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If you have sold or transferred all your shares in China Daye Non-Ferrous Metals Mining Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

**VERY SUBSTANTIAL DISPOSAL
&
CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF A SUBSIDIARY
AND
NOTICE OF SPECIAL GENERAL MEETING**

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



建泉融資有限公司

VBG Capital Limited

A letter from the Board is set out on pages 6 to 27 of this circular. A letter from the Independent Board Committee is set out on page 28 of this circular. A letter from the Independent Financial Adviser is set out on pages 29 to 46 of this circular. A notice convening the SGM to be held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 14 August 2026 at 10 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk661.com).

Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish and in such event, the proxy form shall be deemed to be revoked.

30 July 2026

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DEFINITIONS

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

“Agreement”	the equity transfer agreement dated 18 June 2026 entered into by and among the Vendor, China No. 15 Metallurgical and the Target Company in relation to the Disposal
“Appraised Value”	the appraised asset value of the Sale Interest as at 31 December 2025 in the amount of approximately RMB143,710,559 (equivalent to approximately HK\$165,267,143) as set out in the Valuation Report
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which banks in the PRC are officially open for business, including any adjusted working day declared by the PRC government as a temporary working day, but excluding statutory holidays and any Saturday or Sunday that is not an adjusted working day
“China No. 15 Metallurgical”	China No. 15 Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of CNMC
“CNMC”	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a company incorporated in the PRC and a controlling Shareholder
“Company”	China Daye Non-Ferrous Metals Mining Limited (Stock Code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal

DEFINITIONS

“Completion Date”	the date on which the Target Company obtains the amended Business License of Enterprise Legal Person issued by the relevant Administration for Market Regulation in the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB149,409,123 (equivalent to approximately HK\$171,820,491), being the total consideration payable by China No. 15 Metallurgical to the Vendor for the Disposal
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Current Bye-Laws”	the bye-laws of the Company currently in force
“Director(s)”	directors of the Company
“Disposal”	the disposal of the Sale Interest (being 100% of the equity interest in the Target Company) in accordance with the terms and conditions of the Agreement
“Effective Date”	the later of the following two dates: (1) the day on which all parties to the Agreement have completed their respective internal authorisation procedures (where approval by the board of directors is required, the date of approval by the board of directors shall apply); or (2) the day immediately following the date on which the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder at the SGM.
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company comprising Ms. Liu Fang, Mr. Wang Qihong and Mr. Kong Hua, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”/“VBG Capital”	VBG Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than, the Parent Company, CNMC and their respective associates
“independent third party”	a person or entity who is not a connected person of the Company
“Latest Practicable Date”	27 July 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Letter of Intent”	the non-legally binding letter dated 11 August 2025 entered into between the Parent Company and China No. 15 Metallurgical in relation to the proposed equity transfer of the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Effect”	(i) in respect of the Target Company, any event not attributable to China No. 15 Metallurgical that, individually or in aggregate, has a material adverse effect on the business, financial condition or operating results of the Target Company, including causing the suspension, interruption or termination of its business, or a material adverse change in its financial condition such as net assets and liabilities where the amount affected, individually or in aggregate, exceeds RMB1,000,000 or 5% of the net assets of the Target Company; and (ii) in respect of the Disposal, any event not attributable to China No. 15 Metallurgical that results in the Disposal being unable to be lawfully and fully carried out, or the basis of the Disposal being lost or undergoing a fundamental change

DEFINITIONS

“Parent Company”	Daye Nonferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), a limited liability company established in the PRC and a controlling Shareholder
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Receivables”	all outstanding receivables due by the Group to the Target Company as set out under the Agreement in the aggregate amount of approximately RMB16,729,956
“Remaining Group”	the Group excluding the Target Company after Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	100% of the equity interest in the Target Company, beneficially and legally owned by the Vendor immediately prior to the Completion
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“SGM” or “Special General Meeting”	a special general meeting of the Company to be held on 14 August 2026 to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Special Audit”	the special audit carried out by a qualified and mutually accepted accounting firm on the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Target Company”	Daye Nonferrous Design and Research Institute Co., Ltd.* (大冶有色設計研究院有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Vendor immediately prior to the Completion
“Valuation”	the independent valuation on the Sale Interest conducted by the Valuer
“Valuation Reference Date”	31 December 2025, being the reference date of the Valuation
“Valuation Report”	the valuation report dated 10 April 2026 issued by the Valuer in respect of the valuation of the entire equity interest of the Target Company as at the Valuation Reference Date
“Valuer”	Northern Asia Assets Assessment Co., Ltd.* (北方亞事資產評估有限責任公司), an independent qualified professional valuer
“Vendor”	Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), a limited liability company established in the PRC and a direct non-wholly owned subsidiary of the Company
“%”	per cent

* *For identification purpose only*

For the purpose of this circular, the exchange rate of RMB1.00 to HK\$1.15 has been used for currency conversion, where applicable. Such conversion is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at this or any other rate.

LETTER FROM THE BOARD



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

Executive Directors:

Mr. Xiao Shuxin (*Chairman*)

Mr. Li Haibo

Registered Office:

Clarendon House 2 Church Street

Hamilton HM 11 Bermuda

Independent Non-executive Directors:

Ms. Liu Fang

Mr. Wang Qihong

Mr. Kong Hua

Head office and principal place of business:

Rm 910-C, 9/F

Tower 1, Cheung Sha Wan Plaza

833 Cheung Sha Wan Road

Cheung Sha Wan

Kowloon

Hong Kong

30 July 2026

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
&
CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF A SUBSIDIARY**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 13 August 2025 and 18 June 2026. On 18 June 2026, the Vendor, a direct non-wholly-owned subsidiary of the Company, and China No. 15 Metallurgical entered into the Agreement pursuant to which the Vendor agreed to sell and China No. 15 Metallurgical agreed to purchase the Sale Interest, representing 100% of the equity interest in the Target Company at the Consideration. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

The purpose of this circular is to provide you with, among other things:

- (i) further details of the Disposal;
- (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Disposal;
- (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its recommendation in respect of the Disposal;

LETTER FROM THE BOARD

- (iv) the financial and other information of the Group;
- (v) Accountants' report of the Target Company;
- (vi) Valuation Report of the Target Company; and
- (vii) the notice of SGM.

II. THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:	18 June 2026	
Parties:	Vendor:	Daye Nonferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司)
	Purchaser:	China No. 15 Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司)
	Target Company:	Daye Nonferrous Design and Research Institute Co., Ltd.* (大冶有色設計研究院有限公司)
Subject matter:	Disposal of the Sale Interest representing 100% of the equity interest of the Target Company. Further information of the Target Company is set out in the section headed "Information of the Target Company" in this circular.	
Consideration:	The consideration for the Disposal is RMB149,409,123 (equivalent to approximately HK\$171,820,491). If, prior to Completion, any matters relating to the write-off, provision, offset or wrong accounting treatment of assets or liabilities of the Target Company wrongly classified, resulting in any increase or decrease in the net assets value of the Target Company, the Consideration shall be adjusted in dollar-for-dollar basis by an amount corresponding to such change in net assets value.	

LETTER FROM THE BOARD

Payment terms: The consideration for the Disposal shall be payable by China No. 15 Metallurgical to the Vendor in cash through wire transfer in accordance with the following instalments:

- **First instalment:** an amount representing approximately 80% of the Consideration, payable within 10 Business Days after the date on which the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder at the SGM; and
- **Second instalment:** an amount representing approximately 20% of the Consideration, payable within one year after the Effective Date, subject to (i) Completion having taken place and the Target Company having completed industrial and commercial change registration with the relevant Administration for Market Regulation in the PRC; and (ii) the Target Company having fully recovered the Receivables.

If the Target Company fails to recover the Receivables in full prior to the due date for payment of this second instalment of the Consideration, China No. 15 Metallurgical shall be entitled to deduct the outstanding amount of the Receivables from this second instalment, and the amount of the second instalment payable by China No. 15 Metallurgical shall be reduced accordingly.

Any portion of this second instalment of the Consideration subject to deferred payment shall bear interest during the deferral period at a rate not lower than the prevailing loan prime rate (LPR) for the corresponding period, calculated from the date of the Agreement. The deferment period for such payment shall not exceed one year from the date of the Agreement.

Conditions precedent: Under the Agreement, Completion shall be subject to the satisfaction of the following conditions precedent:

- (1) the Agreement having been executed by all parties thereto and having become effective, and the internal approval of the Agreement by CNMC having been obtained;

LETTER FROM THE BOARD

- (2) all requisite consents, authorizations and approvals (or, as the case may be, the relevant waiver) from any governmental authorities or any other third party in connection with the entering into and performance of the terms of the Agreement having been obtained by the Vendor and the Target Company;
- (3) the approval by the Independent Shareholders of all resolution(s) relating to the transactions contemplated under the Agreement having been obtained by the Company;
- (4) no actual or potential change in the financial or market conditions that would have a Material Adverse Effect on the transfer of the Sale Interest or on the Target Company having occurred, and no material change in the prevailing relevant laws and regulations applicable to the existence and operation of the Target Company and the Disposal having occurred;
- (5) no judgement, ruling, or material litigation, arbitration or administrative penalty (being litigation, arbitration or administrative penalty with a claim amount exceeding RMB1,000,000, or which, even if the claim amount does not meet such threshold, would bring Material Adverse Effect on the holding of the Sale Interest and control of the Target Company by China No. 15 Metallurgical, or on the Target Company's holding of its assets and operations) in respect of the Target Company; or where any of the foregoing circumstances exists, the Vendor or the Target Company having disclosed the same in writing to China No. 15 Metallurgical and undertaken to bear the losses caused thereby to the Target Company or China No. 15 Metallurgical;
- (6) no guarantee, indemnity, mortgage, lien or other indebtedness having been provided by the Target Company to any third party (in particular, no loan having been provided by the Target Company to, or on behalf of, its directors or shareholders);
- (7) no judicial or administrative compulsory measures, entrusted shareholding, nominee arrangement, trust or any other form of restriction on rights or encumbrance having been imposed on the equity interest in the Target Company held by the Vendor and the ancillary rights and interests attached thereto; and

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- (8) no material change in laws and regulations that would have a Material Adverse Effect on the principal business licences, qualifications or operating compliance of the Target Company (including but not limited to material adjustment to the testing and inspection industry access policies or the equity management policies for central enterprises) having occurred.

As at the Latest Practicable Date, all conditions precedent to Completion, other than condition precedent (3), had been satisfied.

Undertakings:

During the period from the date of the Letter of Intent up to the date of completion of industrial and commercial change registration by the Target Company with the relevant Administration for Market Regulation, the Vendor and the Target Company have undertaken to China No. 15 Metallurgical that the Target Company has not conducted, and shall not conduct, any of the following actions without the prior written consent of China No. 15 Metallurgical:

- (i) terminating any business or changing any existing business;
- (ii) selling or disposing of all or a substantial part of its goodwill or assets;
- (iii) increasing or reducing its registered capital or changing its equity structure (other than the Disposal);
- (iv) distributing dividends, profits or capitalising reserves to its shareholder;
- (v) appointing directors, general manager, chairman, chief financial officer or other key personnel, or adjusting their terms and conditions of employment;
- (vi) establishing or amending any bonus, incentive scheme, profit-sharing scheme, employee option or share participation plan;
- (vii) amending any approved accounting policies or changing its financial year;
- (viii) appointing or changing its auditors;
- (ix) providing any loans to any third party or making any external investments;

LETTER FROM THE BOARD

- (x) incurring any borrowings other than trade finance facilities obtained from banks or financial institutions in the ordinary course of business;
- (xi) creating any encumbrance, lien or other restrictions over its assets, business or rights, or over the Sale Interest;
- (xii) selling, transferring, licensing, pledging or otherwise disposing of any trademarks, patents, copyrights or other intellectual property rights;
- (xiii) entering into any merger or disposal of the whole business;
- (xiv) amending the articles of association of the Target Company;
- (xv) approving, adjusting or amending any terms of connected transactions involving its directors or shareholders, including providing loans or guarantees to any director or shareholder;
- (xvi) transferring, exchanging, gifting or otherwise disposing of the Sale Interest, or creating any trust, entrustment, nominee arrangement, pledge or encumbrance over the Sale Interest;
- (xvii) passing any resolution for winding-up, entering into any special arrangement or reorganisation; or
- (xviii) creating any pre-emptive rights or restrictions over any equity interest.

