to ensure that the expectations and requirements of its customers in respect of, among other things, quality, usage and quantity of the relevant commodities can be matched by the commodities sourced by the Group from its suppliers, and that such commodities could be made available to the customers within their expected delivery timeframe. The purchase contracts are not entered into in the wake of, in accordance with or on the back of designated or earmarked sale contracts. Accordingly, the purchase contracts are not initiated by the customers' orders. Once collected, the commodities ordered from the suppliers are stored at the warehouse operated by the suppliers or their logistics partners at the relevant ports pending sales to customers. The Group will then approach target customers and seek to conclude sales of the commodities. After specific sale contracts have been entered into with customers, the type and quantity of commodities in stock matching the descriptions and specifications provided in the sale contracts will be transferred out of the inventories and available for collection by the customers. The Group traded blended coal, coarse iron powder, semi-coke and coke in the year ended 31 December 2023 and the Group has focused on trading of blended coal and coarse iron powder since early 2024.

Further details please refer to the sections headed "Business model of the Company's existing business" and "Current operation status of Zhuge Shangyu Ilmenite Mine" as set out in the Appendix II of the Composite Document.

1.2 Historical financial information of the Group

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2023 and 2024 as extracted from the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**") and the six months ended 30 June 2024 and 2025 as extracted from the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"), respectively:

Summary of the consolidated statement of comprehensive income of the Group

	For the six months ended 30 June		**For the year ended 31 December**	
	2025	**2024**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Revenue	12,935	157,288	282,090	1,263,727
– Trading activities	*4,222*	*146,452*	*244,024*	*998,935*

	For the six months ended 30 June		For the year ended 31 December	
	2025	**2024**	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
– Processing service income	*8,713*	*10,836*	*38,066*	*241,891*
– Sales of iron concentrates	*–*	*–*	*–*	*22,901*
Cost of sales	(9,280)	(145,104)	(266,343)	(1,122,263)
Gross profit	3,655	12,184	15,747	141,464
Operating profit/(loss)	1,675	(12,610)	74,820	63,078
(Loss)/Profit for the period/year attributable to owners of the Company	**(3,564)**	**(16,353)**	**61,723**	**50,525**

*Financial performance for the six months ended 30 June 2024 (the "**6M2024**") and the six months ended 30 June 2025 (the "**6M2025**")*

Based on the 2025 Interim Report, revenue of the Group decreased by approximately 91.8% from approximately RMB157.3 million for 6M2024 to approximately RMB12.9 million for 6M2025. The revenue for 6M2025 comprised approximately RMB4.2 million from trading of coarse iron powder and blended coal and approximately RMB8.7 million from the provision of processing service. The Group did not record any trading sales of semi-coke in 6M2024 and 6M2025.

Trading activities

For the products traded by the Group during 6M2024 and 6M2025, the average blended coal price dropped from approximately RMB237 per tonne in 6M2024 to approximately RMB221 per tonne in 6M2025, representing a decrease of approximately 6.8%, while the average coarse iron powder price dropped from approximately RMB764 per tonne in 6M2024 to approximately RMB632 per tonne in 6M2025, representing a decrease of approximately 17.3%. Regarding the Group's trading activities, (a) revenue from trading of coarse iron powder decreased by approximately RMB23.9 million or 87.5% from approximately RMB27.3 million for 6M2024 to approximately RMB3.4 million for 6M2025; and (b) revenue from trading of blended coal decreased by approximately RMB118.3 million or 99.3% from approximately RMB119.1 million for 6M2024 to approximately RMB0.8 million for 6M2025.

During the first half of 2025, iron and coal product prices in the PRC had been volatile and exhibited a general downward trend. This was largely attributable to weakened demand resulting from slowdown in the global and domestic economies as heightened by, among other things, the China-United States trade war, as well as oversupply of steel resulting from poor PRC real estate industries given that steel is heavily used in construction of new properties. Iron is a key raw material for the production of steel and the oversupply of steel has affected the demand of iron. The weakened demand in iron products had also adversely affected the demand for coal products, being a key production material for ironmaking and steelmaking, resulting in significant volatility in its market price during the period.

The commodities ordered from the suppliers are stored at the warehouse operated by the suppliers or their logistics partners at the relevant ports pending sales to customers. The Group will then approach target customers and seek to conclude sales of the commodities. For the decrease in revenue of trading activities, it may also due to the fact that the Group faces inventories risk as in its trading activities, the Group sources and supplies commodities which would involve holding of inventories. The general decreasing trend of blended coal price and coarse iron powder price in 2025 might make the Management reluctant from engaging trading activities, since trading during a downward price trend may incur trading losses. Under such an adverse economic climate and turbulent market conditions, the management resolved to err on the side of caution and strategically limited its trading activities and reduced its trading volume. It was a tactical move to avert losses in the midst of highly unpredictable and significant fluctuations in market price of commodities, given that there was a real risk that the commodities in stock might not be saleable to customers above the purchase price under the downward pressure on market price. This explains the substantial decrease in the Group's revenue generated from its trading activities during the 6M2025 as compared with the 6M2024.

Likewise, we are of the view that the downward trend of market price of blended coal price and coarse iron powder in 2024 and 2025 had led the customers under trading business of the Group to become more hesitant about procuring supply and/or stocking of minerals, thus reducing the orders placed with the Group.

Processing service income

The processing service income of the Group decreased from approximately RMB10.8 million in 6M2024 to approximately RMB8.7 million in 6M2025 which is attributable to the upgrading of its processing facilities next to the the Zhuge Shangyu Ilmenite Mine in 2025 to cope with the commercialization of Zhuge Shangyu Ilmenite Mine in 2026. The upgrading has affected the production capacity of processing service which in turn affected the orders could be received by the Group.

We have discussed with the Management and was given the understanding that in October 2025, the Group has entered into sales agreements for trading of coal which the Group recognised revenue of approximately RMB30.0 million for the six months ending 31 December 2025. However, based on (i) the decrease in revenue of approximately 91.8% from approximately RMB157.3 million for 6M2024 to approximately RMB12.9 million for 6M2025; (ii) the general decreasing trend of blended coal and coarse iron powder price in 2025 might make the Management reluctant from engaging trading activities, since trading during a downward price trend may incur trading losses; and (iii) as at the Latest Practicable Date, the Group have not entered into any disposal in relation to mining right or exploration right during the year ending 31 December 2025, it is expected that the trading activities of the Group in the year ending 31 December 2025 will be lower than FY2024 and due to upgrading of the production facilities which affected its production capacity in 2025, the Directors expected that the performance of processing business (please refer to the paragraph below for the reason) for the six months ended 31 December 2025 would be broadly in line with that of 6M2025 which might not lead to a turnaround for the year ending 31 December 2025.

The existing production facilities next to Zhuge Shangyu Ilmenite Mine is not sufficiently large scale to make ilmenite ore processing commercially viable, and given that the new processing plant is still under construction, the Group is not expected to be able to conduct processing of the ilmenite ores extracted from the Zhuge Shangyu Ilmenite Mine into iron concentrate or titanium concentrate for sales within the remaining months of 2025. Following completion of construction of the first phase of the new processing plant by the end of 2025, the Group is expected to commence sales of self-produced iron concentrates and titanium concentrates starting from the financial year ending 31 December 2026.

The gross profit of the Group decreased from approximately RMB12.2 million for 6M2024 to approximately RMB3.7 million for 6M2025, representing a decrease of approximately 70.0%. The Group recorded loss attributable to owners of the Company for 6M2025 of approximately RMB3.6 million, representing a decrease in loss of approximately 78.2% as compared to approximately RMB16.4 million for 6M2024. The decrease in loss attributable to owners of the Company for 6M2025 was mainly attributable to the gain on reversal of over-provision for accrued expenses attributable to Yangzhuang Iron Mine amounting approximately RMB27.4 million (nil for 6M2024). During 6M2025, the new mining certificate has been formally issued to Shandong Dane Mining Technology Co., Ltd. ("**Shandong Dane**") under the disposal of Yangzhuang iron mine and the related assets (including the mining right and ore processing plant of Yangzhuang Iron Mine, exploration right of Qinjiazhuang Ilmenite Mine, Yangzhuang Iron Mine production land (including leased and contracted land), buildings, production facilities) in which the Group entered into an assets transfer agreement dated 21 May 2024 (as supplemented by two supplemental agreements dated 12 June 2024 and 28 June 2024, respectively), pursuant to which the Group has agreed to dispose of the above assets at a consideration of approximately RMB314,484,000 less outstanding amount payable for the mining right in respect of Yangzhuang Iron Mine and during the year ended 31

December 2024 (the "**Disposal**"). The Disposal was completed in FY2024. As at 31 December 2024, the Group has accrued for certain expenses during the course of its operations in Yangzhuang Iron Mine in previous years, which remained unpaid up to date. In view of legal title of the mining right and related assets having been transferred to Shandong Dane and legal opinion sought by the Group in respect of the legal exposure to these long outstanding accrued expenses, the Group considered that the probability of request for payment of these accrued expenses were remote and accordingly, provision for these accrued expenses were reversed and credited as a gain recognised in the consolidated profit or loss during 6M2025.

*Financial performance for the year ended 31 December 2023 ("**FY2023**") and the year ended 31 December 2024 ("**FY2024**")*

We noted from the 2024 Annual Report that the Group recorded revenue of approximately RMB282.1 million for FY2024, representing a decrease of approximately RMB981.6 million or 77.7% as compared to approximately RMB1,263.7 million for FY2023. The decrease in revenue was primarily due to (i) the slow-down of trading activities of blended coal and coarse iron powder from approximately RMB725.8 million in FY2023 to approximately RMB244.0 million in FY2024 caused by the price fluctuation in FY2024. The average blended coal price dropped from approximately RMB256 per tonne in FY2023 to approximately RMB229 per tonne in FY2024, representing a decrease of approximately 10.5% while the average coarse iron powder price dropped from approximately RMB728 per tonne in FY2023 to approximately RMB699 per tonne in FY2024, representing a decrease of approximately 4.0%; (ii) the stop trading of semi-coke and coke from approximately RMB273.2 million in FY2023 to nil in FY2024 due to its relatively thin profit margin comparing with blended coal and coarse iron powder; (iii) decrease in processing orders received in FY2024 primarily attributable to the decrease in processing capacity due to suspension of Yangzhuang processing plant for the arrangement of assets disposal in FY2024; and (iv) decrease in revenue from sales of iron concentrates from approximately RMB22.9 million to nil for FY2024 due to the Disposal. The other ilmenite and magnetite mine held by the Group, the Zhuge Shangyu Ilmenite Mine, which has already been as part of the Group at the time of listing, was yet to conduct mining in FY2024 and the Group only carried out iron processing service in the facilities next to the Zhuge Shangyu Ilmenite Mine.As stated in Appendix II of the Composite Document, following completion of construction of the first phase of the new processing plant next to the Zhuge Shangyu Ilmenite Mine by the end of 2025, the Group is expected to commence sales of self-produced iron concentrates and titanium concentrates starting from the financial year ending 31 December 2026.

The gross profit of the Group decreased from approximately RMB141.5 million for FY2023 to approximately RMB15.7 million for FY2024, representing a decrease of approximately 88.9% which was resulted from the significant decrease in revenue in FY2024.

The Group recorded operating profit of approximately RMB74.8 million for FY2024 as compared to approximately RMB63.1 million for FY2023 representing a decrease of approximately 18.6%. Save for the Disposal, the Group also disposed of an exploration right in respect of Gaozhuang Shangyu Ilmenite Mine with net carrying amount of Nil to a purchaser at an agreed consideration of RMB8,000,000 (together with the Disposal, the "**One-off Disposals**"). Notwithstanding the exploration right in respect of the Gaozhuang Shangyu Ilmenite Mine was considered at net carrying amount of nil due to the feasibility for mining, the purchaser considered Gaozhuang Shangyu Ilmenite Mine a business opportunity and was willing to pay RMB8,000,000 for it. After the One-off Disposals, the mining rights of Zhuge Shangyu Ilmenite Mine was the only mining rights hold by the Group and no other exploration right is owned by the Group. The Group recorded net gain resulted from the disposal of mining right in respect of Yangzhuang Iron Mine and the related assets and an exploration right for FY2024 of approximately RMB115.8 million and gain on disposal of an exploration right for FY2024 of approximately RMB7.5 million. For illustrating purposes only, if eliminating the one-off income arose from the One-off Disposals under other net gain, the Group would record loss attributable to the owners of the Company for FY2024 of approximately RMB61.6 million.

Nonetheless, the Group recorded an increase in profit attributable to owners of the Company to approximately RMB61.7 million for FY2024 from approximately RMB50.5 million for FY2023, representing an increase of approximately 22.2%, attributable to the net gain of disposal of approximately RMB123.4 million as compared to nil for FY2023. The turnaround of the profit for the year attributable to owners of the Company of approximately RMB61.7 million for FY2024 from the loss for the period attributable to owners of the Company of approximately RMB16.4 million for 6M2024 was mainly attributable to the net gain resulted on the Disposal of approximately RMB115.8 million.

Summary of the consolidated statement of financial position of the Group extracted from the 2024 Annual Report and the 2025 Interim Report

	As at 30 June 2025	**As at 31 December**	
		2024	**2023**
	RMB'000 (unaudited)	*RMB'000 (audited)*	*RMB'000 (audited)*
Non-current assets	674,890	592,692	633,515
Current assets	360,109	423,289	235,782
Total assets	**1,034,999**	**1,015,981**	**869,297**
Non-current liabilities	75,404	73,728	116,079
Current liabilities	415,557	396,410	261,337
Total liabilities	**490,961**	**470,138**	**377,416**
Total equity	**544,038**	**545,843**	**491,881**

Financial position as at 30 June 2025 and 31 December 2024

Total assets of the Group amounted to approximately RMB1,035.0 million as at 30 June 2025, which is broadly in line with the total assets of approximately RMB1,016.0 million as at 31 December 2024. The total assets of the Group as at 30 June 2025 mainly comprised (i) property, plant and equipment of approximately RMB387.6 million; (ii) prepayments and other receivables of approximately RMB278.7 million; and (iii) intangible assets of approximately RMB157.2 million.