Completion:

Subject to the fulfilment of the conditions precedent, Completion shall take place on the Completion Date. On the Completion Date, China No. 15 Metallurgical shall become the sole shareholder of the Target Company and shall be entitled to all rights and interests as a shareholder of the Target Company.

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

Basis of the Consideration

The Consideration was determined by reference to (i) the Appraised Value as at 31 December 2025 based on the Valuation using the asset-based approach; (ii) the profits or losses of the Target Company for the period from 1 January 2026 to 30 April 2026, based on the Special Audit; and (iii) the benefits of the Disposal to be brought to the Group as stated in the section headed “Reasons for and benefits of the Disposal” of this circular.

LETTER FROM THE BOARD

The Board notes that the Consideration of RMB149,409,123 represents a premium of approximately RMB5,698,564 (equivalent to approximately 3.97%) over the Appraised Value of the Target Company of RMB143,710,559 as at 31 December 2025. In assessing the fairness and reasonableness of such premium, the Board has taken into account the following factors with quantitative analysis: (i) the Appraised Value reflects the valuation of the Target Company as at 31 December 2025 and does not capture the subsequent financial performance of the Target Company; (ii) based on the audited management accounts, the Target Company recorded a net profit of approximately RMB5,698,564 for the four months ended 30 April 2026; and (iii) accordingly, the premium effectively reflects a dollar-for-dollar adjustment for the Target Company's post-valuation date earnings up to 30 April 2026, thereby ensuring that the Consideration captures the updated financial position and earnings of the Target Company up to the latest practicable cut-off date. The Board considers that such approach is consistent with normal commercial practice in equity transactions, where consideration is adjusted to reflect interim earnings between the Valuation Reference Date and Completion, and that the premium does not represent an overpayment but rather a fair reflection of the additional value generated by the Target Company. The Board notes that, under prevailing market practice for equity transfer transactions in the PRC, the economic benefits and risks of a target company subsequent to the Valuation Reference Date would ordinarily pass to the transferee. Through arm's length negotiations with China No. 15 Metallurgical, however, the Vendor successfully secured the right to retain the profits of the Target Company for the period from 1 January 2026 to 30 April 2026. Accordingly, an additional amount of approximately RMB5,698,564 has been incorporated into the Consideration, which enhances the financial returns to the Company from the Disposal and is considered to be in the interests of the Company and the Shareholders as a whole. Having also taken into account the reasons and benefits of the Disposal to the Group, the Board is of the view that the Consideration, including the premium over the Appraised Value, is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

When considering looking for potential third-party purchasers, the Board took into account that, as the Target Company constitutes state-owned assets, it would be difficult for the Company to obtain approval from the relevant regulatory authorities to sell it to a third party. Apart from China No. 15 Metallurgical, it would be extremely difficult for the Group to find potential purchasers offering more favorable terms, or any other potential purchasers at all. Furthermore, the narrow scope of the industry in which the Target Company operates further increased the difficulty of finding alternative purchasers. Having taken the above circumstances into account, the Board considers that the disposal is consistent with the Group's overall strategy of disposal of non-core assets. Given that the Target Company's revenue is primarily dependent on the Company, and that the proportion of external customers is not expected to increase significantly in the foreseeable future, the Board has determined that now is an appropriate time to proceed with the disposal. Through the transaction, the Company will be able to realize the investment value of the Target Company and generate cash, thereby improving liquidity and strengthening the Group's overall financial position.

LETTER FROM THE BOARD

Explanation of the Reasonableness for the Premium on the Target Company

Firstly, if the impact of the capital increase through the tangible assets is excluded (the net assets of the Target Company as at the Valuation Reference Date were RMB122 million, including a capital increase of RMB90 million), the book net assets of the Target Company as at the Valuation Reference Date were RMB32 million, with the Appraised Value of equity of RMB54 million, representing an appreciation of RMB22 million and an equity valuation premium rate of 66.78%. Following negotiations with the counterparty, an additional RMB5.6986 million in operating income from the Target Company for January to April 2026 was secured, and the corresponding PBR reached 1.84 times. Both the premium rate and PBR fall within the valuation range of 1.5 to 3.0 times for market-oriented design institutes, which is consistent with market transaction practices. Secondly, given the design institute's asset-light nature, with its core value deriving from qualifications, technical teams and proprietary processes, its intangible assets were valued using the revenue-sharing method. The appreciation of these intangible assets was substantial (the announcement disclosed an appreciation rate of 4,298.86%), which is consistent with the characteristics of the Target Company. Thirdly, both the valuation and the transfer have undergone the necessary approval and review procedures, complying with state-owned asset supervision regulations. The transaction price was determined through negotiation based on the results of a third-party asset valuation. The pricing is fair, commercially reasonable, and safeguards the interests of shareholders to the greatest extent possible.

The valuation does not include a control premium, primarily based on the following considerations. Firstly, there is currently a lack of reliable data on control premiums within the industry in China, making it difficult to use such data as a reasonable basis for valuation. Secondly, according to the findings of certain empirical studies, the level of control premium in the Target Company's industry is generally low, and its impact on the valuation is limited. Finally, in cases involving corporate disposals and restructurings, it has become standard market practice not to include a control premium, as this approach better reflects the fairness and reasonableness of the transaction pricing and complies with regulatory requirements.

VALUATION

The Appraised Value was determined based on the Valuation Report in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance and the Practice Standards for Asset Appraisal and the Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

Identity of the Valuer

Northern Asia Assets Assessment Co., Ltd.* (北方亞事資產評估有限責任公司), a qualified and independent PRC asset valuation firm engaged by the Vendor.

LETTER FROM THE BOARD

The Valuer holds the requisite professional qualifications to conduct enterprise value assessments and carried out the Valuation in accordance with applicable PRC laws, regulations and asset valuation standards. The Valuer confirmed that it has no present or expected interest in the Target Company or its shareholders and that the Valuation was conducted independently, objectively and impartially.

Valuation methodology adopted by the Valuer

In accordance with the PRC Asset Valuation Standards, the Valuer considered three generally accepted valuation approaches, that are asset-based approach, income approach, and market approach, and ultimately adopted the asset-based approach as the final Valuation conclusion, with the income approach used for reference only.

(1) Asset-based approach (adopted)

Under the asset-based approach, the Valuer assessed the fair value of all identifiable assets and liabilities of the Target Company as at the Valuation Reference Date, including both on balance sheet assets and identifiable off balance sheet intangible assets. The Valuation involved:

- valuing individual assets (such as fixed assets, identifiable intangible assets, and deferred items) mainly by replacement cost method, market method, or income related methods (where applicable);
- valuing liabilities based on the amounts expected to be actually settled; and
- deriving the shareholders' equity value based on the net asset value after valuation adjustments.

This approach was ultimately adopted as the final valuation conclusion as it more reliably reflects the Target Company's asset composition and value, given that the Target Company's business is still largely reliant on internal group business, and future independent profitability remains subject to uncertainty.

(2) Income approach (as reference)

The income approach was applied using the discounted cash flow (DCF) method, under which the value of shareholders' equity was determined based on the present value of the Target Company's projected future free cash flows, discounted using the weighted average cost of capital (WACC).

Although the income approach resulted in a higher valuation, it was not adopted as the final valuation conclusion due to the higher sensitivity to assumptions regarding future business expansion, income sustainability and market risks.

(3) Market approach (not adopted)

The market approach was not adopted as the Valuer was unable to identify sufficient comparable listed companies or recent comparable equity transactions with similar business scope, asset structure and operating model.

LETTER FROM THE BOARD

Key assumptions under the Valuation Report

The key assumptions used in the Valuation Report are set out below:

(I). Prerequisite Assumptions

1. *Going concern assumption:* It is assumed that the business operations of the Target Company are legal and that no unforeseeable factors will prevent its continuous operation, and that the assets under appraisal will continue to be used at their existing location under their existing use.
2. *Transaction assumption:* It is assumed that all assets to be appraised are already in the transaction process, and the appraiser conducts the valuation based on a simulated market, such as the terms of the transaction of the subject to be appraised. This is the most fundamental prerequisite assumption for asset valuation.
3. *Open market assumption:* It is assumed that the assets are traded, or are to be traded, in a market where both parties to the transaction have equal status and each has sufficient opportunity and time to access market information to make a rational judgment on the function, use, and transaction price of the assets. The open market assumption is based on the premise that assets can be publicly bought and sold on the market.
4. *Use of assets under existing conditions assumption:* An assumption about the market conditions for the assets and the state of their use under such conditions. It is first assumed that the assets within the valuation scope are in a state of use, and secondly, that they will continue to be used according to their current purposes and methods, without considering any change in purpose or optimal utilization conditions.

(II). General Assumptions

1. There will be no major changes in the country's current macroeconomic situation or relevant laws, regulations, and policies; and there will be no major changes in the political, economic, and social environment of the regions where the parties to the transaction are located.
2. The Target Company is assumed to continue as a going concern, based on the actual state of its assets as at the Valuation Reference Date.
3. The Target Company's operators are assumed to be responsible, and its management has the capability to fulfill their duties.
4. The industry in which the Target Company operates is assumed to maintain a stable development trend, with no major changes in industry policies, management systems, or related regulations.

LETTER FROM THE BOARD

5. Unless otherwise stated, the company is assumed to be in full compliance with all relevant laws and regulations.
6. The accounting policies the company will adopt in the future are, in all material respects, consistent with those used in the preparation of this report.
7. The Target Company will maintain its business scope and methods consistent with its current direction, based on its existing management practices and standards.
8. There will be no significant changes in relevant interest rates, exchange rates, tax bases and rates, or policy-driven fees and charges.
9. There will be no other irresistible or unforeseeable factors that could have a material adverse impact on the enterprise.
10. The cash inflows and outflows of the Target Company after the Valuation Reference Date are assumed to be even.

(III). Special Assumptions

1. The Valuation is subject to the specific valuation purposes set out in the Valuation Report.
2. Each of the assets under appraisal is premised on the actual inventory as of the Valuation Reference Date, and the current market value of the relevant assets is based on the effective domestic prices as of the Valuation Reference Date.
3. It is assumed that the basic and financial information provided by the principal and the Target Company is true, accurate, and complete.
4. The Valuation scope is strictly based on the valuation list provided by the principal and the Target Company, and no consideration is given to any contingent assets or liabilities that may exist but are not included in the said list.
5. The Target Company's business scope and methods will not undergo major changes in its future operation period. Its core business structure, revenue and cost composition, and future business strategies and cost controls will remain consistent with the status of recent years without significant changes. The management's operational plans and additional investments can be realized as scheduled.
6. The Valuation does not take into account the impact on the Appraised Value of matters such as mortgages or guarantees that the Target Company and its assets may undertake in the future, nor the additional consideration that may be paid under special transaction methods.

LETTER FROM THE BOARD

According to the requirements of asset valuation, these assumptions are deemed to be established as at the Valuation Reference Date. The valuer will not be held liable for any different valuation conclusions to which changes in these assumptions may lead, should the future economic environment undergo significant changes.