Total liabilities of the Group recorded at approximately RMB491.0 million as at 30 June 2025, which mainly consisted of (i) amounts due to the controlling shareholder and the ultimate holding company of approximately RMB374.3 million; and (ii) amount payable for mining rights of approximately RMB75.4 million.

Total equity amounted to approximately RMB544.0 million as at 30 June 2025, which is broadly in line with the total equity of approximately RMB545.8 million as at 31 December 2024.

Financial position as at 31 December 2024 and 31 December 2023

Total assets of the Group amounted to approximately RMB1,016.0 million as at 31 December 2024, representing an increase of approximately 16.9% as compared to FY2023. Such primarily comprised (i) property, plant and equipment of approximately RMB315.6 million as at 31 December 2024; (ii) prepayments and other receivables of approximately RMB306.4 million as at 30 June 2024 which mainly comprised the consideration receivable for the Disposal of approximately RMB259.9 million; and (iii) intangible assets, being the mining rights in respect of the Zhuge Shangyu Ilmenite Mine of approximately RMB157.2 million.

Total liabilities of the Group also recorded an increase of approximately 24.6% in FY2024 to approximately RMB470.1 million as at 31 December 2024 as compared to FY2023. The total liabilities as at FY2024 were mainly attributable to (i) amounts due to the controlling shareholder and the ultimate holding company of approximately RMB267.1 million which comprised amount due to Vendor B of approximately RMB263.9 million and amount due to Vendor A of approximately RMB3.2 million with no fixed repayment term and are only repayable when the relevant Group company has sufficient resources to make such repayment; (ii) amount payable for mining rights of approximately RMB73.2 million; and (iii) accruals and other payables of approximately RMB59.4 million.

As a result, total equity of the Group amounted to approximately RMB545.8 million as at FY2024, representing an increase of approximately 11.0% as compared to approximately RMB491.9 million as at FY2023.

1.3 Historical dividend of the Group

During each of the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, no dividend had been declared by the Company. As at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares before the close of the Offer. In this connection, Offer Shareholders should take into account (a) the consolidated financial performance of the Group with profit and total comprehensive income for the year attributable to owners of the Company during the two consecutive financial years ended 31 December 2024; (b) the consolidated financial performance of the Group with loss and total comprehensive loss for the six months ended 30 June 2025 attributable to owners of the Company as set out in the 2025 Interim Report; (c) as the financial year ending 31 December 2025 is not yet completed, there are no certainties that the Group will distribute dividend under the stated dividend policy; and (d) as set out in the Letter from Somerley, no dividend and/or other distribution had been declared but not yet paid to the Shareholder at the Latest Practicable Date and the Directors confirmed that the Company does not intend to declare any dividend or other distribution before the close of the Offer, when considering whether to accept the Offer or to retain his/her/its shareholding in the Company, in part or in whole.

1.4 Industry prospect and outlook of the Group

We have discussed with the Management and was given the understanding that in October 2025, the Group has entered into sales agreements in relation to trading of coal which generated recognised revenue of approximately RMB30.0 million. As set out in the Appendix II of the Composite Document, for the second half of 2025, the Management expects the performance and operating results of the Trading Business to gradually improve with the expected gradual recovery in the demands for commodities. However, based on (i) the decrease in revenue of approximately 91.8% from approximately RMB157.3 million for 6M2024 to approximately RMB12.9 million for 6M2025; and (ii) the general decreasing trend of blended coal price and coarse iron powder price in 2025 which might make the Management reluctant from engaging trading activities, since trading during a downward price trend may incur trading losses, it is expected that the trading activities of the Group in the year ending 31 December 2025 will be lower than FY2024. As at the Latest Practicable Date, the Group still possessed the mining rights of Zhuge Shangyu Ilmenite Mine. Please refer to the paragraph headed "Current operation status of Zhuge Shangyu Ilmenite Mine" in Appendix II of the Composite Document for the development of the Zhuge Shangyu Ilmenite Mine.

As the operations of the Group are primarily based in the PRC and that the demand for iron ore, iron concentrates and other minerals may be affected by the PRC economy and the development of the steel and real estates industries, we have conducted our independent research in this connection.

Based on our independent research on the data published by the National Bureau of Statistics of China (the "**Statistics Bureau**") in February 2025[1] and October 2025[2], the gross domestic product ("**GDP**") of the PRC for the year ended 31 December 2024 and the nine months ended 30 September 2025 recorded a growth of (a) approximately 5.0% compared to the corresponding prior year; and (b) approximately 5.2% compared to the corresponding period in the prior year. However, the ongoing geopolitical uncertainties and economic challenges prevailing in major economies, including the protectionist policies under the current U.S. administration, may continue to impact the PRC's economic environment as a whole.

Furthermore, as for our review of (i) PRC mining related data published by the Statistics Bureau, the cumulative production of iron ore increase from approximately 990.6 million tones as of December 2023 to approximately 1,041.9 million tones as of December 2024, however, the cumulative iron ore production as of September 2025 recorded approximately 761.4 million tones, representing a decrease of approximately 20.0 million tones, as compared to approximately 781.4 million for that as of September 2024; and (ii) price of domestic sulphate process rutile titanium dioxide* ("**Titanium Dioxide**") (國內硫酸法金紅石型鈦白粉) published by the China Nonferrous Metals Industry Association, an industry association approved and registered by the State Council of PRC, which the price of Titanium Dioxide recorded about RMB15,000 per tonne in January 2025 and decreased to about RMB12,500 per tonne in August 2025. As the Group is engaged in (i) the mining business which comprises the ilmenite mining, the processing of the ilmenite ores so extracted out of the Group's own mines, and the sale of iron concentrates and titanium concentrates so produced and the price of the mineral products shall be determined by arms' length negotiation between the parties taking into account the market price of the relevant products; and (ii) the trading business that after specific sale contracts have been entered into with customers, the type and quantity of commodities in stock matching the descriptions and specifications provided in the sale contracts will be transferred out of the inventories and available for collection by the customers and the respective selling price of the commodities to be traded by the Group will be determined with reference to the then prevailing market price of the relevant commodities, therefore, the potential downward fluctuation of market price of blended coal, coarse iron powder and relevant products in the future might make the Management be reluctant to conduct trading activities since trading during the downward price trend may incur trading loss. We consider that the potential decrease in iron ore production in the PRC from 2023 to September 2025 may cope with the decrease in price of iron ore which may have adverse impact to the future development the Group if the Zhuge Shangyu Ilmenite Mine remains as the key developing mine of the Group and the iron ore price keeps on its decreasing trend.

We have discussed with the Management and we share their view that it is difficult to forecast the price of coarse iron powder and other minerals given that the price will depend on the global and domestic economies as heightened by, among other things, the China-United

1 2024 GDP data published by Statistics Bureau *(source: www.stats.gov.cn/sj/zxfb/202502/t20250228_1958817.html)*

2 PRC GDP data for the nine months ended 30 September 2025 published by Statistics Bureau *(source: www.stats.gov.cn/sj/zxfbhjd/202510/t20251021_1961646.html)*

States trade war, as well as oversupply of steel resulting from poor PRC real estate industries given that steel is heavily used in construction of new properties. Iron is a key raw material for the production of steel and the oversupply of steel has affected the demand of iron. The weakened demand in iron products had also adversely affected the demand for coal products, being a key production material for ironmaking and steelmaking, resulting in significant volatility in its market price during the period.

As set out in the Appendix II of the Composite Document, (a) titanium concentrates are in short supply and given their exceptional strength, corrosion resistance and lightweight characteristics that are highly sought after in various industries for high-tech applications, the Management expects that the Group's titanium concentrates will be sought-after in the market; (b) the planned new downstream processing plant has a designed total processing capacity of 10,000,000 tonnes per year; (c) the Group was in the course of construction of the first phase of the new processing plant at the Zhuge Shangyu Ilmenite Mine which is expected to be completed by the end of 2025 and the first phase of the new processing plant is currently being constructed and will be equipped with a processing capacity of 5,000,000 tonnes per year; and (d) in connection with the construction project, the Group intends to apply for a new mining permit with an approved annual mining production scale of 4,000,000 tonnes. Considering the above factors, it is expected that the commencement of full operation of the new processing plant might have positive impact to the Group's revenue in the year ending 31 December 2026. Nonetheless, we consider that there is uncertainty of the Group's business outlook and the success of which will depend on the actual development status of the Zhuge Shangyu Ilmenite Mine and the then market prices of coarse iron powder, blended coal, iron concentrates and titanium concentrates.

2. Information on the Offeror and the intention of the Offeror in relation to the Group

2.1 Information on the Offeror and parties acting in concert

As set out in the Letter from Somerley, the Offeror is an investment-holding company incorporated in the British Virgin Islands with limited liabilities on 12 October 2023 and is wholly owned by SSC Group Limited, which is in turn directly held as to 50% by each of Mr. William Ng and his spouse, Ms. Wei Jiaming. As at the Latest Practicable Date, the directors of the Offeror are Mr. William Ng and Ms. Wei Jiaming. Mr. William Ng and Ms. Wei Jiaming are investors with investment experience in, amongst other things, the mining industry, having also made investments through the Offeror and other companies founded by them in other listed companies in Hong Kong principally engaged in the mining business, namely Wanguo Gold Group Limited (stock code: 3939) which is primarily engaged in mining, ore processing and sale of concentrates products (including copper, iron, zinc and gold), Zijin Gold International Company Limited (stock code: 2259), GT Gold Holdings Limited (stock code: 8299) and China Qinfa Group Limited (stock code: 866) which is engaged in coal operation business involving coal mining, purchase and sales, filtering, storage and blending of coal. Mr. William Ng and Ms. Wei Jiaming are shareholders of these companies but did not involve in the running or management of the underlying businesses of these companies. They have also

invested in Richmond Vanadium Technology Limited, a company whose shares are listed on the Australian Securities Exchange (stock code: RVT) which is engaged in mineral exploration and development with a particular focus on vanadium resources.

Purchaser B is an individual investor who is familiar with the Hong Kong capital market. From his experience in working with, and acting as either the representative or responsible persons of, various licensed corporations in Hong Kong since 2003, Purchaser B has over 20 years of experience in the equity capital market business and the investment banking and financial industry in Hong Kong, where he also gained relevant experience in the mining industry through involvement in the initial public offering in Hong Kong of companies engaged in the mining business.

Given that the Offeror and Purchaser B are investors acquiring their respective portions of the Sale Shares together under the Sale and Purchase Agreement and agreeing to act in concert in respect of the Company, and given that Purchaser B's acquisition of the Sale Shares was wholly financed by an unsecured loan made by the Offeror to Purchaser B, Purchaser B is a party acting in concert with the Offeror under the Takeovers Code. Save for the above, there is no relationship between the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (other than Purchaser B) on one hand and Purchaser B and his concert parties on the other hand.

Save that Purchaser B has acquired 8,137,200 Sale Shares from Vendor B pursuant to the Sale and Purchase Agreement, there is no other relationship between the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) on one hand and any of the Directors on the other hand.

Considering (i) the seasoned experience of the directors of the Offeror, Mr. William Ng and Ms. Wei Jiaming, in relation to the investment in the mining industry in other listed companies in Hong Kong and also the experience in the equity capital market and (ii) the investment banking and financial industry in Hong Kong over 20 years of Purchaser B, the Company might benefit from their extensive experience and strategic foresight and may enhance the opportunities for fundraising of the Group by the Offeror and Purchaser B.

2.2 Intention of the Offeror in relation to the Group

As set out in the Letter from Somerley, it is the intention of the Offeror to continue the Group's existing principal business following the close of the Offer and Mr. Geng Guohua (the executive Director and chief executive officer of the Company), who will continue to serve as an executive Director under his existing service contract entered into with the Company on 27 March 2024 with a term of three years from 27 April 2024 without amendments to the terms and conditions thereof and Mr. Leung Nga Tat and Mr. Li Xiaoyang, who will continue to serve as independent non-executive Directors under their respective service contracts entered into with the Company on 30 March 2023 and 27 March 2024, respectively, without amendments to the terms and conditions thereof and who were not Shareholders as at the Latest Practicable Date, to ensure the continued oversight and management of the Group's existing principal

business. Subject to the Offeror's detailed review of the Group's existing principal business operations and financial position as mentioned below, as at the Latest Practicable Date, the Offeror had no intention, understanding, negotiation or arrangement to downsize, cease or dispose of any of the existing businesses of the Group. The Offeror will conduct a detailed review of the existing principal business operations and financial position of the Group. Based on the review results, the Offeror will formulate business strategies for the Group's future development, and may explore other business opportunities from time to time and consider whether any acquisition or disposal of assets, fund-raising activity or business restructuring plan should be pursued with a view to achieving business diversification and/or long-term business growth of the Group.