Input for the valuation

The Valuation has taken into account (i) the liquid assets including cash and deposits of the Target Company; (ii) the receivables of the Target Company; (iii) the prepayments of the Target Company; (iv) the other receivables of the Target Company; (v) the raw materials of the Target Company; (vi) the contract assets of the Target Company; (vii) the fixed assets of the Target Company (including buildings, structures, machinery and equipment, vehicles and electronic equipment); (viii) the right-of-use assets of the Target Company; (ix) the intangible assets of the Target Company (including software, patents, software copyrights and domain names); (x) the long-term prepaid expenses of the Target Company; (xi) the deferred tax assets of the Target Company; (xii) the payables of the Target Company; (xiii) the contract liabilities of the Target Company; (xiv) the employee benefits payable of the Target Company; (xv) the taxes payable of the Target Company; (xvi) the other payables of the Target Company; and (xvii) the lease liabilities of the Target Company.

Material differences between the book value of the total assets of the Target Company and the Appraised Value

1. Appraised Value

As of the Valuation Reference Date, assuming that the Target Company is on normal operation, the book value of total assets recorded by Target Company was RMB162.2784 million, with an appraised value of RMB183.4784 million, resulting in an appraisal appreciation of RMB21.2 million, representing an appreciation rate of 13.06%. The book value of total liabilities was RMB40.2679 million, with an appraised value of RMB39.7679 million, resulting in an appraisal appreciation of RMB0.5 million. The book value of net assets was RMB122.0105 million, with an appraised value of RMB143.7105 million, resulting in an appraisal appreciation of RMB21.7 million, representing an appreciation rate of 17.79%.

LETTER FROM THE BOARD

Summary of the Appraised Value under the Asset-Based Approach

Unit: RMB0,000

Item		Book Value A	Appraised Value B	Increment or Decrement C=B-A	Appreciation (Impairment) Rate % D=C/A×100 %
Liquid assets	1	6,715.64	6,715.64	0.00	0.00
Non-liquid assets	2	9,512.20	11,632.20	2,120.00	22.29
Of which: Long-term equity investments	3	0.00	0.00	0.00	
Investment properties	4	0.00	0.00	0.00	
Fixed assets	5	9,062.94	9,180.96	118.02	1.30
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	46.57	2,048.55	2,001.98	4,298.86
Including: Land use rights	9	0.00	0.00	0.00	
Other non-liquid assets	10	402.69	402.69	0.00	0.00
Total assets	11	16,227.84	18,347.84	2,120.00	13.06
Liquid liabilities	12	3,958.04	3,958.04	0.00	0.00
Non-liquid liabilities	13	68.75	18.75	-50.00	-72.73
Total liabilities	14	4,026.79	3,976.79	-50.00	-1.24
Net assets	15	12,201.05	14,371.05	2,170.00	17.79

When comparing the appraisal result with the book value of net assets of the Target Company, the appraisal appreciation is RMB21.7 million, representing an appreciation rate of 17.79%. When comparing with the book value of each classification item, where:

- (1) Fixed assets: The appraisal appreciation is RMB1.1802 million, representing an appreciation rate of 1.30%.
- (2) Intangible assets: The appraisal appreciation is RMB20.0198 million, representing an appreciation rate of 4,298.86%.
- (3) Deferred income: Deferred income represents government grants relating to assets. Since the government grants do not need to be repaid, they are assessed as zero.

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2. *Analysis of the reasons for changes in comparison between the Appraised Value and the book value*

The comparison of the appraisal result of the Target Company with the book value of the entrusted appraised assets shows an overall appreciation. The main reasons for the appreciation are:

(1) Fixed assets:

- i) Machinery and equipment: The appraised net value increased. The difference between the economic service life of the equipment and the financial depreciation period results in the appraised net value appreciation of the machinery and equipment. In valuing the Target Company's machinery and equipment, the replacement cost method was adopted. As the assessed percentage of use of the machinery and equipment exceeded the depreciation recognised based on their accounting depreciation periods, the appraised net value of the machinery and equipment increased, resulting in an appraisal appreciation of the Target Company's machinery and equipment.
- ii) Vehicles: The main reason for the depreciation of original value of vehicles is the rapid pace of vehicle model updates, which leads to a fall in purchase prices and consequently results in a reduction in the appraised original value. The main reason for the appreciation of net value of vehicles is the difference between the economic service life of the vehicles and the financial depreciation period, which leads to the appraised net value appreciation of vehicles.
- iii) Electronic equipment: The main reason for the impairment of electronic equipment is the rapid pace of its updates, leading to a reduction in its appraised value.

- (2) Intangible assets: The main reason for appraisal appreciation is intangible assets – the appraisal appreciation of other intangible assets is RMB20.0198 million, representing an appreciation rate of 4,298.86%. The reason for the appreciation is that the Target Company has off-balance-sheet patents, software copyrights and other intangible assets. Other intangible assets primarily comprised 18 purchased business software applications with a book value of RMB465,700. In addition, the Target Company possessed 58 off-balance-sheet intangible assets, including 51 patents, 6 software copyrights and 1 domain name. As the purchased software and the off-balance-sheet intangible assets were used in the Target Company's day-to-day operations, they were valued together as a single group of intangible assets. Given that the Target Company is principally engaged in the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentisation services in the PRC and operates as a relatively asset-light business, the income royalty method, in line with prevailing PRC valuation practices, was adopted for the valuation of its intangible assets. After

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taking into account factors including revenue, royalty rates, discount rates and the estimated useful lives of the relevant assets, an appraisal appreciation of RMB20.0198 million was recorded.

Non-liquid liabilities: The Target Company previously received a government grant of RMB500,000, which was recorded in its financial statements as a non-current liability under deferred income. During the valuation process, it was verified that the RMB500,000 represented a government subsidy that was not required to be repaid to the government. Accordingly, for valuation purposes, it was not treated as a non-current liability and was assigned a value of zero. As a result, there was a difference of RMB500,000 between the book value and the appraised value of the non-current liabilities.

Information on the Group and the Vendor

The Group

The Group is principally engaged in the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products.

The Vendor

The Vendor is a limited liability company established in the PRC and a direct non-wholly-owned subsidiary of the Company, and is principally engaged in mining and processing of mineral ores and trading of metal concentrates.

Information on China No. 15 Metallurgical

China No. 15 Metallurgical is a limited liability company established in the PRC and is principally engaged in metallurgical and mining engineering contracting, with a focus on the construction of non-ferrous metal smelting and mining projects. Its entire issued share capital is ultimately beneficially owned by CNMC, a state-owned enterprise established in the PRC.

Information on the Target Company

The Target Company, a limited liability company established in the PRC and a wholly-owned subsidiary of the Vendor immediately prior to the Completion, which is principally engaged in the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentisation services in the PRC.

The audited consolidated net asset value of the Target Company as at 31 December 2025 was approximately RMB122,010,572 (equivalent to approximately HK\$140,312,158).

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Set out below is the financial information of the Target Company for the two years ended 31 December 2024 and 31 December 2025, prepared in accordance with the Hong Kong Financial Reporting Standards.

	For the year ended 31	
	December	
	2025	2024
	<i>RMB</i>	<i>RMB</i>
Revenue	81,913,337	115,315,960
Net profit/(loss) before taxation	31,392,562	26,560,966
Net profit/(loss) after taxation	27,186,254	23,309,392

The unaudited consolidated net assets value of the Target Company as at 31 March 2026 was approximately RMB127,237,280 (equivalent to approximately HK\$146,322,872).

Financial Impact of the Disposal and use of proceeds

Upon Completion, the Target Company will cease to be a subsidiary of the Vendor and the Company, and the financial statements of the Target Company will no longer be consolidated into the Group's financial statements.

It is estimated that the Group will recognise a gain of approximately RMB33,072,042 (equivalent to approximately HK\$38,032,849) from the Disposal. The estimated gain is based on the difference between (i) the Consideration; and (ii) the Company's audited net assets value of the Target Company of approximately RMB116,337,080 (equivalent to approximately HK\$133,787,643) as at 31 December 2025.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditors of the Company. The net proceeds will be used for the Group's general working capital.

Reasons for and benefits of the Disposal

The Disposal is undertaken in response to, and in alignment with, the strategic initiatives promulgated by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, which encourage central state-owned enterprises to advance professional specialisation and integration, optimise industrial layouts and improve the quality and efficiency of state-owned capital deployment.

Pursuant to such initiatives, central state-owned enterprise groups are encouraged to streamline their business structures, reduce duplication of auxiliary functions and rationalise the allocation of resources, with a view to enhancing overall competitiveness and operational efficiency. In line with this policy direction, the Group has conducted a systematic review of its subsidiaries and business segments. The Board considers that the

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Disposal represents a concrete step taken by the Group to implement such national policy requirements by divesting non-core and auxiliary operations that are not directly aligned with the Group's principal business focus.

The Target Company is principally engaged in the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentisation services in the PRC. The Target Company is primarily involved in project construction activities such as site investigation and design, and does not participate in the operation of such projects. A substantial portion of the Target Company's revenue and profits (which were consolidated by the Group) was derived from internal group projects, and its recent profit growth was largely attributable to certain temporary and non-recurring projects. Having regard to the Target Company's business characteristics and its limited contribution to the Group's core mining and metallurgical production chain, the Board considers that retaining such auxiliary functions within the Group is no longer optimal under the current policy environment emphasising professional focus and industry-wide integration. The approximate amounts of the Target Company's revenue and profits derived from the internal group projects for the financial years ended 31 December 2024 and 31 December 2025 are set out as follows:

	2024 (RMB)	2025 (RMB)
1. Total Operating Revenue	115,315,960	81,913,337
Internal projects	88,401,215	57,069,022
External projects	26,914,745	24,844,315
2. Net Profit (after taxation)	23,309,391	27,186,254
Internal projects	20,640,466	23,478,048
External projects	2,668,925	3,708,204

The Disposal also facilitates the revitalisation of idle or low-efficiency assets held by the Target Company. Certain properties and fixed assets of the Target Company have relatively low utilisation efficiency and involve significant capital commitment. Through the Disposal, the Group is able to realise the value of such assets, enhance asset turnover efficiency and avoid continued capital lockup in non-core businesses, thereby improving the overall efficiency of state-owned asset utilisation.

In addition, the Disposal supports the optimisation of the Group's personnel structure. The Target Company has an ageing workforce and a relatively high proportion of non-active personnel. Upon Completion, the relevant employees will be transferred together with the Target Company on a "staff follows business" basis, which allows the Group to rationalise staffing levels, reduce structural employment burdens and redeploy human resources towards its principal business operations. After Completion, the Group expects its labour costs burden to decrease by approximately RMB6,670,000. The estimated reduction in labour costs was calculated with reference to 13 employees of the Target Company who will early retire. Such amount represents the aggregate projected employment costs that would otherwise be borne by the Group during the employees' remaining expected service periods prior to early retirement, comprising salaries of

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approximately RMB4.13 million (approximately 61.9% of the total), employer social insurance contributions of approximately RMB1.89 million (approximately 28.4% of the total) and employer housing fund contributions of approximately RMB0.65 million (approximately 9.7% of the total).

Upon Completion, the Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Group's financial statements. The existing and any future transactions after Completion between the Remaining Group and the Target Company will be covered under the CNMC Group Purchase and Production Services Framework Agreement dated 6 November 2025 entered into between the Company and CNMC. The annual caps under such framework agreement have already covered the relevant potential transactions between the Group and the Target Company following Completion. Given that the Target Company's assets and revenue represent only a small proportion of the Group as a whole, and taking into account the temporary nature of its recent profit growth, the Board is of the view that the Disposal will not have any material adverse impact on the Group's core operations, business sustainability or operating capability.

Below are the relevant percentage ratios for the total assets, total revenue, total profit before taxation and net profit of the Target Company compared to the Group for the past seven years:

	For the year ended 31 December						
	2019	2020	2021	2022	2023	2024	2025
Total assets ratio	0.12%	0.15%	0.13%	0.12%	0.18%	0.36%	0.56%
Total revenue ratio	0.15%	0.14%	0.11%	0.13%	0.18%	0.20%	0.13%
Total profit ratio	1.37%	1.16%	0.44%	0.84%	3.11%	52.84%	90.55%
Net profit ratio	1.51%	1.13%	0.66%	-14.28%*	4.06%	242.91%	506.26%

* The net profit of the Target Company was RMB916,397, while the net loss of the Group was RMB6,416,000

Approximately three-quarters of the Target Company's revenue and profits have been derived from within the Group. The significant increase in the Target Company's profits in 2024 and 2025 is primarily attributable to profits from the EPC survey and design project for the Group's newly established 400,000-tonne cathode copper project of Yangxin Hongsheng, as well as the environmental protection rectifications design project for the old smelter. These projects generate one-time profits recognized on an annual basis. Once these projects are fully settled, these profit sources may be unsustainable. Therefore, the increase in the Target Company's profits for the year 2024 to 2025 is a temporary and incidental occurrence. Furthermore, starting in 2026, the Group will engage an external design and research firm to provide laboratory testing services, which will reduce the number of elements tested by the Target Company and result in a significant decrease in testing volume, leading to fewer business opportunities to the Target Company. As at the Latest Practicable Date, the Group had not engaged any other external design and research firm to provide laboratory testing services.

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Further details of the above-mentioned relevant projects are set out below:

Item	Newly Constructed Yangxin Hongsheng 400,000-ton Cathode Copper EPC Survey and Design Project	Environmental Protection Upgrade EPC Project for the Old Smelter
Project Type	EPC Engineering Project	EPC Engineering Project
Project Description	Design, survey and mapping, laboratory testing, and environmental testing for Yangxin Hongsheng	“EPC General Contracting Project for the Environmental Protection Upgrade of the Copper Anode Slime Treatment System at the Smelter”. Under conditions where the copper anode slime raw materials are approaching full production capacity, the project involves upgrading and renovating various environmental protection facilities associated with the production system to ensure that wastewater, exhaust gas and other pollutants stably meet or exceed national discharge standards. This includes comprehensive and systematic upgrades to environmental protection equipment and facilities across roasting, smelting, refining, platinum-palladium, refined tellurium, and wastewater treatment systems.
Total Contract Amount	Approximately RMB8.5–9.5 million	Approximately RMB80.57 million
Revenue for 2024	Approximately RMB9 million	Approximately RMB32 million
Revenue for 2025	Approximately RMB8–9 million	Approximately RMB1.8 million
Project Status	Completed	Completed

LETTER FROM THE BOARD

Following the Disposal, the Remaining Group will continue to focus on its principal businesses, namely the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products, while benefiting from a more streamlined business structure and improved capital allocation efficiency. The net proceeds from the Disposal will enhance the Group's liquidity position and provide additional financial flexibility to support its ongoing operations and long-term development. The net proceeds from the Disposal will be used as general working capital of the Group, approximately 10% of which is expected to be used for employee-related expenses, approximately 80% of which for production and operating consumables, approximately 8% of which for general administrative expenses and approximately 2% of which for legal and professional fees. The Group expects to utilise the net proceeds in full on or before 30 June 2027.

On the basis of the foregoing, the Directors (including the independent non-executive Directors) consider that the terms of the Agreement are fair and reasonable, and the transactions contemplated under the Agreement are on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole.

Mr. Xiao Shuxin, an executive director, is a director of the Parent Company. Therefore, Mr. Xiao Shuxin is deemed to have a material interest in the Agreement. He has therefore abstained from voting on the resolutions passed by the Board to approve the Agreement. Save as disclosed above, none of the Directors has any material interest in, or is required to abstain from voting on the resolution passed by the Board to approve the Agreement.

Listing Rules implications

As at the Latest Practicable Date, the Parent Company directly held 11,962,999,080 Shares, representing approximately 66.85% of the issued share capital of the Company. Accordingly, the Parent Company is a controlling shareholder of the Company directly interested in approximately 66.85% of the issued share capital of the Company, and CNMC is the controlling shareholder of the Parent Company holding approximately 57.99% of the equity interest in the Parent Company. China No. 15 Metallurgical is a wholly owned subsidiary of CNMC. Accordingly, China No. 15 Metallurgical is an associate of CNMC and a connected person of the Company. Therefore, the Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Disposal exceeds 75%, the transaction contemplated under the Agreement constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in relation to the Disposal exceeds 5%, the Disposal is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the Agreement and the transactions contemplated thereunder.

In this connection, the Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder.

IV. SPECIAL GENERAL MEETING

The SGM will be convened and held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 14 August 2026 at 10 a.m. for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. The notice of SGM is set out on pages SGM-1 to SGM-2 of this circular.

Save as abovementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Parent Company, CNMC, and their respective associates, no other Shareholder has a material interest in the Agreement and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the SGM for the relevant resolutions.

For determining the eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 11 August 2026 to Friday, 14 August 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the said meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on Monday, 10 August 2026. Therefore, the record date for determining shareholders' eligibility to attend and vote at the SGM is Friday, 14 August 2026.

A form of proxy for use at the SGM is despatched to Shareholders together with this circular. Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

Pursuant to bye-law 66 of the Current Bye-Laws and Rule 13.39(4) of the Listing Rules, any vote of the Shareholders to be taken at a general meeting of the Company shall be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement of the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

V. RECOMMENDATIONS

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser, considers that the Agreement and the transactions contemplated thereunder has been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

VI. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 28 of this circular, containing its recommendation in respect of the Agreement and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 29 to 46 of this circular, containing its recommendation in respect of the Agreement and the transactions contemplated thereunder; and (iii) the additional information set out in the appendices to this circular.

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Xiao Shuxin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

30 July 2026

To the Independent Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL & CONNECTED
TRANSACTION IN RELATION TO DISPOSAL OF A SUBSIDIARY**

We refer to the circular dated 30 July 2026 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” in the Circular. VBG Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 6 to 27 of the Circular; (ii) the “Letter from the Independent Financial Adviser” set out on pages 29 to 46 of the Circular and (iii) the additional information set out in the appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that: the Agreement and the transactions contemplated thereunder is (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
for and on behalf of
the Independent Board Committee
Liu Fang Wang Qihong Kong Hua
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal for the purpose of inclusion in this circular.



建泉融資有限公司
VBG Capital Limited

Suites 707-709, 7/F.
12 Taikoo Wan Road
Hong Kong

30 July 2026

*To: The independent board committee and the independent shareholders
of China Daye Non-Ferrous Metals Mining Limited*

Dear Sirs,

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION DISPOSAL OF A SUBSIDIARY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 30 July 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalized terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

On 18 June 2026, the Vendor, a direct non-wholly-owned subsidiary of the Company, and China No. 15 Metallurgical entered into the Agreement pursuant to which the Vendor agreed to sell and China No. 15 Metallurgical agreed to purchase the Sale Interest, representing 100% of the equity interest in the Target Company, at the cash Consideration of RMB149,409,123. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

According to the Letter from the Board, the Disposal constitutes a very substantial disposal and a connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders’ approval requirements.

The Independent Board Committee comprising Ms. Liu Fang, Mr. Wang Qihong and Mr. Kong Hua (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

whether the Disposal is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Agreement and the Disposal at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to make recommendation to the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Disposal in compliance with Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Disposal, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the SGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Vendor, the Target Company, China No. 15 Metallurgical or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

as a result of the Disposal. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update, revise or reaffirm this opinion to take into account events occurring after the Latest Practicable Date. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

We have not conducted any independent evaluation or appraisal of the Target Company, and we have not been furnished with any such evaluation or appraisal save for the Valuation Report prepared by the Valuer. Since we are not experts in the valuation of assets, land and properties, we have relied solely upon the Valuation Report for the Appraised Value as at the Valuation Reference Date.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Disposal

Business overview of the Group

The Group is principally engaged in the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products.

Set out below is a summary of the audited consolidated financial information on the Group for the two years ended 31 December 2025 as extracted from the Company's annual report for the year ended 31 December 2025 (the "Annual Report"):

	For the year ended 31 December 2025	For the year ended 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	66,050,939	57,852,731
Profit and total comprehensive income for the year	5,370	9,596

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As depicted by the table above, revenue of the Group increased by approximately 14.2% from approximately RMB57.9 billion in 2024 to approximately RMB66.1 billion in 2025. During the same year, the Group's profit for the year decreased by approximately 44.0% to approximately RMB5.4 million as compared to the profit of approximately RMB9.6 million in 2024. As referred to in the Annual Report, the higher revenue of the Group was mainly attributable to the impact of rising prices of major products such as cathode copper, gold, silver, and sulfuric acid; while due to mainly the reduction in gross profit, the Group's profit for 2025 decreased as compared to the prior year.

As also referred to in the Annual Report, in 2025, the Group produced a total of approximately 18,800 tonnes of mined copper, representing a year-on-year jump of approximately 3.5%; approximately 719,000 tonnes of copper cathode, representing a year-on-year jump of approximately 2.2%; approximately 655.95 tonnes of precious metals (including approximately 9.28 tonnes of gold, approximately 612.28 tonnes of silver, approximately 8 kilograms (kg) of platinum, approximately 110 kg of palladium and approximately 34.27 tonnes of tellurium), reducing by approximately 5.3% as compared to the prior year; approximately 2,721,500 tonnes of chemical products (including approximately 2,711,400 tonnes of sulphuric acid, approximately 120.53 tonnes of nickel sulphate, approximately 9,718.39 tonnes of copper sulfate and approximately 210.62 tonnes of crude selenium), representing a year-on-year jump of approximately 31.8%; approximately 245,800 tonnes of iron concentrate, representing a year-on-year jump of approximately 31.2%; and approximately 39.6 tonnes of molybdenum concentrate, reducing by approximately 9.3% as compared to the prior year.

As further advised by the Directors, the Company, targeting on accelerating technological iteration and deepening green transformation in the non-ferrous metals sector, has formulated investment plans centered on four key strategic directions. Firstly, the Group will continue to advance deep exploration to expand reserves at the in-depth part of its mines, accelerate the construction and implementation of key mine projects, further consolidate the foundation for long-term mineral resource supply security, and strengthen its control over strategic resources. Secondly, the Group will implement technological empowerment and reform across the entire process and deepen the intelligent mine construction. This shall involve intensifying the promotion and application of intelligent equipment and digital technologies to comprehensively enhance total factor productivity and intrinsic safety level, thereby driving the transformation of production models towards high-efficiency and intelligent operation. Thirdly, the Group will promote the adoption of advanced manufacturing techniques and high-end equipment, the progression of traditional industries towards the mid-to-high end of the industrial chain and enhance their core competitiveness. Fourthly, the Group will focus on the development of the three rare metals industrial chain, i.e. selenium, tellurium, rhenium, bismuth and other rare precious metals. The Group will carry out research to develop high-value-added new materials, cultivate strategic emerging industries as growth pole, and create new profit growth points. Through the coordinated advancement of the aforesaid four key strategic directions, it is expected that the Group shall effectively drive reserve expansion and production growth, achieve breakthroughs in technological empowerment and expand the emerging industries.