In particular, the Offeror acknowledges that the iron ore market has experienced fierce price and demand volatility since the second half of 2024, which had adversely affected the business and performance of the Group during the year ended 31 December 2024 and the six months ended 30 June 2025. It is the Offeror's intention to engage in discussion with the Board on the feasibility and possible strategies of expanding the Group's existing mining and mineral trading business to include other material resources, including but not limited to gold, alongside its existing iron ore business. The Offeror believes that such diversification may enhance the Group's resilience to commodity market fluctuations and contribute to long-term shareholder value. Nevertheless, any changes to the business development and strategies of the Group would be subject to the Board's review of the Group's business performance, available resources, market conditions and changes in the industry from time to time. We note the intention of the Offeror to include other material resources, including but not limited to gold, alongside its existing iron ore business which we consider that the possible expansion may bring business opportunities to the Group given that gold is a precious metal used for coinage, jewellery, and high-tech manufacturing. However, such expansion may face a number of risks including but not limited to exploration risks, gold theft and robbery risk, and gold price fluctuation, etc. Therefore, unless the Group locates a gold mine with high potential or builds up facilities with high efficiency for gold processing, the business prospects of such expansion is uncertain.

Notwithstanding the above, as at the Latest Practicable Date, the Offeror had no specific proposal for any acquisition or disposal of assets, fund-raising activity or business restructuring in relation to the Group and had not entered into any specific agreement or arrangement with the Group in connection therewith. In the event that any suitable opportunity for such corporate actions arises, further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

Save as set out above and the potential changes to the members of the Board as described in the Letter from Somerley, as at the Latest Practicable Date, the Offeror had no intention to (i) discontinue the employment of any employees of the Group; or (ii) dispose of or re-deploy the fixed assets of the Company other than those in its ordinary and usual course of business.

As at the Latest Practicable Date, the Group had outstanding advances of RMB488.9 million in total due to the Vendors ("**Outstanding Advances**"), including amount due to Vendor A and Vendor B incurred during the period from 1 July 2025 up to the close of business on 31 October 2025 (being the latest practicable date for the purpose of the statement of indebtedness included in this composite document of approximately RMB2.5 million and RMB112.3 million, respectively, which are interest-free, unsecured and with no fixed repayment term, and are only repayable when the relevant Group company has sufficient resources to make such repayment. The Offeror does not have any plan to require settlement of the Outstanding Advances within six months after the Closing Date, and expects that the Board to from time to time review the financial positions and capital requirements of the relevant Group companies and decide whether and when the relevant Group companies have such resources to repay the relevant Outstanding Advances.

2.3 Proposed Change in Board Composition

As at the Latest Practicable Date, the Board comprised three executive Directors, namely Mr. Li Yunde (Chairman), Mr. Geng Guohua (Chief Executive Officer) and Mr. Lang Weiguo, and four independent non-executive Directors, namely Mr. Leung Nga Tat, Mr. Zhang Jingsheng, Mr. Li Xiaoyang and Ms. Cheng Shuk Teh Esther.

Pursuant to the Sale and Purchase Agreement, Mr. Li Yunde (as Vendor B) has tendered his resignation, and the Vendors shall procure such other existing Directors (other than Mr. Geng Guohua for reasons further elaborated below) as may be specified by the Purchasers to resign, as Director with effect from the earliest time permitted under the Takeovers Code, the Listing Rules and other laws, regulations and rules applicable to the Company. Save and except for Mr. Geng Guohua (an existing executive Director) and Mr. Leung Nga Tat and Mr. Li Xiaoyang (each an existing independent non-executive Director), all other existing Directors will resign with effect from after the publication of the closing announcement on the Closing Date (being the earliest date as permitted under the Takeovers Code).

The Offeror intends to nominate Ms. Wei Jiaming (being a shareholder of the holding company of the Offeror), Mr. Ng Hoi Kam (i.e. Purchaser B), Mr. Liao Daxue, Mr. Chen Hongzheng and Mr. Zhao Ju as executive Directors, Mr. Xia Chun and Mr. Wang Dong as non-executive Directors and Mr. Xie Jie and Mr. Wong Chi Wah as independent non-executive Directors with effect from after the Composite Document is posted on the date of dispatch of this Composite Document (being the earliest date as permitted under the Takeovers Code). Ms. Wei Jiaming and Mr. Ng Hoi Kam did not own, or otherwise hold any interest in, any Shares before Completion of the Sale and Purchase Agreement, and as parties acting in concert with the Offeror and they are not Offer Shareholders. Further, they will each enter into a service contract with the Company for service as an executive Director on ordinary and usual terms that are no more favourable than those applicable to the existing executive Directors and the other proposed executive Directors who are not Shareholders, and such contracts do not involve purchase or sale of any Shares or acceptance of the Offer. Except for Ms. Wei Jiaming and Mr. Ng Hoi Kam, none of the above proposed Directors was a Shareholder or otherwise held any interest in the Shares as at the Latest Practicable Date. For the above reasons, the

Offeror believes that the appointments of the above proposed Directors do not constitute arrangements that fall within Rule 25 of the Takeovers Code. Further announcement(s) and/or disclosure(s) will be made upon any changes to the composition to the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

As an executive Director since 2012 and the Chief Executive Officer of the Company since 2013, Mr. Geng Guohua has been primarily responsible for the Group's overall operation. Given that the Offeror intends to continue the Group's existing principal business following the close of the Offer, the Offeror would like to enlist the services of Mr. Geng Guohua and take advantage of his rich industry knowledge and familiarity with the Group's operations to ensure a smooth transition and stability in operation as control over the Company changes hands, with a view to achieving continuous development and growth in the business of the Group. Save for being one of the directors of Vendor A from whom both of the Purchasers have acquired certain Sale Shares under the Sale and Purchase Agreement, Mr. Geng Guohua and the parties acting in concert with him have no relationship with the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B).

We have reviewed the biographical information of the proposed Directors nominated by the Offeror which details are set out in the Letter from Somerley and we consider that the proposed Directors have extensive experience in financial market and mining industry which the Company might benefit from their extensive experience and strategic foresight in the Group's business development.

2.4 Maintaining the listing status of the Company

As set out in the Letter from Somerley, the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. The Stock Exchange has stated that, if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury shares), are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The directors of the Offeror and the new Directors to be appointed to the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares after the close of the Offer, if the level of acceptances of the Offer Shares results in the shareholding of the Offeror and the parties acting in concert with it exceeding 75% of the total issued share capital of the Company. Such steps may include but are not limited to placing down or selling by the Offeror of a sufficient number of accepted Shares acquired under the Offer to Independent Third Parties or in the market through arrangements that do no fall within Rule 25 of the Takeovers Code. No arrangement had been confirmed or put in place as at the Latest Practicable Date. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

3. The Offer Price

3.1 The Offer Price comparison

The Offer Price of HK$0.4104 per Offer Share represents:

(i) a discount of approximately 91.57% to the closing price as quoted on the Stock Exchange on 16 December 2025, being the Latest Practicable Date, i.e. HK$4.870 per Share;

(ii) a discount of approximately 48.70% to the closing price as quoted on the Stock Exchange on 15 October 2025, being the Last Trading Day, i.e. HK$0.800 per Share;

(iii) a discount of approximately 48.05% to the average closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.790 per Share;

(iv) a discount of approximately 47.92% to the average closing price of the Shares as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.788 per Share;

(v) a discount of approximately 43.63% to the average closing price of the Shares as quoted on the Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.728 per Share;

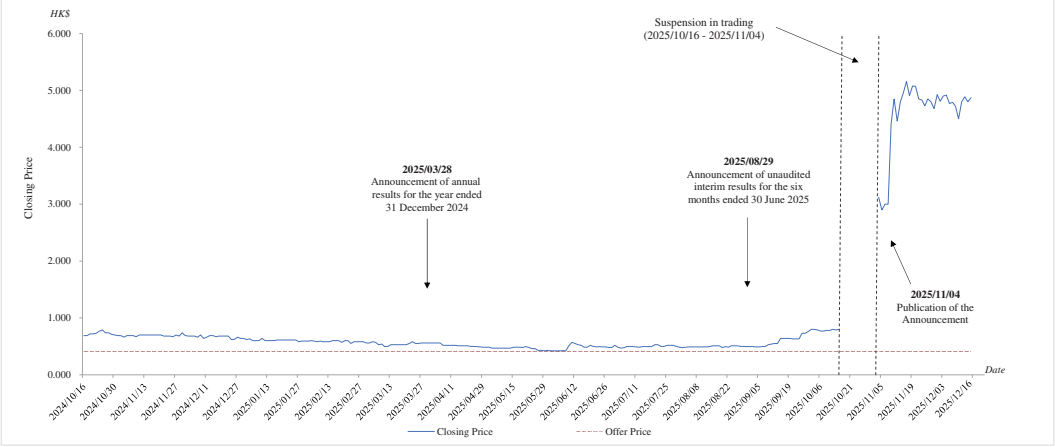
(vi) a discount of approximately 37.44% to the average closing price of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day, i.e. approximately HK$0.656 per Share;

(vii) a discount of approximately 75.86% to the audited consolidated net asset value per Share of the Group as at 31 December 2024 of approximately HK$1.700 (based on a total of 350,286,528 Shares in issue as at the Latest Practicable Date and the audited consolidated net asset value of the Group as at 31 December 2024 of approximately RMB545,843,000); and

(viii) a discount of approximately 75.77% to the unaudited consolidated net asset value per Share of the Group as at 30 June 2025 of approximately HK$1.694 (based on a total of 350,286,528 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value of the Group as at 30 June 2025 of approximately RMB544,038,000).

3.2 Historical Share price performance

We have reviewed and analysed the closing prices of Shares (a) for approximately 12 months immediately prior to the Last Trading Day commencing on 16 October 2024 and up to and including the Last Trading Day (the "**First Review Period**"), which is commonly adopted timeframe for similar share price analysis in the market and is considered to be adequately lengthy to illustrate the recent trend of the closing prices of the Shares for our analysis on the offer prices under the Offer and its trading volume for the purpose of assessing the fairness and reasonableness of the offer prices under the Offer; and (b) from the day immediately following the date of the Joint Announcement up to and including the Latest Practicable Date (the "**Second Review Period**" together with the First Review Period, the "**Review Period**") below:



Source: www.hkex.com.hk

The Offer Price of HK$0.4104 represents (a) a discount of approximately 59.9% to the average closing Share price of approximately HK$1.02 per Share for the Review Period; (b) a discount of approximately 48.70% to the closing price of HK$0.80 per Share as quoted on the Stock Exchange on the Last Trading Day; and (c) a discount of approximately 91.6% to the closing price of HK$4.87 per Share as quoted on the Stock Exchange on the Latest Practicable Date. During the Review Period, the closing price per Shares fluctuated between the range from HK$0.42 to HK$5.16 (the "**Review Period Price Range**"), with an average of approximately HK$1.02 per Share.

First Review Period

During the First Review Period, the closing price per Shares fluctuated between the range from HK$0.42 to HK$0.80, with an average of approximately HK$0.58 per Share. As a broad trend, the closing price per Shares were generally decreased since the commencement of the First Review Period and reaching the lowest closing price per Share of the First Review Period of HK$0.42 in late May (i.e. 29 May 2025) and early June 2025 (i.e. 2-5 and 9 June 2025), before rising to HK$0.57 on 11 June 2025 and as confirmed by the Directors, the Directors were not aware of any matters related to the movement in price of the Shares.

The closing price per Share then fluctuated within the range between HK$0.47 to HK$0.55 from 12 June 2025 to the trading day immediately before the date of the announcement of the interim results of the Company for the six months ended 30 June 2025 (the "**2025 Interim Results Announcement**"). The closing price per Share experienced a notable increase after the publication of the 2025 Interim Results Announcement, with the highest closing price of HK$0.80 per Share. As confirmed by the Directors, save for the information as set out in the 2025 Interim Results Announcement dated 29 August 2025, the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares.

Second Review Period

During the Second Review Period, the closing price per Share ranged from HK$2.90 to HK$5.16 with an average closing price per Share of approximately HK$4.59. The closing price per Share as at the Latest Practicable Date was HK$4.87. The Offer Price represents (i) a discount of approximately 91.1% to the average daily closing price per Shares during the Second Review Period; and (ii) a discount of approximately 91.6% to the closing price per Shares as at the Latest Practicable Date.

It is noted that the closing price of Shares rapidly increased to HK$3.12 per Share on the trading day immediately after the publication of the Joint Announcement from HK$0.80 per Share as at the Last Trading Day, represents an increase of approximately HK$2.32 or 290.0%. As confirmed by the Directors, save for the information as set out in the Joint Announcement, the Directors were not aware of any matters related to the Group which might have a material effect on the price of Shares and considered that such fluctuation in the price of Shares may be attributable to market reactions regarding the Joint Announcement.

Based on (i) the Offer Price is lower than the Review Period Price Range; and (ii) the Offer Price represents a discount of approximately 2.3% and 92.0% to the lowest and highest closing price per Share during the Review Period, we are of the view that the Offer Price is not fair and reasonable.

The price of the Shares may increase or decrease after the Latest Practicable Date and/or after closing of the Offer where the Offeror continued to be the controlling Shareholder of the Group.

Offer Shareholders should note that the information set out above is not an indicator of the future performance of Shares and that the price of Shares in the future may increase or decrease from its closing price as at the Latest Practicable Date.