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Concurrently, the Group formulated the strategy of implementing “defining functions, defining organizations and defining staffing” across all tiers, strictly controlling staffing quotas while promoting “broadly defined positions and job categories” management to continuously optimize human resources. The Group shall endeavor to enhance the capabilities and competencies of all personnel, refine the management personnel assessment system, and fully advance the rigid application of mechanisms for the exit of underperforming managers. These employee reforms are expected to further improve management efficiency and quality.

Information on China No. 15 Metallurgical

As extracted from the Letter from the Board, China No. 15 Metallurgical is a limited liability company established in the PRC and is principally engaged in metallurgical and mining engineering contracting, with a focus on the construction of non-ferrous metal smelting and mining projects. Its entire issued share capital is ultimately beneficially owned by CNMC, a state-owned enterprise established in the PRC.

Information on the Target Company

As extracted from the Letter from the Board, the Target Company is a limited liability company established in the PRC. Its principal business includes the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentization services in the PRC.

Set out below is the key financial information of the Target Company for the two years ended 31 December 2025 as extracted from Appendix III to this circular:

	For the year ended 31 December 2025	For the year ended 31 December 2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	81,913	115,316
Net profit after tax	27,186	23,310

As at 31 December 2025, the net assets of the Target Company was approximately RMB122.0 million.

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Latest developments of the non-ferrous metals sector of the PRC

Based on our independent research on the website of the China Non-Ferrous Metals Industry Association (www.chinania.org.cn), performance of the non-ferrous metals sector of the PRC was satisfactory in the first quarter of 2026, with (i) steady increase in production and supply; (ii) continuous improvement in industry efficiency; and (iii) growth in output of major products, fixed asset investment, import and export trade and profits, achieving a smooth start for the “15th Five-Year Plan” period.

According to data released by the National Bureau of Statistics of the PRC, in the first quarter of 2026, China’s output of ten key non-ferrous metals totalled approximately 20.5 million tonnes, representing a year-on-year increase of approximately 3.6%. Of which refined copper output was approximately 3.8 million tonnes, jumping year-on-year by approximately 9.3%; copper output was approximately 5.6 million tonnes, jumping year-on-year by approximately 4.0%; alumina output was approximately 23.0 million tonnes, jumping year-on-year by approximately 1.7%; primary aluminum output was approximately 11.4 million tonnes, jumping year-on-year by approximately 3.1%. In the first quarter of 2026, the added-value non-ferrous metal industries above designated size surged by approximately 2.6% year-on-year. Among them, the non-ferrous metal mining and processing industry grew by approximately 2.9%, while the smelting and rolling processing industry grew by approximately 2.5%.

Fixed asset investment in the mining industry also maintained rapid growth during the first quarter of 2026, the growth rate of which was approximately 4.9 percentage points higher than that of the national industrial investment. Fixed asset investment in non-ferrous metal mining and processing industry grew by approximately 56.0% year-on-year, while that of smelting and rolling processing industry grew by approximately 3.7% year-on-year. At the same time, the non-ferrous metals private investment in fixed assets also surged by approximately 8.3% year-on-year. Among them, private investment in non-ferrous metal mining and processing industry grew by approximately 33.4%, while private investment in smelting and rolling processing industry grew by approximately 4.4%.

In the first quarter of 2026, China’s total import and export trade of non-ferrous metal products was approximately United States Dollar (USD) 155.1 billion, representing a substantial year-on-year increase of approximately 75.7%. Net imports were approximately USD104.2 billion, representing a year-on-year increase of approximately 1.3 times. The import and export activity of new energy metals expanded, with lithium carbonate imports of around 83,000 tonnes, a year-on-year increase of approximately 64.6%; unwrought nickel and industrial silicon exports of around 59,000 tonnes and 181,000 tonnes respectively, both showing a significant growth trend.

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Driven by the rapid development of strategic emerging industries such as new energy, energy storage, high-end equipment, and new generation information technology, in the first quarter of 2026, 12,325 non-ferrous metal industrial enterprises above designated size achieved operating income of approximately RMB2,821.8 billion, jumping year-on-year by approximately 27.1%; the total profit was approximately RMB192.9 billion, jumping year-on-year by approximately 110.7%. Among them, the non-ferrous metal mining and processing industry achieved a profit of approximately RMB50.9 billion, grew by approximately 95.5%; the smelting and rolling processing industry achieved a profit of approximately RMB142.0 billion, grew by approximately 116.7%. The cost per RMB100 of operating income of non-ferrous metal industrial enterprises above designated size reduced year-on-year by RMB2.6 to RMB90.3 during the first quarter of 2026, leading to persistent improvement in profitability.

Reasons for and possible benefits of the Disposal

Streamline of business structure, improving capital allocation and personnel efficiency

As advised by the Directors, the Target Company is principally engaged in the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentization services in the PRC. A substantial portion of the Target Company's revenue and profits was derived from internal group projects, and its recent profit growth was largely attributable to certain temporary and non-recurring projects. The Target Company was primarily involved in project construction activities such as site investigation and design, and it did not participate in the operation of such projects. Upon enquiry with the Directors, we understand that, specifically, around three-quarters of the Target Company's revenue and profits (which were consolidated by the Group) have been derived from within the Group. The table below depicts the approximate amounts of the Target Company's revenue and profits derived from the internal group projects for each of the two years ended 31 December 2025:

	2025	2024
	<i>RMB (Note)</i>	<i>RMB (Note)</i>
Revenue	81,913,337	115,315,960
– Internal group projects	57,069,022	88,401,215
– External projects	24,844,315	26,914,745
Net profit after tax	27,186,254	23,309,392
– Internal group projects	23,478,048	20,640,466
– External projects	3,708,204	2,668,925

Note: Numbers may not add up to the total amounts due to rounding.

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As represented by the Directors, the significant increase in the Target Company's profits for 2024 and 2025 was primarily attributable to profits from two EPC engineering projects of the Group, with details as follows:

	Newly Constructed Yangxin Hongsheng 400,000-ton Cathode Copper EPC Survey and Design Project	Environmental Protection Upgrade EPC Project for the Old Smelter
Project type	EPC engineering project	EPC engineering project
Project description	Design, survey and mapping, laboratory testing, and environmental testing for Yangxin Hongsheng.	“EPC General Contracting Project for the Environmental Protection Upgrade of the Copper Anode Slime Treatment System at the Smelter”. Under conditions where the copper anode slime raw materials are approaching full production capacity, the project involves upgrading and renovating various environmental protection facilities associated with the production system to ensure that wastewater, exhaust gas and other pollutants stably meet or exceed national discharge standards. This includes comprehensive and systematic upgrades to environmental protection equipment and facilities across roasting, smelting, refining, platinum-palladium, refined tellurium, and wastewater treatment systems.
Total contract amount	Approximately RMB8.5 million to RMB9.5 million	Approximately RMB80.6 million
Revenue for 2024	Approximately RMB9 million	Approximately RMB32 million
Revenue for 2025	Approximately RMB8 million to RMB9 million	Approximately RMB1.8 million
Project status	Completed	Completed

These projects generated one-time profits recognized on an annual basis, and once they are fully settled, such profit sources may be unsustainable. Therefore, the increase in profits of the Target Group for 2024 and 2025 was a temporary and incidental occurrence. Furthermore, according to the Directors, starting from 2026, the Group will engage an external design and research firm to provide laboratory testing services, which would reduce the number of elements tested by the Target Company and result in a considerable decrease in testing volume, leading to fewer business opportunities for the Target Company.

Having also considered the Target Company's business characteristics and its limited contribution to the Group's core mining and metallurgical production chain, the Directors consider that retaining such auxiliary functions within the Group is no longer optimal under the current policy environment emphasizing professional focus and industry-wide integration.

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On the other hand, the Disposal would facilitate the revitalization of idle or low-efficiency assets held by the Target Company. Certain properties and fixed assets of the Target Company have relatively low utilization efficiency and involve significant capital commitment. Through the Disposal, the Group will be able to realize the value of such assets, enhance asset turnover efficiency and avoid continued capital lockup in non-core businesses, thereby improving the overall efficiency of state-owned asset utilization. Moreover, the Disposal supports the optimization of the Group's personnel structure. The Target Company has an ageing workforce and a relatively high proportion of non-active personnel. Upon Completion, the relevant employees will be transferred together with the Target Company on a "staff follows business" basis, which allows the Group to rationalize staffing levels, reduce structural employment burdens and redeploy human resources towards its principal business operations. We were advised by the Directors that the expected reduction in the Group's labour costs burden, comprising mainly salaries, employer social insurance contributions and employer housing fund contributions, is approximately RMB6.7 million upon Completion.

As confirmed by the Directors, following the Disposal, the Remaining Group will continue to focus on its principal businesses, namely the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products, while benefiting from a more streamlined business structure and improved capital allocation efficiency.

Accordingly, we noted that the Disposal is in alignment with the overall development strategies of the Group with respect to asset and personnel optimization, focusing resources on reserve expansion and production growth as described under the sub-section headed "Business overview of the Group" of this letter of advice. The Disposal would allow the Group to be better prepared for future business advancement opportunities amid the positive outlook of the non-ferrous metals sector of the PRC as presented under the sub-section headed "Latest developments of the non-ferrous metals sector of the PRC" of this letter of advice.

Policy initiatives of the PRC government

As also extracted from the Letter from the Board, the Disposal is undertaken in response to the strategic initiatives promulgated by the State-owned Assets Supervision and Administration Commission (the "SASAC") of the State Council of the PRC, which encourage central state-owned enterprises to advance professional specialization and integration, optimize industrial layouts and improve the quality and efficiency of state-owned capital deployment.

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In this regard, we noted from our independent research on the website of the SASAC (www.sasac.gov.cn) that through professional integration, the SASAC has promoted central state-owned enterprises to focus on their main business, reduce volume and increase efficiency, form a joint force in the industry, and enhance market competitiveness. Measures taken by the SASAC to promote such professional integration of central state-owned enterprises include:

Streamline and focus on the main business: Endorse central state-owned enterprises to divest non-main and non-advantageous businesses, and promote the concentration of resources to advantageous enterprises and main businesses through advance, retreat, consolidation and integration, so as to solve the problems of homogeneous competition and long management chains.

Cross-enterprise professional integration: Encourage the integration of the same and similar businesses among different central state-owned enterprises to form industrial synergy and enhance industry concentration and overall competitiveness, especially in the fields of high-end equipment, energy and minerals, and digital economy.

Refined management and restructuring: The SASAC guides enterprises to carry out in-depth integration of business, personnel and funds, optimize the organizational structure through mergers and restructuring, and achieve cost reduction, efficiency increase and leapfrog development.

Accordingly, the Disposal is also in line with the aforesaid fundamental national policies of the PRC government.

In view of the reasons for and possible benefits of the Disposal as presented above, we concur with the Directors that the Disposal is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Agreement

On 18 June 2026, the Vendor, a direct non-wholly-owned subsidiary of the Company, and China No. 15 Metallurgical entered into the Agreement pursuant to which the Vendor agreed to sell and China No. 15 Metallurgical agreed to purchase the Sale Interest, representing 100% of the equity interest in the Target Company, at the cash Consideration of RMB149,409,123.

It is noted that the Consideration of RMB149,409,123 represents a premium of approximately RMB5.7 million (equivalent to approximately 4.0%) (the “**Consideration Premium**”) over the Appraised Value of RMB143,710,559 as at the Valuation Reference Date. We have thus enquired into the Directors about reasons for such premium. As advised by the Directors, the Appraised Value reflects the valuation of the Target Company as at 31 December 2025 and does not capture the subsequent financial performance of the Target Company. Based on its audited accounts, the Target Company recorded a net profit of approximately RMB5.7 million for the four months ended 30 April 2026, which is broadly equivalent to the amount of

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the Consideration Premium. With this being the case, the Consideration Premium effectively reflects a dollar-for-dollar adjustment for the Target Company's post-valuation date earnings up to 30 April 2026, thereby ensuring that the Consideration captures the updated financial position and earnings of the Target Company up to the latest practicable cut-off date and further enhances the Company's financial returns from the Disposal. We concur with the Directors that such approach is consistent with normal commercial practice in equity transactions, where the Consideration is adjusted to reflect interim earnings between the Valuation Reference Date and Completion, and is hence fair and reasonable so far as the Independent Shareholders are concerned.

The Consideration

The Valuation

As said, the Appraised Value was approximately RMB143,710,559 as at the Valuation Reference Date. The Valuation was conducted in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance (the "**Basic Valuation Standards**") and the Practice Standards for Asset Appraisal and the Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

We have reviewed the Valuation, sent out an information request list and held a telephone interview to discuss with the Valuer regarding the methodology adopted for and the basis and assumptions used in arriving at the Valuation.

- Valuation methodology

In accordance with the Basic Valuation Standards, (i) the fundamental valuation approaches of assets valuation include market approach, income approach and asset-based approach, and (ii) the valuer should analyze the applicability of these three fundamental valuation approaches and select the most suitable valuation methodology.

Market approach is a valuation method which determines the prices of assets by comparing such assets with comparable assets transacted in the market, whereby the value of those comparable asset transactions may be adjusted individually based on specific factors. As advised by the Valuer, there are limited availability of comparable transactions for non-listed companies. Among listed companies, there are few transactions that match the Target Company in terms of business direction, asset size, and scale of operations. As such, they consider the market approach to be inapplicable for the Valuation.

Income approach is a valuation method which discounts the expected future revenue of the net assets into present value with specific discount rates for the purpose of determining their value. As the Valuer are of the view that the Target Company has a predictable ability to continue operations and profitability in the future period, the income approach is considered applicable.

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Lastly, asset-based approach is a valuation method which reasonably determines the fair value of identifiable assets and liabilities (including both on balance sheet assets and identifiable off balance sheet intangible assets) as at the valuation reference date. The Valuer are also of the view that the asset-based approach is applicable for the Valuation.

Hence, both the income approach and the asset-based approach have been adopted for the Valuation. However, after analyzing and comparing the appraisal results derived using the two methods, the most appropriate appraisal result was selected as the valuation conclusion. As advised by the Valuer, the appraisal result of the asset-based approach can better reflect the fair value of the Target Company due to the following reasons: (i) although the income approach could, to a certain extent, reflect the Target Company's prospective value, it cannot factor in the uncertainties as well as the impact of industry-specific national policies on the non-ferrous metals sector in which the Target Company operates; (ii) the appraisal result of the income approach is highly sensitive to the profitability, asset quality, operational performance and operational risks of the Target Company in the future, which are unpredictable as at present; (iii) the asset-based approach is mainly based on the explicit assets and liabilities on the Target Company's financial statements which could objectively reflect the fair value of the Target Company; and (iv) the Target Company has kept well-documented financial records and asset management records, which are essential and can facilitate valuation under the asset-based approach. Considering all the factors above, the appraisal result of the asset-based approach was selected by the Valuer as the valuation conclusion.

In view of that the asset-based approach is one of the three fundamental valuation approaches in accordance with the Basic Valuation Standards, the asset-based approach is fair and reasonable for the Valuation. Additionally, having independently analyzed the shortcomings of the market approach as explained by the Valuer and the higher uncertainties of the income approach versus under the asset-based approach, well-documented financial records and asset management records regarding the Target Company are available, we concur with the Valuer that using the appraisal result of the asset-based approach as the valuation conclusion is suitable.

- Major valuation inputs

Upon studying the Valuation Report, we noted that the Valuation consists of the following major valuation inputs:

Items	Book value as at 31 December 2025 (RMB'000)	Appraised value (RMB'000)	Discrepancies (RMB'000)
Cash, deposits and bank balances	32,455	32,455	Nil
Trade and bills receivables	26,636	26,636	Nil
Fixed assets	90,629	91,809	1,180
Intangible assets	466	20,486	20,020
Trade payables	(16,301)	(16,301)	Nil
Other payables and accrued expenses	(18,514)	(18,514)	Nil

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(1) Cash, deposits and bank balances

We understand from the Valuer that the appraised value of cash, deposits and bank balances is their book value, and the Valuer have verified the actual existence of bank deposits by sending enquiry letters to the bank, performing trial balancing with bank statements and bank balance reconciliations. Given the nature of such liquid assets and the verification procedures carried out by the Valuer, the relevant appraised value is fair and reasonable.

(2) Trade and bills receivables

The Valuer determined the appraised value of trade and bills receivables according to the potentially recoverable amount of each payment after deducting the expected credit losses. In this relation, we have cross-checked the statements of financial position of the Target Company as at 31 December 2025 and noted that the Target Company's trade and bills receivables included amounts due from subsidiaries of the Remaining Group, net of allowance for credit losses. Since the valuation basis is in line with the applicable accounting standards, the relevant appraised value is fair and reasonable.

(3) Fixed assets

After cross-checking the statements of financial position of the Target Company as at 31 December 2025, we noted that the Target Company's fixed assets were property, plant and equipment. As represented by the Valuer, the primary reason for appreciation in the appraised value of the Target Company's machinery and equipment and vehicle is the discrepancy between their respective economic useful life and depreciation period used for financial accounting purpose. Taking into account the said underlying reason resulting in the relatively immaterial appreciation, the relevant appraised value is fair and reasonable.

(4) Intangible assets

In the course of our discussion with the Valuer, we understand that on top of the 18 purchased business software applications with a book value of approximately RMB466,000 as at 31 December 2025, the Target Company possesses 58 off-balance-sheet intangible assets, including 51 patents, six software copyrights and one domain name. As the said 18 purchased business software applications and those off-balance-sheet intangible assets are used in the day-to-day operations of the Target Company, they were valued all together as a single group of intangible assets by the Valuer. The appraised value of the intangible assets was arrived at by the Valuer after carefully assessing various factors including revenue, royalty rates, discount rates and the estimated useful lives. The relevant appraised value is thus fair and reasonable to provide an estimation of the entire value of all intangible assets of the Target Company.

(5) Trade payables, other payables and accrued expenses

According to the Valuer, they reviewed the financial statements, accounting ledgers and accounting vouchers, examined the relevant documents, contracts and agreements, conducted a random sample analysis of the aging condition, amounts, and economic substance of the payments, and performed confirmation procedures on significant payables. Upon verification, it was confirmed that those liabilities are true and valid, representing the actual obligations to be assumed. Given the verification procedures carried out by the Valuer, the relevant appraised values, being the same as their respective book values, are fair and reasonable.

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- Key assumptions of the asset-based approach

A summary of the key assumptions of the asset-based approach is included under the section headed “Valuation” of the Letter from the Board.

As regards the key assumptions adopted for the Valuation, we have studied and compared ten valuation reports (the “**Comparable VRs**”) using asset-based approach that were published by listed companies for equity transactions on the Stock Exchange website (www.hkex.com.hk) during the period from 1 December 2025 to 18 June 2026 (being the approximate 6-month period prior to the date of the Agreement) (the “**Review Period**”). To the best of our knowledge and as far as we are aware of, the Comparable VRs are exhaustive. As the Review Period was chosen due to its recency before the date of the Agreement to provide a reasonable number of Comparable VRs for comparison purpose, we are also of the view that the Review Period is appropriate and representative. We noted that the key assumptions adopted for the Valuation are largely similar to those adopted in the Comparable VRs. As such, the key assumptions adopted for the Valuation are rather common in the market. As a matter of fact, we were given to understand that those key assumptions are in accordance with the Basic Valuation Standards and the Practice Standards for Asset Appraisal and the Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.

For our due diligence purpose, we have also reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; and (ii) the Valuer’s qualification and experience in relation to the preparation of the Valuation Report. From the engagement letter and other relevant information (such as company brochure and qualification certificate) provided by the Valuer, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the Valuation Report. The Valuer have further confirmed that they are independent to the Group, the Vendor, the Target Company, China No. 15 Metallurgical and their respective associates.

Upon our review of the Valuation Report, enquiry and discussion with the Valuer regarding the basis and assumptions of the Valuation, we have not found any material facts which may lead us to doubt the fairness and reasonableness of the principal basis and assumptions adopted for or the information used in the Valuation. Nevertheless, Shareholders should note that valuation of assets usually involves assumptions and judgements and thus the Valuation may or may not reflect the value of the net assets of the Target Company accurately.

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Trading multiples analysis

We have further endeavoured to apply the trading multiples analysis to assess the fairness and reasonableness of the Consideration:

The trading multiples analysis, comprising the price to earnings ratio (“**PER**”) and the price to book ratio (“**PBR**”), is a commonly conducted analysis for pricing. To conduct this analysis, we attempted to search for companies listed on the Stock Exchange which are engaged in similar line of business as the Target Company, i.e. the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentization services in the PRC, and derive a majority of revenue (i.e. over 50%) from such business. Nonetheless, we were unable to identify any listed companies which meet the aforesaid criteria. Therefore, as the principal business of the Target Company is correlated with the non-ferrous metals and other minerals industry, we have extended our search to companies listed on the Stock Exchange which are also engaged in the non-ferrous metals and other minerals industry. Moreover, to enhance comparability, we have limited our search to listed companies with market capitalization of below HK\$300 million as at the date of the Agreement taking into consideration that the Consideration is approximately HK\$187 million.

To the best of our knowledge and endeavour, as far as we are aware of, we found seven listed companies fulfilling our selection criteria (the “**Comparable Company(ies)**”) and we consider the list to be fair and representative and exhaustive. It should be noted that the business operations and prospects of the Target Company are not exactly the same as the Comparable Companies and we have not conducted any in-depth investigation into the business operations and prospects of the Comparable Companies. Set out below are our relevant findings:

Company name (Stock code)	Principal business	Market capitalization as at		
		PER	PBR	18 June 2026
		(times)	(times)	(HK\$ million)
		(Note 1)	(Note 2)	
Rare Earth Magnesium Technology Group Holdings Limited (601)	Manufacture and sale of magnesium products	N/A (Note 3)	N/A (Note 4)	39
Lee Kee Holdings Limited (637)	Trading in metal products, such as zinc, zinc alloys, nickel, nickel-related products, aluminum, aluminum alloys	26.23	0.20	155
Solartech International Holdings Limited (1166)	Industrial components and equipment business, including the manufacture and sale of copper rods	N/A (Note 3)	0.05	28

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Company name (Stock code)	Principal business	Market capitalization as at 18 June 2026		
		PER	PBR	(HK\$ million)
		(times)	(times)	
		(Note 1)	(Note 2)	
Anhui Jinyan Kaolin New Materials Co., Ltd. (2693)	Mining, research and development, processing, production and sales of calcined kaolin products	1.85	0.12	83
Graphex Group Limited (6128)	Provision of processing and sale of graphite products	N/A (Note 3)	1.41	58
Timeless Resources Holdings Limited (8028)	Exploration, development and exploitation of mines and sales of processed precious metal	17.23	0.67	70
P.B. Group Limited (8331)	Bentonite mining operation	N/A (Note 3)	0.41	50
	Maximum	26.23	1.41	
	Minimum	1.85	0.05	
	Average	15.10	0.48	
The Target Company	The provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentization services in the PRC	5.54 (Note 5)	1.23 (Note 6)	

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) The PER is calculated based on the respective closing share price of the Comparable Companies on the Stock Exchange as at 18 June 2026 (being the date of the Agreement) and their respective net profit for the latest full financial year as extracted from their published financial information.
- (2) The PBR is calculated based on the respective closing share price of the Comparable Companies on the Stock Exchange as at 18 June 2026 (being the date of the Agreement) and their respective net assets as extracted from their latest published financial information.
- (3) These Comparable Companies were loss making during their latest full financial year.
- (4) This Comparable Company recorded net deficit as at the end date of its latest financial period.
- (5) The implied PER for the Disposal is calculated based on the Consideration and the net profit of the Target Company for the year ended 31 December 2025.
- (6) The implied PBR for the Disposal is calculated based on the Consideration and the net assets of the Target Company as at 31 December 2025.