3.3 Historical liquidity of the Shares

The table below sets out the trading volume of Shares during the Review Period:

Month/period	Total trading volume of the Shares	Number of trading days in the month/period	Average daily trading volume per trading day in the month/period	Percentage of average daily trading volume to total number of Shares in issue *(Note 1)* *Approximate%*	Percentage of average daily trading volume to total number of Shares held by public Shareholders *(Note 2)* *Approximate%*
First Review Period					
2024					
October *(from 16 October 2024)*	183,500	12	15,292	0.004%	0.010%
November	183,333	21	8,730	0.002%	0.006%
December	522,100	20	26,105	0.007%	0.017%
2025					
January	162,300	19	8,542	0.002%	0.006%
February	540,600	20	27,030	0.008%	0.018%
March	651,900	21	31,043	0.009%	0.020%
April	100,833	19	5,307	0.002%	0.003%
May	292,862	20	14,643	0.004%	0.010%
June	814,590	21	38,790	0.011%	0.025%
July	521,633	22	23,711	0.007%	0.016%
August	312,089	21	14,861	0.004%	0.010%
September	716,833	22	32,583	0.009%	0.021%
October *(up to and including the Last Trading Day)* *(Note 3)*	1,174,000	9	130,444	0.037%	0.085%
Second Review Period					
November *(from 1:00 p.m. on 4 November 2025)* *(Note 3)*	63,712,685	19	3,353,299	0.957%	2.194%
December *(up to and including the Latest Practicable Date)*	5,454,000	12	454,500	0.130%	0.297%

Source: www.hkex.com.hk

Notes:

1. Calculated based on the total number of the Shares in issue at the end of month/period.

2. Calculated based on the total number of the Shares held by public shareholders as set out in the Letter from the Board as at the Latest Practicable Date.

3. During the Review Period, the trading in the Shares had been halted on 16 October 2025 and trading was resumed at 1:00 p.m. on 4 November 2025.

As set out in the table above, during the First Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of (a) approximately 0.002% to approximately 0.037% with an average of approximately 0.008% as to the total number of issued Shares; and (b) approximately 0.003% to approximately 0.085% with an average of approximately 0.019% as to the total number of Shares held by public Shareholders. The average daily trading volume of Shares during the First Review Period of approximately 29,000 Shares was generally thin and not active. It is also noted that, during the First Review Period, there were a total of 247 trading days, of which 87 days recorded no trading of Shares. Given the percentage of average daily trading volume to total number of Shares in issue and to total number of Shares held by public Shareholders are under 0.01% and 0.05% for most of the month/period during the Review Period, it is noted that the trading liquidity of the Shares has been generally low in the open market.

During the Second Review Period, the percentage of average daily trading volume of the Shares by month/period were in the range of (a) approximately 0.130% to approximately 0.957% with an average of approximately 0.544% as to the total number of issued Shares; and (b) approximately 0.297% to approximately 2.194% with an average of approximately 1.246% as to the total number of Shares held by public Shareholders. As confirmed by the Directors, save for the information as set out in the Joint Announcement, the Directors were not aware of any matters related to the Group which might have a material effect on the trading volume of Shares during the Second Review Period.

The trading volume of the Shares may increase or decrease after the Latest Practicable Date and/or after closing of the Offer where the Offeror continued to be the controlling Shareholder of the Group. Offer Shareholders considering realising their investment in the Company should (i) note that realising a sizeable volume of Shares in the open market may potentially impose downward pressure on the price of the Shares; and (ii) only realise their Shares in the open market when the net proceeds after transaction costs from the sale of such Share in the open market are not less than that receivable by the Offer Shareholders upon acceptance of the Offer.

3.4 Market comparable analysis

With a view to assess the fairness and reasonableness of the Offer Price, we have also conducted market comparable analysis by comparing the price-to-earnings ratio (the "**P/E Ratio**") and the price-to-book ratio (the "**P/B Ratio**") of the Company as implied by the Offer Price against that of other listed companies on the Main Board of the Stock Exchange that engages in similar business to those of the Group. It is noted that the P/E Ratio and P/B Ratio are the commonly used valuation benchmarks in evaluating the valuation of a company. Having considered that (i) the Group recorded gross profit and operating profit for FY2024 of approximately HK$15.7 million and HK$74.8 million, respectively; (ii) the Group recorded other net gain arose from the One-off Disposals of approximately HK$123.4 million for FY2024; and (iii) for illustrating purposes only, if eliminating the one-off income arose from the One-off Disposals under other net gain, the Group would record loss attributable to the owners of the Company for FY2024, being the latest completed full financial year prior to publication of the Joint Announcement, the P/E Ratio is not applicable for the purpose of our analysis.

Based on the unaudited net asset value attributable to owners of the Company of approximately RMB544.0 million (equivalent to approximately HK$593.0 million) as at 30 June 2025, the total implied value of the Company based on the Offer Price under the Offer[3], being approximately HK$143.8 million, and the implied P/B ratio (the "**Implied P/B Ratio**") of the Company would be approximately 0.24 times.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (a) the shares of which are listed on the Main Board of the Stock Exchange; (b) the market capitalisation not more than HK$2,500 million as at the Last Trading Day and the Latest Practicable Date, having considered that the market capitalisation of the Group is (i) approximately HK$280.2 million based on the closing price of the Shares as at the Last Trading Day, (ii) approximately HK$1,705.9 million based on the closing price of the Shares as at the Latest Practicable Date, and (iii) the implied market capitalisation of approximately HK$143.8 million based on the Offer Price; (c) the listed company(ies) that falls under the category "Materials – Diversified Metals & Minerals – Iron & Steel" of the Hang Seng Industry Classification System (HSIC) according to the Stock Exchange's website; and (d) the trading of shares of the subject companies were not suspended on the Last Trading Day and Latest Practicable Date (the "**Criteria**").

Based on the Criteria, we have identified an exhaustive list of eight comparable companies (the "**Comparable Companies**"). The table below sets out the P/B Ratio and the Implied P/B Ratio of the Company under the Offer for comparison purposes.

3 On the basis of the Offer Price of HK$0.4104 per Offer Share and 350,286,528 Shares in issue as at the Latest Practicable Date, the implied value of the Company is calculated to be approximately HK$143.8 million.

Company Name (Stock code)	Principal Business	Market capitalisation as at Last Trading Day *(Note 1)* *HK$' million*	P/B Ratio as at the Last Trading Day *(Note 1)*	Market capitalisation as at Latest Practicable Date *(Note 1)* *HK$' million*	P/B Ratio as at the Latest Practicable Date *(Note 1)*
Aowei Holding Limited (1370)	Principally engaged in (i) the exploration, mining, processing and trading of iron ore products and major products including iron ores, preliminary concentrates and iron ore concentrates; (ii) the production and sales business of the green construction materials construction sand and gravel materials by recycling tailings and solid wastes in the People's Republic of China	433.4	0.65	556.0	0.83
China Vanadium Titano-Magnetite Mining Company Limited (893)	Principally engaged in mining and ore processing, sale of self-produced products, trading of steels, mining facilities management and management of strategic investments	195.7	0.29	182.2	0.27
Da Ming International Holdings Limited (1090)	Processing and sale of stainless steel and carbon steel products and the manufacturing of equipment and component products	1,147.1	0.36	1,083.3	0.34

Company Name (Stock code)	Principal Business	Market capitalisation as at Last Trading Day *(Note 1)* *HK$' million*	P/B Ratio as at the Last Trading Day *(Note 1)*	Market capitalisation as at Latest Practicable Date *(Note 1)* *HK$' million*	P/B Ratio as at the Latest Practicable Date *(Note 1)*
Huajin International Holdings Limited (2738)	Principally engaged in processing of hot-rolled steel coils into cold-rolled steel strips, sheets and welded steel tubes and galvanized steel products customised to the specification of the customers covering a wide range of industries, including light industrial hardware, home appliances, furniture, motorcycle/ bicycle accessories, LED and lighting	153.0	N/A	162.0	N/A
Huiyuan Cowins Technology Group Limited (1116)	Principally engaged in (i) the production and sale of steel products and provision of piped potable water solutions; and (ii) the development and application of energy storage and conservation of PCM technologies, alongside technology integration for facility farming	571.9	2.71	733.7	3.48

Company Name (Stock code)	Principal Business	Market capitalisation as at Last Trading Day *(Note 1)* *HK$' million*	P/B Ratio as at the Last Trading Day *(Note 1)*	Market capitalisation as at Latest Practicable Date *(Note 1)* *HK$' million*	P/B Ratio as at the Latest Practicable Date *(Note 1)*
KangLi International Holdings Limited (6890)	Principally engaged in the production and sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products to mainly midstream steel product processors for further processing and to home appliance manufacturers for production of home appliances such as refrigerators, washing machines and ovens	245.5	0.25	215.2	0.22
Maike Tube Industry Holdings Limited (1553)	Principally engaged in the manufacturing of steel pipe products and the prefabricated pipe nipple products	650.7	0.51	655.0	0.51
Newton Resources Limited (1231)	Engaged in the sourcing and supply of iron ore and other commodities, and also provides value-added services	1,540.0	6.67	1,200.0	5.20
	Minimum		**0.25**		**0.22**
	Maximum		**6.67**		**5.20**
	Average		**1.64**		**1.55**
	Median		**0.51**		**0.51**
			Implied P/B Ratio		***P/B Ratio based on the Latest Practicable Date***
The Company			0.24 *(Note 3)*		2.88

Notes:

1. For illustration purpose, the market capitalisation and the P/B Ratio are calculated based on, where applicable, the closing price of the share of the respective Comparable Companies on the Last Trading Day and the Latest Practicable Date, the total number of issued shares based on the then latest monthly return of the subject listed company published on the website of the Stock Exchange and their respective latest published equity attributable to the owners of the company (for P/B Ratio) as at the Latest Practicable Date.

2. The Implied P/B Ratio is calculated by (a) the Offer Price of HK$0.4104 per Offer Share multiple by 350,286,528 Shares in issue as at the Latest Practicable Date to arrive at the implied value of the Company of approximately HK$143.8 million; divided by (b) the net asset value attributable to the owners of the Company as at 30 June 2025.

3. N/A denoted that the subject company recorded net liabilities attributable to the owners of the company.

Analysis on P/B Ratio

It is noted from the above table that the P/B Ratio of the Comparable Companies as at the Last Trading Day ranged from approximately 0.25 times to 6.67 times (the "**Comparable Companies Range**", with an average and median of approximately 1.64 times and 0.51 times, respectively. Based on their respective latest published financial statements, except Huajin International Holdings Limited with net liabilities, the equity attributable to its owners recorded by the Comparable Companies ranged from approximately HK$210.8 million to approximately HK$3,147.4 million. The Implied P/B Ratio of the Company as represented by the Offer Price of approximately 0.24 times is lower than all the Comparable Companies.

Having considered that the Implied P/B Ratio of the Company as represented by the Offer Price of approximately 0.24 times is lower than the Comparable Companies, we are of the view that the Offer Price is not fair and reasonable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Offer, including:

(a) our analysis on the historical financial performance and position of the Group as set out under paragraph headed "1. Financial information of the Group and industry outlook" that the Group had unsatisfactory financial performance in recent period with significant decreased revenue and the loss attributable to owners of the Company for 6M2025 is higher than 6M2024 if there is no gain on reversal of over-provision for accrued expenses attributable to Yangzhuang Iron Mine amounting approximately RMB27.4 million;

(b) although the Management expects that the performance and operating results of the Trading Business to gradually improve with the expected gradual recovery in the demands for commodities for the second half of 2025 and the Group's titanium concentrates will be sought-after in the market and the Group intends to apply for

a new mining permit, there is uncertainty of the Group's business outlook and the success of which will depend on the actual development status of the Zhuge Shangyu Ilmenite Mine including the new processing plant and the then market prices of coarse iron powder, blended coal, iron concentrates and titanium concentrates which details are set out under paragraph headed "Industry prospect and outlook of the Group";

(c) the potential decrease in PRC iron ore production from 2023 to September 2025 may cope with the decrease in price of iron ore which may have adverse impact to the future development the Group if the Zhuge Shangyu Ilmenite Mine remains as the key developing mine of the Group and the iron ore price keeps on its decreasing trend;

(d) during each of the two years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, no dividend had been declared by the Company. As at the Latest Practicable Date, the Company has no outstanding dividend or other distribution that has been declared, made but not yet paid. In addition, the Company does not intend to declare, pay and/or make any dividend or other distribution on the Shares before the close of the Offer. In this connection, Offer Shareholders should take into account (i) the decrease in revenue of the Group of approximately RMB981.6 million or 77.7% from approximately RMB1,263.7 million for FY2023 to approximately RMB282.1 million for FY2024; (ii) the decrease in gross profit of the Group of approximately RMB125.8 million or 88.9% from approximately RMB141.5 million for FY2023 to approximately RMB15.7 million for FY2024; (iii) as the financial year ending 31 December 2025 is not yet completed, there are no certainties that the Group will distribute dividend under the stated dividend policy; and (iv) as set out in the Letter from Somerley, no dividend and/or other distribution had been declared but not yet paid to the Shareholder at the Latest Practicable Date and the Directors confirmed that the Company does not intend to declare any dividend or other distribution before the close of the Offer;

(e) the Offer Price of HK$0.4104 per Offer Share represents a discount of approximately 48.70% to the closing price on the Last Trading Day;

(f) the Offer Price of HK$0.4104 per Offer Share represents a discount of approximately 91.6% to the closing price on the Latest Practicable Date;

(g) the Offer Price is lower than the closing price per Share during the Review Period and represents a discount of approximately 2.3% and 92.0% to the lowest and highest closing price per Share during the Review Period, respectively;

(h) the Offer Price represents a discount of approximately 91.1% to the average closing price per Share during the Second Review Period;

(i) the Implied P/B Ratio of the Company as represented by the Offer Price of approximately 0.24 times is lower than the Comparable Companies Range; and

(j) we consider that the proposed Directors have extensive experience in financial market and mining industry which the Company might benefit from their extensive experience and strategic foresight in the Group's business development,

based on the above principal factors and reasons, on balance, we consider that the Offer is not fair and not reasonable.

As set out in the above points (a) to (d), among others, the Group had unsatisfactory financial performance in recent period and there is uncertainty of the Group's business outlook. Nonetheless, as further set out in the above points (e) to (j), among others, (i) the Offer Price represents a discount to closing price on the Last Trading Day, Latest Practicable Date and during the Review Period; and (ii) the Implied P/B Ratio is lower than the Comparable Companies Range, we advise the Independent Board Committee to recommend the Offer Shareholders not to accept the Offer.

Offer Shareholders considering realising their investment in the Company should, based on their own circumstances, consider selling their Shares in the open market instead of accepting the Offer if the net proceeds after transaction costs from the sale of such Share in the open market would be higher than that receivable by the Offer Shareholders upon acceptance of the Offer.

Offer Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and Offer Shareholders should also note that disposing of large blocks of Shares in the open market may trigger price slump due to the generally thin trading volume during the Review Period.

Yours faithfully
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the SFC and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 25 years of experience in the corporate finance industry.

* *For identification purpose only*

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms and conditions of the Offer.

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must send the Form of Acceptance duly completed and signed together with the relevant Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), in respect of the number of Shares for which you intend to accept the Offer, to the Registrar (being Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong) marked "Add New Energy Investment Holdings Group Limited – Mandatory General Offer" on the envelope as soon as possible, but in any event such documents shall reach the Registrar no later than 4:00 p.m. (Hong Kong time) on Thursday, 8 January 2026 (being the Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code).

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer with the nominee company (or other nominee) and with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar in an envelope marked "**Add New Energy Investment Holdings Group Limited – Mandatory General Offer**" by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code); or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar in an envelope marked "**Add New Energy Investment Holdings Group Limited – Mandatory General Offer**" by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code); or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf in respect of the number of Shares for which you intend to accept the Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant stock account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar in an envelope marked "**Add New Energy Investment Holdings Group Limited – Mandatory General Offer**" together with the transfer receipt(s), if any, duly signed by yourself and/or other document(s) of title. Such action will constitute an irrevocable instruction and authority to the Offeror and/or Somerley and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of

Acceptance should nevertheless be completed, signed and delivered to the Registrar in an envelope marked "**Add New Energy Investment Holdings Group Limited – Mandatory General Offer**" together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it/they is/are not readily available. If you subsequently find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be provided to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.

(e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 8 January 2026 (being the Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (for example, a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

(f) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (for example, grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(g) Seller's ad valorem stamp duty payable by those Shareholders who accept the Offer and calculated at the rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is the higher (rounded up to the nearest HK$1.00), will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of those Shareholders who accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

(h) No acknowledgement of receipt of any Form(s) of Acceptance, Share certificate(s), transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

2. SETTLEMENT

(a) Provided that a valid Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. (Hong Kong time) on Thursday, 8 January 2026 (being the Closing Date, or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code), a cheque for the amount due to each of the Offer Shareholders who have validly accepted the Offer less seller's ad valorem stamp duty in respect of the Offer Shares for which the Offer is accepted (and, if applicable, the fees payable to the Registrar in respect of lost or unavailable share certificate(s)) will be despatched to the Offer Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event no later than seven (7) Business Days after the date on which the duly completed Form of Acceptance and the relevant documents of title in respect of such acceptance are received by the Registrar to render such acceptance complete and valid.

(b) Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer set out in this Composite Document (including this Appendix I) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such an Offer Shareholder (save in respect of payment of the seller's ad valorem stamp duty).

(c) No fractions of a cent will be payable and the amount of cash consideration payable to an Offer Shareholder who accepts the Offer will be rounded up to the nearest cent.

(d) Cheques not presented for payment within six months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances holders of the cheques should contact the Offeror for payment.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) The Offer is made on Thursday, 18 December 2025, being the date of despatch of this Composite Document and is capable of acceptance on and from this date until 4:00 p.m. on Thursday, 8 January 2026, being the Closing Date.

(b) Unless the Offer has previously been revised or extended with the consent of the Executive, in accordance with the Takeovers Code, to be valid, a duly completed Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. (Hong Kong time) on Thursday, 8 January 2026, being the Closing Date.

(c) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. (Hong Kong time) on Thursday, 8 January 2026, being the Closing Date, stating the results of the Offer and whether the Offer has been revised, extended or has closed for acceptance.

(d) In the event the Offeror decides to revise or extend the Offer, an announcement will be issued stating the next Closing Date of the Offer or a statement that the Offer will open until further notice. In the latter case, at least 14 days' notice will be given by way of announcement, before the latest time for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.

(e) If, in the course of the Offer, the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. Any revised Offer must be kept open for at least 14 days after the date on which the revised offer document is posted and shall not close earlier than the Closing Date.

(f) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, unless otherwise specified or the context otherwise requires, be deemed to refer to the closing date of the Offer so as extended.

(g) There is no obligation on the Offeror to extend the Offer.

4. ANNOUNCEMENTS

(a) By 6:00 p.m. (Hong Kong time) on Thursday, 8 January 2026, being the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror and the Company must jointly publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. (Hong Kong time) on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended (in which case either the next Closing Date must be stated or a statement made that the Offer will remain open for acceptance for 14 days thereafter in accordance with the Takeovers Code), or has expired.

The announcement will state the following:

(i) the total number of Offer Shares for which acceptances of the Offer have been received;

(ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with it before the Offer Period;

(iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and the parties acting in concert with it during the Offer Period;

(iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with the Offeror has borrowed or lent (save for any borrowed Shares which have been on-lent or sold); and

(v) the percentages of the share capital of and voting rights in the Company represented by these numbers.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and in compliance with Note 1 to Rule 30.2 of the Takeovers Code, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments must be published on the website of the Stock Exchange and made in accordance with the requirements of the Takeovers Code and the Listing Rules.

(d) If the Offeror, the parties acting in concert with it or their respective advisers make any statement during the Offer Period about the level of acceptances or the number or percentage of accepting Offer Shareholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.

5. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, a registered Shareholder who holds any Offer Shares as a nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for a beneficial owner of the Shares whose investment is registered in the name of a nominee to provide instructions to the nominee of his/her/its intention with regard to the Offer. Acceptance of the Offer by a nominee will be deemed to constitute a warranty by such a nominee to the Offeror that the number of Offer Shares he/she/it has indicated in the Form of Acceptance is the aggregate number of Offer Shares for which such a nominee has received authorisation from the relevant beneficial owner to accept the Offer on his/her/its behalf.

6. RIGHT OF WITHDRAWAL

(a) As the Offer is unconditional in all respects, acceptances tendered by the Offer Shareholders shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in sub-paragraph (b) below or in compliance with Rule 17 of the Takeovers Code.

(b) If the Offeror is unable to comply with the requirements set out in the section headed "4. Announcements" in this Appendix, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19.2 of the Takeovers Code can be met.

In such case, when an Offer Shareholder withdraws his/her/it acceptance, the Offeror shall, as soon as possible but in any event no later than seven (7) Business Days after the date of receipt of the notice of withdrawal, despatch the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Offer Shareholder by ordinary post at his/her/its own risk.

(c) Save as aforesaid, acceptances of the Offer, shall be irrevocable and not capable of being withdrawn.

7. OVERSEAS SHAREHOLDERS

The Offer is available to all the Offer Shareholders including the Overseas Shareholders. The making and availability of the Offer to persons not resident in Hong Kong or who have registered addresses outside Hong Kong may be affected by the laws or regulations of the relevant jurisdictions in which they reside or are registered. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should ensure and satisfy themselves as to observance of any applicable legal or regulatory requirements in their own jurisdictions and are recommended to seek professional advice, where necessary, before deciding whether or not to accept the Offer. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to ensure and satisfy themselves as to full observance of the laws and regulations of the relevant jurisdictions in connection with acceptance of the Offer (including the obtaining of any governmental or other consent and any registration or filing which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes and duties due from such Overseas Shareholders in respect of such jurisdictions). Acceptance of the Offer by an Overseas Shareholder will constitute a representation and warranty by such a person that the local laws and requirements have been complied with and such a person is permitted under all applicable laws to receive and accept the Offer (including any revision thereof), and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty. The Offeror, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, or any of their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Shareholders for any taxes as such persons may be required to pay.

8. STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by an Offer Shareholder that accepts the Offer at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptance of the Offer, whichever is the higher, which will be deducted from the cash amount payable by the Offeror to such an Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Offer Shareholders that accept the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

9. PAYMENT

Payment in cash in respect of acceptances of the Offer, net of the stamp duty, will be made as soon as possible but in any event no later than seven (7) business days (as defined under the Takeovers Code) after the date on which the duly completed Form of Acceptances for the Offer Shares and the relevant documents of title in respect of such acceptances are received by the Offeror or its agent acting on its behalf to render each such acceptance complete and valid in accordance with the Takeovers Code.

10. TAX IMPLICATIONS

None of the Offeror, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and other persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications. Offer Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Offeror, the parties acting in concert with it, the Company, Somerley, the Independent Financial Adviser, the Registrar, and their respective ultimate beneficial owners, directors, officers, advisers, agents and associates and other persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person as a result of acceptance or rejection of the Offer.

11. GENERAL

(a) All communications, notices, Forms of Acceptance, Share certificates, transfer receipts, other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof (as the case may be) and remittances to settle the consideration payable under the Offer to be delivered by (or sent to or from) the Offer Shareholders will be delivered by (or sent to or from) them (or their designated agents) by ordinary post at their own risk (and none of the Company, the Offeror and the parties acting in concert with it, Somerley, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates, the company secretary of the Company or other parties involved in the Offer accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof).

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances of it will be governed by and construed in accordance with, the laws of Hong Kong. Execution of the relevant Form of Acceptance by or on behalf of a Shareholder will constitute such Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Offer.

(e) The Offer is made in accordance with the Takeovers Code.

(f) Due execution of a Form of Acceptance will constitute an authority to the Offeror, Somerley or such other person as any of them may direct to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such other person as it may direct) the Shares in respect of which the person executing the Form of Acceptance has accepted the Offer.

(g) Acceptance of the Offer by an Offer Shareholder will be deemed to constitute a warranty by such person(s) to the Offeror and Somerley that the Offer Shares are sold or tendered by such an Offer Shareholder under the Offer free from all liens, charges, options, claims, equities, adverse interests, third-party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made, being the date of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

(h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares it has indicated in the Form of Acceptance is the aggregate number of Shares for which such nominee has received authorisations from the relevant beneficial owner(s) to accept the Offer on its (their) behalf.

(i) References to the Offer in this Composite Document and the Form of Acceptance shall include any extension and/or revision thereof.

(j) Any Offer Shareholder accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable by them in any relevant jurisdiction.

(k) In the event of any inconsistency, the English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

(l) In making their decision, Offer Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained therein, together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Somerley, the Independent Financial Adviser, the Registrar or their respective professional advisers. Offer Shareholders should consult their own professional advisers for professional advice.

(m) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

(n) Unless otherwise expressly stated in this Composite Document and/or the Form of Acceptance, none of the terms of the Offer or the terms contained in this Composite Document will be enforceable, under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong), by any person other than the Offeror and the accepting Offer Shareholders.

1. FINANCIAL INFORMATION OF THE GROUP AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements, together with the significant accounting policies stated therein and the accompanying notes to the relevant published financial statements which are of major relevance to the appreciation of the financial information, of the Group for each of the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (collectively, the "**Financial Statements**") are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.addnewenergy.com.hk):

– Annual report for the year ended 31 December 2022 (pages 111 to 181):

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701015.pdf

– Annual report for the year ended 31 December 2023 (pages 68 to 143):

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043002972.pdf

– Annual report for the year ended 31 December 2024 (pages 70 to 150):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043002759.pdf

– Interim report for the six months ended 30 June 2025 (pages 3 to 27):

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0930/2025093000924.pdf

The Financial Statements (but not any other part of the aforementioned documents in which they appear) are incorporated by reference into this Composite Document and form part of this Composite Document.

2. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the consolidated financial results of the Group for each of the three years ended 31 December 2022, 2023 and 2024 (as extracted from the annual reports of the Company) and the six months ended 30 June 2025 (as extracted from the interim report of the Company):

Summary of the Consolidated Statement of Profit or Loss and Other Comprehensive Income for each of the three years ended 31 December 2022, 2023 and 2024 and the Unaudited Interim Condensed Consolidated Statement of Total Comprehensive Income for the six months ended 30 June 2025

	For the six months ended 30 June	**For the year ended 31 December**		
	2025	**2024**	**2023**	**2022**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
Revenue	12,935	282,090	1,263,727	1,865,892
Cost of sales	(9,280)	(266,343)	(1,122,263)	(1,720,793)
Gross profit	3,655	15,747	141,464	145,099
Other income	532	151	145	13,633
Other gain or losses, net	27,190	123,352	–	–
Distribution costs	–	(1,984)	(3,162)	(1,127)
Administrative expenses	(29,811)	(60,001)	(75,141)	(78,817)
Reversal of impairment loss/ (impairment loss) on financial assets	203	733	122	(653)
Write-down of inventories, net	(94)	(3,178)	(350)	–
Operating profit	1,675	74,820	63,078	78,135
Finance costs, net	(1,785)	(7,921)	(1,498)	(9,293)
Net foreign exchange gain/(loss)	91	(234)	(1,895)	(6,850)

	For the six months ended 30 June 2025	For the year ended 31 December 2024	2023	2022
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
(Loss)/profit before income tax	(19)	66,665	59,685	61,992
Income tax expense	(3,545)	(4,942)	(9,160)	(4,357)
(Loss)/profit for the period/year attributable to the owners of the Company	(3,564)	61,723	50,525	57,635
Other comprehensive income/(loss)	1,759	(7,761)	(2,219)	9,139
Total comprehensive (loss)/income attributable to the owners of the Company	(1,805)	53,962	48,306	66,774
(Loss)/earnings per share (RMB)				
– basic	(1.02)	17.65	16.36	21.94
– diluted *(Note 1)*	N/A	N/A	N/A	N/A

Note:

1. During each of the relevant period/year, there was no dilutive instruments of the Company, hence no diluted loss/earnings per share was presented.