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As demonstrated by the table above, out of the seven Comparable Companies, only three were profit making during the latest full financial year, with PER of approximately 1.85 times, 17.23 times and 26.23 times respectively. Given the limited sample size, we consider the PER comparison to be unmeaningful. As for PBR, since the PBR range of the Comparable Companies is between approximately 0.05 times and 1.41 times, the implied PBR for the Disposal of approximately 1.23 times lies towards the upper end of the market PBR range.

In light of that (i) the Consideration is determined principally with reference to the Appraised Value which was fairly and reasonably assessed; (ii) the implied PBR for the Disposal lie towards the upper end of the PBR range of the Comparable Companies; (iii) the Consideration Premium effectively reflects a dollar-for-dollar adjustment for the Target Company's post-valuation date earnings up to 30 April 2026, thereby ensuring that the Consideration captures the updated financial position and earnings of the Target Company up to the latest practicable cut-off date. Such approach is consistent with normal commercial practice in equity transactions, not to mention that the Consideration Premium further enhances the Company's financial returns from the Disposal; (iv) as concluded under the section headed "Reasons for and possible benefits of the Disposal" of this letter of advice, the Disposal is the interests of the Company and the Shareholders as a whole; and (v) as being detailed under the section headed "Possible financial effect of the Disposal" of this letter of advice, subject to final audit, the Group is expected to realize a gain of approximately RMB33.1 million from the Disposal, we are of the opinion that the Consideration is on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned.

3. Possible financial effects of the Disposal

As confirmed by the Directors, upon Completion, the Group will cease to have any interest in the Target Company. In other words, the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

As stated under the section headed "Financial impact of the Disposal and use of proceeds" in the Letter from the Board, subject to final audit, the Group is expected to realize a gain of approximately RMB33.1 million from the Disposal, which is based on the difference between (i) the Consideration of RMB149,409,123; and (ii) the Company's net assets of the Target Company of approximately RMB116.3 million as at 31 December 2025.

Besides, the Disposal would increase the Group's cash flow, and the Group intends to use the entire net proceeds from the Disposal as its general working capital. For details, please refer to the relevant disclosure in the Letter from the Board.

It should be noted that the analyses above are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Agreement and the Disposal, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and has over 21 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the financial information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited balance sheet together with the notes to the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the three years ended 31 December 2023, 2024 and 2025 respectively have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk661.com):

- (i) annual report of the Company for the year ended 31 December 2023 published on 23 April 2024 (pages 101 to 197)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0423/2024042301490.pdf>
- (ii) annual report of the Company for the year ended 31 December 2024 published on 28 April 2025 (pages 99 to 187)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0428/2025042801495.pdf>
- (iii) annual report of the Company for the year ended 31 December 2025 published on 28 April 2026 (pages 109 to 195)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0428/2026042803229.pdf>

2. FINANCIAL AND TRADING PROSPECTS

The Group has been focusing on work objectives during year 2026, which include improvement of technical and economic indices, orderly progression of mines replacement and further expansion into the circular economy industry. For the current financial year, the Group has been striving to enhance the quality of its business development by aligning with the market expectations and implementing comprehensive in-depth reforms. The Group will focus on the main subject of “enhancing production, improving indices, reducing costs and expanding market” with pragmatic and cautious attitude in a continuous and proactive effort to align with the market mechanism.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up.

4. INDEBTEDNESS OF THE GROUP

As at 30 June 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total liabilities amounted to RMB18.102 billion, including (i) unsecured and unguaranteed interest-bearing liabilities totalled RMB17.950 billion with interest rates ranging from 0.62% to 4.75% per annum, including RMB15.089 billion in commercial bank loans, RMB0.878 billion in loans from fellow subsidiaries, RMB0.700 billion loans from the Parent Company and the promissory notes held by the Parent Company amounted to RMB1.283 billion, of which RMB0.892 billion is the principal and RMB0.391 billion is the interest; and (ii) unsecured and unguaranteed lease liabilities amounted to RMB0.152 billion from the Parent Company.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, as at 30 June 2026, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages, charges or other material contingent liabilities or guarantees.

5. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, in the absence of any unforeseen circumstances and after taking into consideration the financial resources available to the Group, including internally generated funds, existing banking facilities and the net proceeds from the Disposal, the Group has sufficient working capital to satisfy its requirement for at least twelve (12) months from the date of this circular.

**A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 of the Group excluding the Target Company upon the completion of the Disposal (the “Remaining Group”) (collectively the “Unaudited Pro Forma Financial Information”) which have been prepared to illustrate the effect of the Disposal (i) as if the Disposal had been completed on 31 December 2025 for the unaudited pro forma consolidated statement of financial position, and (ii) as if the Disposal had been completed on 1 January 2025 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025.

This Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position, the financial performance and cash flows of the Remaining Group had the Disposal been completed as at 31 December 2025 or 1 January 2025, where applicable, or any future dates.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2025, which has been extracted from the published annual report of the Company for the year ended 31 December 2025, after making certain pro forma adjustments that are directly attributable to the Disposal and factually supportable, as set out below.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025, which have been extracted from the published annual report for the year ended 31 December 2025, after making certain pro forma adjustments relating to the Disposal that are factually supportable and directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Company for the year ended 31 December 2025, the financial information of the Target Company as set out in Appendix III to this circular, the Company’s announcement dated 18 June 2026 and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information does not take into account the financial effect arising from any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Remaining Group.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	The Group as at 31 December 2025 RMB'000 (Note 1)	Pro forma adjustments RMB'000 (Note 2) RMB'000 (Note 4) RMB'000 (Note 5)			Unaudited pro forma of the Remaining Group as at 31 December 2025 RMB'000
Non-current assets					
Property, plant and equipment	8,241,643	(90,629)	12,268		8,163,282
Right-of-use assets	846,338	(192)	192		846,338
Exploration and evaluation assets	9,669				9,669
Intangible assets	533,817	(466)			533,351
Interest in an associate	7,233				7,233
Deferred tax asset	134,758	(1,734)			133,024
Other deposits	76,651				76,651
	<u>9,850,109</u>				<u>9,769,548</u>
Current assets					
Inventories	15,646,995	(21)			15,646,974
Trade and bills receivables	35,830	(26,636)	16,281		25,475
Other deposits	1,162,155				1,162,155
Prepayments and other receivables	476,058	(8,044)	2,026	29,882	499,922
Derivative financial instruments	110,160				110,160
Restricted bank deposits	4,189				4,189
Cash, deposits and bank balances	1,917,761	(32,455)		118,320	2,003,626
	<u>19,353,148</u>				<u>19,452,501</u>
Current liabilities					
Trade payables	5,684,461	(16,301)	16,281		5,684,441
Other payables and accrued expenses	1,293,410	(18,514)	2,026		1,276,922
Contract liabilities	120,451	(895)			119,556
Bank and other borrowings	6,822,104				6,822,104
Lease liabilities	15,425	(8)	8		15,425
Derivative financial instruments	316,534				316,534
Early retirement obligations	7,900				7,900
Current income tax liabilities	1,761	(1,761)			–
	<u>14,262,046</u>				<u>14,242,882</u>
Net current assets	<u>5,091,102</u>				<u>5,209,619</u>
Total assets less current liabilities	<u>14,941,211</u>				<u>14,979,167</u>

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group (continued)

	The Group as at 31 December 2025	Pro forma adjustments			Unaudited pro forma of the Remaining Group as at 31 December 2025
	<i>RMB'000</i> (Note 1)	<i>RMB'000</i> (Note 2)	<i>RMB'000</i> (Note 4)	<i>RMB'000</i> (Note 5)	<i>RMB'000</i>
Non-current liabilities					
Other payables	364,391				364,391
Bank and other borrowings	8,235,386				8,235,386
Lease liabilities	125,246	(187)	187		125,246
Promissory note	1,265,360				1,265,360
Provision for mine rehabilitation, restoration and dismantling	129,227				129,227
Deferred income	113,084	(500)			112,584
Early retirement obligations	17,750				17,750
	<u>10,250,444</u>				<u>10,249,944</u>
Net assets	<u>4,690,767</u>				<u>4,729,223</u>
Capital and reserves					
Share capital	727,893				727,893
Share premium and reserves	<u>2,409,266</u>		12,265	30,647	<u>2,452,178</u>
Equity attributable to owners of the Company	3,137,159				3,180,071
Non-controlling interests	<u>1,553,608</u>			(4,456)	<u>1,549,152</u>
Total equity	<u>4,690,767</u>				<u>4,729,223</u>

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group

	The Group for the year ended 31 December 2025				Unaudited pro forma of the Remaining Group for the year ended 31 December 2025
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 3)</i>	<i>RMB'000</i> <i>(Note 4)</i>	<i>RMB'000</i> <i>(Note 6)</i>	<i>RMB'000</i>
Revenue	66,050,939	(81,913)	57,254		66,026,280
Cost of sales	<u>(64,769,816)</u>	35,309	(57,254)		<u>(64,791,761)</u>
Gross profit	1,281,123				1,234,519
Other income	61,046	(533)	15		60,528
Selling expenses	(44,803)				(44,803)
Administrative expenses	(740,421)	15,045	(11)		(725,387)
Other operating expenses	(98,435)	17			(98,418)
Impairment losses recognised under expected credit loss model, net	(3,681)	2			(3,679)
Other gains and losses	43,969	674			44,643
Finance costs	(463,280)	7	(7)		(463,280)
Share of loss of an associate	(848)				(848)
Gain on disposal of a subsidiary	<u>–</u>			109,766	<u>109,766</u>
Profit before tax	34,670				113,041
Income tax expenses	<u>(29,300)</u>	4,206			<u>(25,094)</u>
Profit and total comprehensive income for the year	<u>5,370</u>				<u>87,947</u>
Profit/(loss) and total comprehensive income/(expense) attributable to:					
Owners of the Company	53,548	(25,922)	(3)	104,662	132,285
Non-controlling interests	<u>(48,178)</u>	(1,264)		5,104	<u>(44,338)</u>
	<u>5,370</u>				<u>87,947</u>

APPENDIX II**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP****Unaudited pro forma consolidated statement of cashflows of the Remaining Group**

	The Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma of the Remaining Group for the year ended 31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 6)</i>		
Operating activities						
Profit before tax	34,670	(31,392)	(3)	109,766		113,041
Adjustments for:						
Interest income	(17,093)	78				(17,015)
Finance costs	463,280	(7)				463,273
Share of loss of an associate	848					848
Exchange losses, net	97					97
Depreciation and amortisation	73,370	(12,368)				61,002
Gain on disposal of property, plant and equipment, net	(19,403)					(19,403)
Gain on disposal of right-of-use assets	(1,914)					(1,914)
Write-off of property, plant and equipment	116,202					116,202
Impairment losses recognised under expected credit loss model, net	3,681	(2)				3,679
Reversal of early retirement obligations	(1,610)					(1,610)
Reversal of write-down of inventories	(34,040)					(34,040)
Deferred income recognised	(16,078)					(16,078)
Write-off of trade payables	(4,096)					(4,096)
Gain on disposal of a subsidiary	—			(109,766)		(109,766)
Operating cash flows before movements in working capital	597,914					554,220
Increase in inventories	(2,662,383)	20				(2,662,363)
Decrease in derivative financial instruments, net	249,714					249,714
Decrease in trade and bills receivables	45,812	(20,884)				24,928
Decrease in prepayments and other receivables	560,622	(6,648)	15			553,989
Increase in trade payables	3,231,698	(14,048)				3,217,650
(Decrease)/increase in other payables and accrued expenses	(10,590)	26,924	8			16,342