As at each of 31 December 2022, 2023 and 2024 and 30 June 2025, the Company had no non-controlling interest in its subsidiaries, hence profit or loss, or comprehensive income attributable to non-controlling interests for each of the years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025 was inapplicable.

Save as disclosed in the summary of the consolidated financial results of the Group presented in the table above, there were no material items of income or expense in any of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025.

Save for the Offer, there have been no other significant events of the Company after 31 December 2024.

There was no payment of dividends for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025. Hence dividends per Share for each of the year ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 was inapplicable.

The auditor of the Company for the three years ended 31 December 2022, 2023 and 2024 was Crowe (HK) CPA Limited. The audit opinion of Crowe (HK) CPA Limited in respect of each of the year ended 31 December 2022, 2023 and 2024 were not qualified and there were no modified opinions or emphasis of matter or material uncertainty related to going concern contained in auditor's report of Crowe (HK) CPA Limited in respect of each of the three years ended 31 December 2024.

For the three years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, there was no change in accounting policy which rendered the figures in the summary of the consolidated financial results of the Group presented in the table above not comparable to a material extent.

Business model of the Company's existing business

Mining Business

The Group's mining business comprises two types of business activities, namely, (1) the ilmenite mining, the processing of the ilmenite ores so extracted out of the Group's own mines, and the sale of iron concentrates and titanium concentrates so produced; and (2) the provision of processing services in respect of iron and other mineral ores provided by the Group's customers (the "**Mining Business**").

The Company is principally engaged in ilmenite ore mining and processing at its ilmenite and magnetite mine located in Yishui County, Shandong Province, the PRC (諸葛上峪鈦鐵礦) (the "**Zhuge Shangyu Ilmenite Mine**"), for which the exploration right was first obtained in January 2004 and the mining right was first obtained in May 2008. In the mining process, the Group first extracts ilmenite ores from the mine. The ores extracted are then processed into iron concentrates and titanium concentrates through (i) crushing and grinding the mineral ores, followed by (ii) ball milling to further reduce the particle size, before undergoing (iii) magnetic sorting to extract the iron ores and (iv) flotation sorting to extract the titanium ores. The mineral products are then warehoused in the Group's own storage facilities, pending delivery (which is outsourced to third parties) under sales contracts entered into with customers. The target customers of the Group's iron concentrates are mainly steel manufacturers that require iron pellets for their production process and iron pellet manufacturers in Chinese Mainland, and the target customers of the Group's titanium concentrates are mainly steel mills and specialty steel mills that require titanium concentrates for their production of titanium steel alloy or titanium alloy, which are key production materials in the areas of aerospace, military industry, medical devices, and advanced manufacturing. The price of the mineral products shall be determined by arms' length negotiation between the parties taking into account the market price of the relevant products. Revenue is recognised in the form of sales of iron concentrates

or titanium concentrates. The method of delivery of the iron concentrates and titanium concentrates may vary from customer depending on the terms negotiated, and may involve either the customer arranging for picking up themselves or delivery by the Group (which would be outsourced to third parties logistics partners).

The Group has resumed its mining activities at the Zhuge Shangyu Ilmenite Mine in June 2025 and, as the Group was in the course of construction of the first phase of the new processing plant at the Zhuge Shangyu Ilmenite Mine which is expected to be completed by the end of 2025, no processing of the ilmenite ores so extracted had been conducted, and no revenue had been generated from the sale of iron concentrates and titanium concentrates during the six months ended 30 June 2025. Please refer to the paragraph headed "Current operation status of Zhuge Shangyu Ilmenite Mine" in this appendix for further information about the latest development of the Zhuge Shangyu Ilmenite Mine and the mining and processing operations there.

To supplement its Mining Business, the Group has also been utilising its processing capacity to provide processing services in respect of iron and other mineral ores. The processing involves (i) crushing and grinding the mineral ores, followed by (ii) ball milling to further reduce the particle size, before undergoing (iii) magnetic sorting to extract the iron ores. Such services are provided under subcontracting arrangements with customers, where the mineral ores to be processed are supplied and delivered by the customers and the Group is only responsible for performing the processing procedures with its own facilities and equipment. After processing of the iron and other mineral ores, the customers would be required to arrange for collecting the processed products themselves from the Group's processing facilities. Revenue is recognised in the form of processing service income. Processing service income generated is based on the processed volume and determined by arms' length negotiation between the parties based on the market price of processing the relevant mineral ores. During the six months ended 30 June 2025, the Group's revenue attributable to the provision of processing service amounted to approximately RMB8.7 million.

During the six months ended 30 June 2025, the Group possessed processing capacity of 10 million tonnes of mineral ores. As at 30 June 2025, the Group employed a total of 126 employees, of which six served in the Trading Business and the remaining 120 were responsible for providing support for the other business operations, including the Mining Business.

Trading Business

Leveraging its mining expertise and in-depth knowledge of minerals accumulated through years of mining operations, the Group has all along been conducting trading of commodities (the "**Trading Business**") as a natural extension of its principal Mining Business. In its Trading Business, the Group serves to ensure that the expectations and requirements of its customers in respect of, among other things, quality, usage and quantity of the relevant commodities can be matched by the commodities sourced by the Group from its suppliers, and that such commodities could be made available to the customers within their expected delivery timeframe. Under the Trading Business, the Group conducts research on and analysis of the

prevailing demand and supply conditions in the market in respect of the relevant commodities to understand the needs of customers and their expectations and requirements. The Group will proceed to conduct trade in the relevant commodities if and only if it is evident that there will be room for making profit and the operation will be commercially viable. The Group would then commence negotiations for and procure supply of the commodities after it has gained a clear picture of the prevailing supply and demand conditions, and will proceed if and only if it has satisfied itself that the sourcing of such commodities will be backed by concrete market demand and there exists market potential in profitability terms. Notwithstanding the above, the purchase contracts are not entered into in the wake of, in accordance with or on the back of designated or earmarked sale contracts. Accordingly, the purchase contracts are not initiated by the customers' orders. Once collected, the commodities ordered from the suppliers are stored at the warehouse operated by the suppliers or their logistics partners at the relevant ports pending sales to customers. The Group will then approach target customers and seek to conclude sales of the commodities. After specific sale contracts have been entered into with customers, the type and quantity of commodities in stock matching the descriptions and specifications provided in the sale contracts will be transferred out of the inventories and available for collection by the customers.

During the six months ended 30 June 2025, the commodities traded by the Group were mainly coarse iron powder and blended coal, contributing approximately RMB4.2 million to the Group's revenue during the period. The Group's target customers are downstream traders and end-user steel manufacturing mills in the PRC, and the commodities are mostly sourced from mining companies and upstream traders with operations in the PRC. Revenue is recognised in the form of sales of the relevant commodities and the price of the commodities sold to the customers are determined by arms' length negotiation between the parties based on the market price of the same. The gross profit margin of the Trading Business for the six months ended 30 June 2025 and years ended 31 December 2024, 2023 and 2022 were approximately 0.1%, 5.0%, 3.8% and 3.7%, respectively. As explained above, the Group would conduct trade in the relevant commodities only where it is evident that there will be room for making profit and the operation will be commercially viable. The respective selling price of the commodities to be traded by the Group in the Trading Business will be determined with reference to the then prevailing market price of the relevant commodities. Generally, the Group would conduct a trade in the relevant commodities where it is expected to achieve a target gross profit margin of at least 3%. However, where the market price of the relevant commodities has shown signs of any unexpected downward trend, the Group may opt to sell the commodities to customers at prices lower than initially planned so as to prevent the inventories from building up and to avoid the associated inventory risks.

The gross profit margin of the Trading Business is affected largely by the procurement prices and the prevailing market prices of the relevant commodities traded by the Group and could therefore display significant variances in different time periods when the market prices are volatile. As a result of the fierce price fluctuation of minerals, it is difficult to achieve the target gross profit margin in trading activities. In particular, due to the relatively higher prices of coal during 2024, the Group was able to secure a higher gross profit margin of approximately 6.5% for the trading of blended coal. However, due to the market downturn and the general downward trend of coal prices during the first half of 2025, the Group opted to sell

blended coal to customers at a thin gross profit margin of approximately 0.2% for the said period. As for the trading of coarse iron powder, as the market price had been on a generally declining trend during 2024 and the first half of 2025, the gross profit margin for trading in coarse iron powder has remained below 1% throughout such periods. In view of the volatility in the mineral prices, the Group has also been cautious in entering into trading activities, and has decreased the volume of trading activities accordingly so as to reduce the risks of incurring further losses.

The Group provides value-added services under the Trading Business to both upstream and downstream market players. Most notably, the Group matches the product offerings of its suppliers with the expectations and requirements of its customers in respect of commodity type, quality, usage, quantity and delivery timeframe leveraging its mining expertise and in-depth knowledge of minerals accumulated through years of mining operations, such that the commodities from local or overseas sources can be effectively brought to the customers in need at the appropriate time.

As regards the downstream customers, the Group has a pivotal role to play in the supply chain in that, among others:

(i) downstream traders and steel manufacturers, being the Group's principal customers in the Trading Business, may experience difficulty in establishing direct business relationships with sizeable mining companies and their upstream distributors due to their limited scale of operation, small order size and/or low order frequency, and/or lack of recognition in the commodity market. On the other hand, leveraged on its experience in its Mining Business and its Trading Business over 20 years, the Group has connections with mine owners and/or their distributors that are minded to sell their products to the Group as a credible business partner and sales channel with established presence in the market. In this way, the Group connects downstream traders, and eventually end-users, of the commodities to mining companies or their distributors and furnishes them with access to supply of the relevant commodities on an as-needed basis, with reduced sourcing infrastructural set-up and investments.

(ii) the Group is in a better position to make bulk purchases of the relevant commodities and as a result enjoy more substantial discounts. The Group may therefore be able to supply the relevant commodities to its customers in the desired quantity on an as-needed basis at a more competitive price than the price that may be available to them if they are to procure the commodities directly from the suppliers.

(iii) some of the mine owners, their distributors and other commodity suppliers require prepayments or delivery against payment, which can create cash flow challenges for downstream traders and distributors. To address this, the Group bridges the gap between the supplier payment requirements and the customer needs by permitting its eligible customers, which are based on the Group's assessment to their creditworthiness and transaction history with the Group, to take delivery of the commodity purchased before making full payments to the Group. This allows the customer to better manage their working capital and address their cash flow concerns.

(iv) the Group also takes care of coordination with different suppliers and can arrange for commodities from multiple sources to be supplied to the customers as a single package where necessary, thus taking over certain supplier management and logistics functions that customers would otherwise have to expend managerial time and resources on.

As regards the upstream suppliers, it is preferable for them to supply their commodities to the market through the Group as their distributors, in that:

(i) mining companies whose mines and mining operations are located and confined to a specific part of Chinese Mainland may be unfamiliar with the market situation and latest developments in other parts of Chinese Mainland. They may be subject to significant market risks if they are to conduct a large volume of transactions directly with customers in such markets. It may be advisable for them to enlist the support of distributors as a channel for supplying their commodities to such markets, whereby they can avail themselves of the local market insights, connections and expertise of the distributors to achieve an efficient inventory turnover and deepen market penetration.

(ii) the suppliers may also want to avoid the hassle of dealing with multiple individual customers for infrequent or irregular orders. A significant amount of burdensome administrative work may be involved, including negotiations, preparation of documentation, facilitation of shipment to or collection by the customers of the commodities ordered, and collection of the purchase prices from a large group of customers in wide-ranging locations. Supplying commodities to the markets through distributors would allow the suppliers to spare less managerial time and resources on sales management, and thus reduce their administrative burden and costs and focus their efforts and resources on mining operations or other principal business operations.

The Group also has a competitive advantage for procuring new sales orders and expanding its customer base in that it is able to leverage years of mining expertise and in-depth knowledge of minerals accumulated through years of mining operations and built itself up as a credible and reliable business partner in the mining industry in Chinese Mainland, with substantial connections to upstream mine owners and/or their distributors. Furthermore, the Group has established itself strategically in Xinjiang to be geographically closer to the Northern part and the Northwestern part of Chinese Mainland where a large portion of the Group's customers in its Trading Business are located in, thus facilitating the Group in understanding and fulfilling the needs of its customer base. The Group is also prepared to set up subsidiaries in different regions of Chinese Mainland as required by local governments to comply with local tax policies and to better service and align itself with the target customers based in those regions.

Revenue for the six months ended 30 June 2025

The Company's revenue decreased from approximately RMB157,288,000 for the six months ended 30 June 2024 to approximately RMB12,935,000 for the six months ended 30 June 2025, representing a decrease of approximately 91.8%. In particular, revenue from trading of coarse iron powder and blended coal decreased to approximately RMB4,222,000 (six months ended 30 June 2024: RMB146,452,000), representing a decrease of approximately 97.1%, and service income from processing of iron and other mineral ores decreased to RMB8,713,000 (six months ended 30 June 2024: RMB10,836,000), representing a decrease of approximately 19.6%. The decrease in the Group's revenue was primarily caused by the slow-down of trading activities due to fierce price fluctuation of minerals, and the decrease in processing orders received.

During the first half of 2025, iron and coal product prices in the PRC had been volatile and exhibited a general downward trend. This was largely attributable to weakened demand resulting from slowdown in the global and domestic economies as heightened by, among other things, the China-United States trade war, as well as oversupply, in the downstream steel production and other industries. The weakened demand in iron products had also adversely affected the demand for coal products, being a key production material for ironmaking and steelmaking, resulting in significant volatility in its market price during the period. In its Trading Business, as the Group enters into contracts for purchases of commodities from its suppliers based on the Group's own observation and understanding of the market dynamics and judgement of the market outlook, and the purchase contracts are entered into in the wake of, in accordance with or on the back of designated or earmarked sale contracts, and the Group only approaches its target customers and seek to conclude sales of commodities after entering into the purchase contracts, rather than supplying commodities to the customers on a back-to-back basis by way of "indent trading", it is subject to inventories risk. Under such an adverse economic climate and turbulent market conditions, the management resolved to err on the side of caution and strategically limited its trading activities and reduced its trading volume. It was a tactical move to avert losses in the midst of highly unpredictable and significant fluctuations in market price of commodities, given that there was a real risk that the commodities in stock might not be saleable to customers above the purchase price under the downward pressure on market price. This explains the substantial decrease in the Group's revenue generated from its Trading Business during the six months ended 30 June 2025 as compared with the six months ended 30 June 2024.

Likewise, the downward trend in market price of minerals and the weakened overall demand against the backdrop of stagnant domestic and global economies as outlined above and the resulting uncertainty had led the processing service customers of the Group to become more hesitant about procuring supply and/or stocking of minerals, thus reducing the orders placed with the Group for processing of iron and other mineral ores.

For the second half of 2025, the management expects the performance and operating results of the Trading Business to gradually improve with the expected gradual recovery in the demands for commodities taking into account, among others, signs of easing of the trade tensions between the PRC and the United States, which is also evident by the gradual rebound of the market price of the Fe 65% iron powder in Chinese Mainland from the low of RMB601 per tonne in June 2025 to RMB720 per tonne in October 2025. The expected seasonal increase in demand for iron, coal or coke towards the second half of 2025 could also result in business opportunities for the Group's Trading Business in these commodities. While steel manufacturers typically maintain lower inventory levels for iron concentrates, coal or coke due to price volatility and the resulting inventory risk, extreme winter weather can disrupt transportation and supply chains, leading to interruptions in production. To mitigate such risks, steel manufacturers often increase their inventory of production materials toward the second half. The timing for the Chinese New Year holiday in Chinese Mainland, during which factories and logistic service providers may shut down or operate at limited capacity, may also affect the steel manufacturers' inventory planning toward the end of the year. The Group is currently negotiating with suppliers for the import supply of coking coal for meeting the potential market demand, and materialization of these business opportunities may result in further improvement in the Trading Business revenue in the second half of 2025.

Current operation status of Zhuge Shangyu Ilmenite Mine

The Group owns the mining rights in respect of Zhuge Shangyu Ilmenite Mine. As disclosed in the Company's annual report for the year ended 31 December 2024, the total resources estimate (measured and indicated) in Zhuge Shangyu Ilmenite Mine as at 31 December 2024 amounted to approximately 494.9 million tonnes, comprising approximately 6.19% of titanium dioxide and approximately 14.10% of total iron. While the global supply of iron concentrates is relatively abundant and the iron price has been adversely affected by the weakened demand as outlined above, titanium, as a non-renewable resource, is not only scarce but also highly sought after in various industries for its exceptional strength, corrosion resistance, and lightweight characteristics that allow for its applications to various areas such as aerospace, military industry, medical devices, and advanced manufacturing. The limited availability of high-quality titanium ores further enhances its strategic importance, driving demand and market value globally.

Historically, the Group had undertaken mining activities at the Zhuge Shangyu Ilmenite Mine for trial production, whereby 260,000 tonnes of ilmenite ores were produced in 2013 and 200,000 tonnes of ilmenite ores were mined in 2014, under the mining rights then held by the Group. Mining activities at the Zhuge Shangyu Ilmenite Mine had not continued after 2014 due to market downturn and the small scale of the existing production facilities which made large scale mining and processing at such mine commercially unviable as explained further below. In November 2023, the Group was able to secure renewal of the mining permit for the Zhuge Shangyu Ilmenite Mine, where the Group was issued a new mining permit by the relevant authorities with an approved annual mining production scale of 800,000 tonnes. In recent financial years, there was no mining activity conducted at the Zhuge Shangyu Ilmenite Mine. Besides, the existing production facilities at the Zhuge Shangyu Ilmenite Mine, particularly the flotation sorting facilities for sorting titanium concentrates, are in such a small scale that

prevents the Group from achieving the necessary economies of scale, making it commercially unviable for the Group to mine and process the ilmenite ore extracted from the Zhuge Shangyu Ilmenite Mine, as the costs associated with such mining and processing would otherwise be disproportionately high as compared to the potential output. With the construction of the first phase of the new processing plant at the Zhuge Shangyu Ilmenite Mine expected to be completed by the end of 2025 as further discussed below, the Group resumed its mining activities in June 2025. As at the Latest Practicable Date, mining activities at the Zhuge Shangyu Ilmenite Mine were underway, with approximately 200,000 tonnes of ilmenite ores already mined. Following completion of the construction of the first phase of the new processing plant as further elaborated below, and the testing, trial production and (depending on the quality of the products produced during the trial production) adjustment to the production parameters thereat, these 200,000 tonnes of ilmenite ores, together with other ilmenite ores from time to time extracted from the Zhuge Shangyu Ilmenite Mine, will be processed at the processing plant for production into iron concentrates or titanium concentrates.

In order to properly and efficiently manage and utilise this valuable resource of the Group, the Group has been seeking to advance and upgrade its production facilities, with construction work of new mining and processing plant being implemented in stages at the Zhuge Shangyu Ilmenite Mine. The construction project mainly focuses on construction of a new mining and ilmenite ores production line, living office area and a science and technology centre and production automation, with elements of unmanned intelligent production. With this construction project, the Group aims to achieve substantial industrialisation and technical breakthroughs.

The planned new downstream processing plant has a designed total processing capacity of 10,000,000 tonnes per year, which corresponds to the processing capacity of the upstream ore processing system that has already been set up, and will be constructed in two phases. The first phase of the new processing plant is currently being constructed and will be equipped with a processing capacity of 5,000,000 tonnes per year. Up to 30 June 2025, the total capital expenditure incurred for such upgrade amounted to approximately RMB507.5 million. It is expected that additional capital expenditure incurred or to be incurred thereafter in respect of such upgrade would amount to approximately RMB30 million, which is expected to be financed by internal resources of the Group. The construction work is expected to be completed by the end of 2025, upon which the processing plant will undergo testing, trial production and (depending on the quality of the products produced during trial production) adjustment to the production parameters, which are expected to be completed by end of the first quarter in 2026. The new processing plant will be used to process ilmenite ores extracted from the Zhuge Shangyu Ilmenite Mine to produce high-grade iron concentrates and titanium concentrates. As titanium concentrates are in short supply and given their exceptional strength, corrosion resistance and lightweight characteristics that are highly sought after in various industries for high-tech applications, the management expects that the Group's titanium concentrates will be sought-after in the market. Together with the planned increase in the annual ilmenite mining production scale being applied for as further elaborated below, the management also believes that the Group is well-positioned to benefit from economies of scale and thereby can better adapt to market and price fluctuations. The sale of iron concentrates and titanium concentrates

from such processing would broaden the revenue streams of the Group, thereby improving the Group's business performance. As explained above, the Group currently does not have production facilities of a sufficiently large scale to make ilmenite ore processing commercially viable, and given that the new processing plant is still under construction, the Group is not expected to be able to conduct processing of the ilmenite ores extracted from the Zhuge Shangyu Ilmenite Mine into iron concentrate or titanium concentrate for sales within the remaining months of 2025. Following completion of construction of the first phase of the new processing plant by the end of 2025, the Group is expected to commence sales of self-produced iron concentrates and titanium concentrates starting from the financial year ending 31 December 2026.

The second phase of the new processing plant will likewise be equipped with a processing capacity of 5,000,000 tonnes per year, the construction of which will commence after the first phase of the processing plant has reached full capacity.

In connection with the above construction project, the Group intends to apply for a new mining permit with an approved annual mining production scale of 4,000,000 tonnes. The Group is currently working on the application documents, including obtaining opinions on delineation of the mining area and preparation of the feasibility study report and the geological environmental protection and land reclamation plan, and is also preparing for the expert review. The management expects that the application for the new mining permit may be submitted in or around June 2026 and approved in September 2026 at the earliest.

The management expects to achieve high utilisation of the approved annual mining production scale of the Group under the mining permit currently held by the Group during the year ending 31 December 2026. If application for the new mining permit is approved in the year ending 31 December 2026, the Group will promptly scale up its mining operations in accordance with the increased approved annual mining production scale, whereby the Group will be able to produce an even larger volume of titanium concentrate and iron ore concentrate for sales and further improve its operating results.

3. INDEBTEDNESS

Statement of Indebtedness

At the close of business on 31 October 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Composite Document, the indebtedness of the Group was as follows:

(i) An amount of approximately RMB476.5 million due to Vendor B;

(ii) An amount of approximately RMB12.4 million due to Vendor A;

(iii) Lease liabilities amounted to approximately RMB2.8 million.

Saved as disclosed above, the Group did not have any outstanding bank overdrafts or loans, or other similar indebtedness, mortgages, charges, or guarantees, debt securities, term loans, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or other material contingent liabilities as at the close of business on 31 October 2025.

4. NO MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information to the Offer Shareholders with regard to the Offer, the Offeror and the Group.

Mr. William Ng and Ms. Wei Jiaming, being the directors of the Offeror, jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group and the Vendors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those opinions expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	**Closing price per Share** *HK$*
2025	
30 April	0.485
30 May	0.43
30 June	0.48
31 July	0.485
29 August	0.5
30 September	0.8
15 October *(being the Last Trading Day)*	0.8
31 October	0.8
28 November	4.68
16 December *(being the Latest Practicable Date)*	4.870

Note: Trading of the Shares was suspended during the period from 9:00 a.m. on 16 October 2025 to 12:00 p.m. on 4 November 2025 pending release of the Joint Announcement.

Highest and lowest Share prices

During the Relevant Period,

(a) the highest closing price of the Shares as quoted on the Stock Exchange was HK$5.160 per Share on 17 November 2025; and

(b) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.420 per Share on 29 May 2025, 2 to 5 June 2025 and 9 June 2025 respectively.

3. INTERESTS AND OTHER ARRANGEMENTS

Save as disclosed below, as at the Latest Practicable Date, none of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) owned any Shares or any convertible securities, warrants, options or derivatives in respect of the Shares:

Name of Shareholder	Capacity	Number of Shares held/ interested	Approximate percentage of the total number of issued Shares *(Note 1)*
Offeror	Beneficial owner	175,493,551	50.10%
SSC Group Limited *(Note 2)*	Interest of controlled corporation	175,493,551	50.10%
Mr. William Ng *(Note 2)*	Interest of controlled corporation	175,493,551	50.10%
Ms. Wei Jiaming *(Note 2)*	Interest of controlled corporation	175,493,551	50.10%
Purchaser B *(Note 3)*	Beneficial owner	19,466,280	5.56%

Notes:

1. The shareholding percentage is calculated based on the number of Shares in issue as at the Latest Practicable Date, i.e. 350,286,528 Shares.

2. The Offeror is an investment-holding company. As at the Latest Practicable Date, the Offeror was wholly owned by SSC Group Limited, which was in turn directly held as to 50% by each of Mr. William Ng and his spouse, Ms. Wei Jiaming. Under the SFO, each of SSC Group Limited, Mr. William Ng and Ms. Wei Jiaming was taken to be interested in the Shares in which the Offeror was interested.

3. The Offeror and Purchaser B acquired their respective portions of the Sale Shares together under the Sale and Purchase Agreement, and such acquisition of the Sale Shares by Purchaser B was made with financial assistance provided by the Offeror to Purchaser B. The Offeror and Purchaser B have also agreed to act in concert in respect of the Company. On such bases, Purchaser B is a party acting in concert with the Offeror under the Takeovers Code.

Save for the Sale Shares acquired by the Purchasers under the Sale and Purchase Agreement, none of the Offeror, its directors, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) owned, controlled or directed any Shares or had dealt for value in the Shares during the Relevant Period.

The Offeror further confirms that, as at the Latest Practicable Date,

(a) save for the acquisition of the Sale Shares by the Purchasers, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code that existed between any of the Offeror, its ultimate beneficial owner and the parties acting in concert with any of them (including Purchaser B) or the Offeror's associates and any other person;

(b) there was no agreement or arrangement to which any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) was a party which related to circumstances in which any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) might or might not invoke or seek to invoke a pre-condition or a condition to the Offer;

(c) none of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(d) none of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) had received any irrevocable commitment to accept or reject the Offer;

(e) there was no outstanding derivative in respect of the securities in the Company entered into by any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B);

(f) other than the consideration paid by the Purchasers to the Vendors for the purchase of the Sale Shares under the Sale and Purchase Agreement which had been settled in full at Completion, there was no consideration, compensation or benefit in whatever form paid or to be paid by any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) to any of the Vendors and the parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares;

(g) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any of the Vendors and the parties acting in concert with any of them on one hand, and any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) on the other hand;

(h) there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between any Shareholder on one hand, and (a) any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B);

(i) there was no arrangement whereby any Director would be given any benefit as compensation for loss of office or otherwise in connection with the Offer;

(j) there was no agreement, arrangement or understanding (including any compensation arrangement) between any of the Offeror, its ultimate beneficial owners and the parties acting in concert with any of them (including Purchaser B) on one hand, and any of the Directors, recent Directors, Shareholders and recent Shareholders on the other hand, having any connection with or dependence upon the Offer; and

(k) there was no agreement, arrangement or understanding that the Offer Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.

4. QUALIFICATIONS AND CONSENT OF EXPERT

Set forth below are the name and qualification of the professional adviser to the Offeror whose letter, opinion or advice is contained or referred to in this Composite Document:

Name	Qualifications
Somerley	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Somerley has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, opinion, advice and/or references to its name in the form and context in which they respectively appear.

5. MISCELLANEOUS

(a) The Offeror is Prominence Investment Holding Company Limited, an investment-holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, the Offeror was wholly owned by SSC Group Limited, which was in turn directly held as to 50% by each of Mr. William Ng and his spouse, Ms. Wei Jiaming.

The principal members of the Offeror's concert group are the Offeror, SSC Group Limited, Purchaser B, Mr. William Ng and Ms. Wei Jiaming.

(b) The registered office address of the Offeror is Unit 8, 3/F., Qwomar Trading Complex, Blackburne Road, Port Purcell, Road Town, Tortola, British Virgin Islands VF1110. The correspondence address of the Offeror is 6B Altamira, 18 Po Shan Road, Mid-Levels, Central, Hong Kong.

(c) The registered office address and the correspondence address of SSC Group Limited is Rooms 1601-1603, 16F, YF Life Centre, No.25 Jaffe Road and No.38 Gloucester Road, Wanchai, Hong Kong.

(d) The correspondence address of Purchaser B is 11C, Tower 12, One Beacon Hill, 1 Beacon Hill Road, Kowloon, Hong Kong.

(e) The correspondence office address of Mr. William Ng is Rooms 1601-1603, 16/F, YF Life Centre, No. 25 Jaffe Road and No. 38 Gloucester Road, Wanchai, Hong Kong.

(f) The correspondence office address of Ms. Wei Jiaming is Rooms 1601-1603, 16/F, YF Life Centre, No. 25 Jaffe Road and No. 38 Gloucester Road, Wanchai, Hong Kong.

(g) The directors of each of the Offeror and SSC Group Limited are Mr. William Ng and Ms. Wei Jiaming.

(h) The financial adviser to the Offeror is Somerley Capital Limited, whose registered office and correspondence address is 20/F, China Building, 29 Queen's Road Central, Hong Kong.

(i) In the event of any inconsistency, the English text of this Composite Document and the accompanying Form of Acceptance shall prevail over the Chinese text.

6. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of (i) the SFC at www.sfc.hk; and (ii) the Company at www.addnewenergy.com.hk from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Somerley, the text of which is set out on pages 6 to 23 of this Composite Document; and

(c) the written consent referred to under the paragraph headed "4. QUALIFICATIONS AND CONSENT OF EXPERT" in this appendix.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, its ultimate beneficial owners and parties acting in concert with any of them (including Purchaser B)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

(a) Share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
750,000,000	Shares of HK$0.04 each	30,000,000
Issued and fully paid:		
350,286,528	Shares of HK$0.04 each	14,011,461.12

All the existing Shares in issue are listed on the Stock Exchange and rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

No new Shares had been issued since 31 December 2024, being the date on which the latest audited financial statements of the Group were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no other options, warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) that carry a right to subscribe for or which are convertible into Shares.

(b) Listing

The Shares are listed and traded on the Main Board of the Stock Exchange. No part of the Shares is listed or dealt in, nor in any listing or permission to deal in the Shares being or proposed to be sought, on any other stock exchange.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors and chief executives of the Company in the securities of the Company and the securities of the associated corporations of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or which were required to be disclosed under the Takeovers Code were as follows:

Name of Director	**Nature of interest** *(Note 1)*	**Number of Shares or underlying Shares**	**Approximate percentage of existing issued share capital of the Company** *(Note 2)*
Mr. Geng Guohua ("**Mr. Geng**")	Beneficial owner	1,258,933	0.36%
Mr. Lang Weiguo ("**Mr. Lang**")	Interest of controlled corporations *(Note 3)*	1,246,666	0.36%

Notes:

(1) All interests in Shares were long positions.

(2) Based on 350,286,528 Shares issued as at the Latest Practicable Date.

(3) Mr. Lang beneficially holds the entire issued share capital of Novi Holdings Limited and All Five Capital Ltd., both of which were incorporated in the British Virgin Islands with limited liability, which in turn beneficially held 43,333 Shares and 1,203,333 Shares, respectively. For the purposes of the SFO, Mr. Lang is deemed or taken to be interested in all the Shares held by Novi Holdings Limited and All Five Capital Ltd.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company nor their associates had any interest or short positions in the shares, underlying shares or debentures of the Company, its specified undertakings or any of its other associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO and the Hong Kong Companies Ordinance (Cap.622), to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange or which were required to be disclosed under the Takeovers Code.

(b) Interests of substantial shareholders in the securities of the Company

As at the Latest Practicable Date, as far as known to the Directors, the following persons or entities (not being a Director or a chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	**Nature of interest** *(Note 1)*	**Number of Shares or underlying Shares**	**Approximate percentage of existing issued share capital of the Company** *(Note 2)*
The Offeror	Beneficial owner	175,493,551 *(Note 3)*	50.10%
SSC Group Limited ("**SSC**")	Interest of controlled corporation	175,493,551 *(Note 3)*	50.10%
Mr. William Ng	Interest of controlled corporations	175,493,551 *(Note 3)*	50.10%
Ms. Wei Jiaming	Interest of controlled corporations	175,493,551 *(Note 3)*	50.10%
Mr. Ng Hoi Kam	Beneficial owner	19,466,280	5.56%

Notes:

(1) All interests in Shares were long positions.

(2) Based on 350,286,528 Shares issued as at the Latest Practicable Date.

(3) The Offeror is wholly-owned by SSC, which is in turn owned as to 50% by Mr. William Ng and as to 50% by Ms. Wei Jiaming. As such, each of SSC, Mr. Willian Ng and Ms. Wei Jiaming is deemed to be interested in the shares of the Company held by the Offeror by virtue of the SFO.

Save as disclosed above, as at Latest Practicable Date, the Company had not been notified by any person (other than the Directors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

(c) Interests discloseable under Schedule II to the Takeovers Code

As at the Latest Practicable Date:

(i) the Company did not hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror and no Director was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror, and the Company and Directors had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Offeror during the Relevant Period;

(ii) save as disclosed in the paragraph headed "3. Disclosure of Interests – (a) Interests of the Directors and chief executives of the Company in the securities of the Company and the securities of the associated corporations of the Company" in this Appendix IV, no Director was interested in any relevant securities in the Company and save for the disposal of the Sale Shares by the Vendors under the Sale and Purchase Agreement, no Director had dealt in any securities of the Company during the Relevant Period;

(iii) no (i) subsidiary of the Company, (ii) pension fund of the Company or any of its subsidiaries, or (iii) person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of acting in concert in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of associate in the Takeovers Code (but excluding exempt principal traders and exempt fund managers), held, owned or controlled any relevant securities in the Company and they had not dealt in any securities of the Company during the Relevant Period;

(iv) save for the disposal of the Sale Shares by the Vendors under the Sale and Purchase Agreement, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code and they had not dealt in any securities of the Company during the Relevant Period;

(v) no relevant securities in the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and they had not dealt in any securities of the Company during the Relevant Period;

(vi) save for Mr. Geng and Mr. Lang, who had both expressed their intention to reject the Offer, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers;

(vii) no relevant securities in the Company were borrowed or lent by any of the Directors or by the Company or by the Offeror, its ultimate beneficial owners or any parties acting in concert with any of them (including Purchaser B);

(viii) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror, its ultimate beneficial owners or any parties acting in concert with any of them (including Purchaser B) on one hand and the Company or any party acting in concert with it on the other hand;

(ix) there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder and the Company, its subsidiaries or associated companies;

(x) no benefit had been given or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(xi) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offer; and

(xii) save for the Sale and Purchase Agreement, there is no material contract entered into by the Offeror, its ultimate beneficial owners or any parties acting in concert with any of them (including Purchaser B) in which any Director had a material personal interest.

4. DIRECTORS' SERVICE CONTRACTS

Particulars of the relevant Directors' service contracts are set out as follows:

Name of Director	**Position**	**Counterparty**	**Date of contract**	**Term**	**Remuneration per annum** *(HK$)*	**Notice Period**
Mr. Li Yunde *(Note 1)*	Executive Director	the Company	27 March 2024	Three years commencing from 27 April 2024	640,000, with discretionary bonus	3 months
Mr. Geng *(Note 1)*	Executive Director and Chief Executive Officer	the Company	27 March 2024	Three years commencing from 27 April 2024	600,000, with discretionary bonus	3 months

Name of Director	Position	Counterparty	Date of contract	Term	Remuneration per annum *(HK$)*	Notice Period
Mr. Lang *(Note 1)*	Executive Director	the Company	27 March 2024	Three years commencing from 27 April 2024	312,000, with discretionary bonus	3 months

Note 1: Under the respective service contract of Mr. Li Yunde, Mr. Geng and Mr. Lang may be paid discretionary bonus. No formula is prescribed for such bonus calculation and the amount of bonus payable to each of them, if any, is to be determined by the Board at its discretion, taking into account the recommendation from the remuneration committee of the Board, the performance of the Group and the prevailing market conditions, and approved by the Shareholders (other than the interested Director himself). Since the commencement date of the term of such service contracts and up to the Latest Practicable Date, no discretionary bonus had been paid to Mr. Li Yunde, Mr. Geng or Mr. Lang.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into service contracts with the Company or any subsidiary or associated company of the Company which (a) (including continuous and fixed term contracts) had been entered into or amended within the Relevant Period; (b) are continuous contracts with a notice period of 12 months or more; (c) are fixed term contracts with more than 12 months to run irrespective of the notice period; or (d) are not determinable by the employer within one year without payment of compensation (other than statutory compensation).

None of the Directors had entered into more than one service contract with the Company or any subsidiary or associated company of the Company which were concurrently in force as at the Latest Practicable Date. None of the Directors' remuneration (with a service contract with more than 12 months to run) had been increased materially within six months before the date of this composite document.

Save and except for Mr. Geng, Mr. Leung Nga Tat and Mr. Li Xiaoyang, all other existing Directors will resign with effect from after the publication of the closing announcement on the Closing Date (being the earliest date as permitted under the Takeovers Code).

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) was entered into by the members of the Group within two years before 4 November 2025, being the date of the Rule 3.5 Announcement and up to and including the Latest Practicable Date and are or may be material:

(i) the asset transfer agreement entered into between Shandong Ishine Mining Industry Co., Ltd. (an indirect wholly-owned subsidiary of the Company), as vendor, and 山東丹峨礦業科技有限公司 (Shandong Dane Mining Technology Co., Ltd.*) (an Independent Third Party), as purchaser ("**Shandong Dane Mining**"), on 21 May 2024, pursuant to which Shangdong Ishine Mining conditionally agreed to dispose and Shandong Dane Mining conditionally agreed to acquire the assets including the mining right of Yangzhuang Iron Mine (including the ore processing plant), exploration right of Qinjiazhuang Ilmenite Mine, Yangzhuang Iron Mine production land (including leased and contracted land), buildings, production facilities (which are included in the fixed assets list of Yangzhuang Iron Mine and the ore processing plant), at a consideration of RMB314,483,935.40.

7. EXPERT QUALIFICATIONS AND CONSENT

The following is the name and qualification of the expert who has given opinion or advice which is contained in this Composite Document:

Name	Qualifications
Red Sun Capital Limited	a licensed corporation under the SFO, registered to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Red Sun Capital Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of its recommendations, opinions, letter and/or references to its name in the form and context in which they respectively appear.

8. MISCELLANEOUS

(i) The registered office of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands and principal place of business of the Company in Chinese Mainland and Hong Kong is Jiangjia Guanzhuang Village West, Zhuge Town, Yishui County, Shandong Province, the PRC, and Suite 3105, 31/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(ii) The Hong Kong branch share registrar and transfer office of the Tricor Investor Services Limited, which is situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(iii) The registered office of Red Sun Capital Limited is at Room 2703, 27/F, China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

(iv) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (1) on the website of the Company at www.addnewenergy.com.hk; and (2) on the website of the SFC at www.sfc.hk from the date of this Composite Document onwards for so long as the Offers remain open for acceptance:

(i) the memorandum and articles of association of the Company;

(ii) the annual reports of the Company for each of the three financial years ended 31 December 2022, 2023 and 2024;

(iii) the interim report of the Company for the six months ended 30 June 2025;

(iv) the "Letter from the Board", the text of which is set out from pages 24 to 29 of this Composite Document;

(v) the "Letter from the Independent Board Committee", the text of which is set out from pages 30 to 31 of this Composite Document;

(vi) the "Letter from the Independent Financial Adviser", the text of which is set out from pages 32 to 62 of this Composite Document;

(vii) the service contracts referred to in the section headed "4. DIRECTORS' SERVICE CONTRACTS" in this Appendix IV of this Composite Document;

(viii) the material contract referred to in the section headed "6. MATERIAL CONTRACTS" in this Appendix IV of this Composite Document;

(ix) the written consent from the expert referred to in the section headed "7. EXPERT QUALIFICATIONS AND CONSENT" in this Appendix IV of this Composite Document; and

(x) this Composite Document and the accompanying Form of Acceptance.