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**Unaudited pro forma consolidated statement of cashflows of the Remaining Group
(continued)**

	The Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma of the Remaining Group for the year ended 31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 1)</i>	<i>(Note 3)</i>	<i>(Note 4)</i>	<i>(Note 6)</i>		
Decrease in contract liabilities	(98,383)	1,435				(96,948)
Increase in other deposits	(632,350)					(632,350)
Decrease in early retirement obligations	(10,110)					(10,110)
Increase in provision for mine rehabilitation, restoration and dismantling	26,639					26,639
Cash generated from operations	1,298,583					1,241,711
Income tax paid	(7,396)	5,399				(1,997)
Net cash generated from operating activities	1,291,187					1,239,714
Investing activities						
Payments for property, plant and equipment	(471,779)	3,221				(468,558)
Payments for right-of-use assets	(13,081)					(13,081)
Placement of restricted bank deposits	(970)					(970)
Placement of structured bank deposits	(700,000)					(700,000)
Payments for intangible assets	(68,981)	344				(68,637)
Payments for exploration and evaluation assets	(11,250)					(11,250)
Advance to a Daye Group	(18,205)					(18,205)
Advance to a fellow subsidiary	(4,355)					(4,355)
Release of structured bank deposits	700,000					700,000
Proceeds from disposal of property, plant and equipment	22,436					22,436
Proceeds from disposal of right-of-use assets	13,714					13,714
Interest received	17,093	(78)				17,015
Receipts of government grants	15,359					15,359
Net proceeds from disposal of the Target Company	—				118,320	118,320
Net cash used in investing activities	(520,019)					(398,212)

APPENDIX II
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE REMAINING GROUP**
**Unaudited pro forma consolidated statement of cashflows of the Remaining Group
(continued)**

	The Group for the year ended 31 December 2025	Pro forma adjustments				Unaudited pro forma of the Remaining Group for the year ended 31 December 2025
	<i>RMB'000</i> (Note 1)	<i>RMB'000</i> (Note 3)	<i>RMB'000</i> (Note 4)	<i>RMB'000</i> (Note 6)		<i>RMB'000</i>
Financing activities						
Proceeds from new bank borrowings	15,208,800					15,208,800
Proceeds from gold loans	1,728,818					1,728,818
Advance from Daye Nonferrous Metals Group Holdings Company Limited and its subsidiaries ("Daye Group")	1,324,176					1,324,176
Advance from Nonferrous Mining Group Finance Co. Ltd ("Finance Company", a fellow subsidiary of the Company)	196,109					196,109
Advance from Target Company	–		35,000			35,000
Repayments of bank borrowings	(14,710,507)					(14,710,507)
Repayments to Daye Group	(1,287,324)					(1,287,324)
Repayments of gold loans	(2,433,121)					(2,433,121)
Repayments of lease liabilities	–	13	(13)			–
Finance costs paid	(411,272)	7	(7)			(411,272)
Dividend paid to non-controlling interests	(1,117)					(1,117)
Dividend paid	–	35,000	(35,000)			–
Net cash (used in)/from financing activities	<u>(385,438)</u>					<u>(350,438)</u>
Net increase in cash and cash equivalents	385,730					491,064
Cash and cash equivalents at the beginning of the year	<u>1,532,031</u>	(19,469)				<u>1,512,562</u>
Total cash and cash equivalents at the end of the year, represented by cash, deposits and bank balances	<u><u>1,917,761</u></u>					<u><u>2,003,626</u></u>

Notes to the Unaudited Pro Forma Financial Information

- (1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2025, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025 as set out in the published annual report of the Company for the year ended 31 December 2025.
- (2) The adjustment represents the exclusion of assets and liabilities of the Target Company as at 31 December 2025 set out in Appendix III to this circular as if the Disposal had been completed on 31 December 2025.
- (3) These adjustments represent the exclusion of the results and cash flows of the Target Company for the year ended 31 December 2025, which were extracted from the unaudited statement of profit or loss and other comprehensive income and unaudited statement of cash flows of the Target Company, respectively, for the year ended 31 December 2025 as set out in Appendix III to this circular, assuming the Disposal had taken place on 1 January 2025.
- (4) The adjustment represents the reinstatement of the inter-group balance and transactions between the Remaining Group and the Target Company, which have been eliminated in group level.
- (5) The adjustment represents the estimated net gain on the Disposal as if it had taken place on 31 December 2025, which is calculated as follows:

	<i>Note</i>	<i>RMB'000</i>
Consideration for the Disposal	(i)	149,409
Less: Net assets of the Target Company as at 31 December 2025	(ii)	(122,011)
Add: Non-controlling interests	(iii)	5,674
Less: Estimated transaction costs	(iv)	<u>(1,207)</u>
Estimated gain on the Disposal if the Disposal had taken place on 31 December 2025		<u><u>31,865</u></u>
Attributable to:		
Owners of the Company	(v)	30,647
Non-controlling interests	(v)	<u>1,218</u>
		<u><u>31,865</u></u>
Consideration at the first instalment stage:		
– Cash (80% of the consideration)		119,527
– Other receivables (20% of the consideration)		<u>29,882</u>
		<u><u>149,409</u></u>

- (i) Pursuant to an equity transfer agreement dated 18 June 2026 entered into between Daye Non-ferrous Metals Co., Ltd. (as Vendor) and China No. 15 Metallurgical Construction Group Co., Ltd. (as Purchaser), the consideration for the disposal of 100% of the equity interest in Daye Nonferrous Metals Design & Research Institute Co., Ltd. is RMB149,409,123. The consideration is payable in two instalments, being 80% payable within 10 business days after the agreement becomes effective and 20% payable within one year after completion of the equity transfer.
- (ii) The amount of net assets of the Target Company were extracted from the unaudited statement of financial position of the Target Company as at 31 December 2025 as set out in Appendix III to the circular.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- (iii) The non-controlling interests being disposed of is calculated based on 4.65% of the net assets of the Target Company as at 31 December 2025.
 - (iv) The amount represents estimated transaction costs directly attributable to the Disposal which would be recognised in the Remaining Group's consolidated profit or loss upon completion of the Disposal.
 - (v) The amounts represent net effect from the Disposal attributable to the Company and the non-controlling interests as the Vendor is a non-wholly owned subsidiary of the Group.
- (6) The adjustment represents the estimated net gain on the Disposal as if it had taken place on 1 January 2025, which is calculated as follows:

	<i>Note</i>	<i>RMB'000</i>
Consideration for the Disposal		149,409
Less: Net assets of the Target Company as at 1 January 2025	(i)	(40,310)
Add: Non-controlling interests	(ii)	1,874
Less: Estimated transaction costs	(iii)	(1,207)
Estimated gain on the Disposal before tax as if the Disposal had taken place on 1 January 2025		109,766
Attributable to:		
Owners of the Company	(iv)	104,479
Non-controlling interests	(iv)	5,017
		109,766
Consideration at the first instalment stage:		
– Cash (80% of the consideration)		119,527
– Other receivables (20% of the consideration)		29,882
		149,409

- (i) The amount of net assets of the Target Company were extracted from the unaudited statement of financial position of the Target Company as at 31 December 2024 as set out in Appendix III to the circular.
 - (ii) The non-controlling interests being disposed of is calculated based on 4.65% of the net assets of the Target Company as at 1 January 2025.
 - (iii) The amount represents estimated transaction costs directly attributable to the Disposal which would be recognised in the Remaining Group's consolidated profit or loss upon completion of the Disposal.
 - (iv) The amounts represent net effect from the Disposal attributable to the Company and the non-controlling interests as the Vendor is a non-wholly owned subsidiary of the Company.
- (7) No other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants of the Company, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information of the Target Company.

**To the board of directors of China Daye Non-Ferrous Metals Mining Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Daye Non-Ferrous Metals Mining Limited (the **"Company"**) and its subsidiaries (hereinafter collectively referred to as the **"Group"**) by the directors of the Company (the **"Directors"**) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 and related notes as set out in Appendix II to the circular dated 30 July 2026 (the **"Circular"**) issued by the Company (the **"Unaudited Pro Forma Financial Information"**) in connection with the proposed disposal (the **"Disposal"**) of the entire equity interest of Daye Nonferrous Design and Research Institute Co., Ltd. (the **"Target Company"**).

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2025 as if the Disposal had taken place at 31 December 2025, and the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Disposal had taken place at 1 January 2025. As part of this process, information about the Group's financial position, financial performance and cash flows have been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2025, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**) and with reference to Accounting Guideline (**"AG"**) 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**).

Our independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Disposal, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Disposal in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 30 July 2026

Chau Fong, Lily

Practising certificate number P08090

UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the unaudited statements of financial position of Daye Nonferrous Design and Research Institute Co., Ltd. (the “Target Company”) as at 31 December 2023, 2024, 2025 and 30 April 2026, and the unaudited statements of profit or loss and other comprehensive income, the unaudited statements of changes in equity and the unaudited statements of cash flows of the Target Company for each of the years ended 31 December 2023, 2024 and 2025 and four months ended 30 April 2025 and 2026 (the “Relevant Periods”), and explanatory notes (collectively referred to as the “Unaudited Financial Information”).

The Unaudited Financial Information has been prepared on the basis set out in note 2 to the Unaudited Financial Information below and prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular issued by the Company (the “Circular”) in connection with the proposed Disposal. The Company’s auditor, Baker Tilly Hong Kong Limited, was engaged to review the Unaudited Financial Information of the Target Company set out in pages III-2 to III-7 of this Circular in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, the auditor does not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Target Company, nothing has come to the auditor’s attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TARGET COMPANY

For the years ended 31 December 2023, 2024 and 2025 and four months ended 30 April 2025 and 2026

	Year ended 31 December			Four months ended 30 April	
	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>2025</i>	<i>2026</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	78,892	115,316	81,913	15,573	18,937
Cost of sales	(56,366)	(71,559)	(35,309)	(7,450)	(9,896)
Gross profit	22,526	43,757	46,604	8,123	9,041
Other income	380	432	533	62	1,056
Administrative expenses	(13,938)	(17,700)	(15,045)	(4,717)	(3,879)
Other operating expenses	(1)	–	(17)	–	–
Impairment losses recognised under expected credit loss model, net	–	(23)	(2)	–	6
Other gains and losses	19	104	(674)	–	465
Finance costs	–	(8)	(7)	(2)	(38)
Profit before tax	8,986	26,562	31,392	3,466	6,651
Income tax expenses	(765)	(3,252)	(4,206)	121	(953)
Profit and total comprehensive income for the year/period	<u>8,221</u>	<u>23,310</u>	<u>27,186</u>	<u>3,587</u>	<u>5,698</u>

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY As at 31 December 2023, 2024 and 2025 and 30 April 2026

		As at 31 December			As at 30
		2023	2024	2025	April
		RMB'000	RMB'000	RMB'000	RMB'000
	Note	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets					
Property, plant and equipment		4,290	8,079	90,629	89,164
Right-of-use assets		–	205	192	3,046
Intangible assets		280	247	466	446
Deferred tax asset		1,311	1,644	1,734	923
		<u>5,881</u>	<u>10,175</u>	<u>93,021</u>	<u>93,579</u>
Current assets					
Inventories		7	1	21	35
Trade and bills receivables	3	1,524	47,522	26,636	29,587
Prepayments and other receivables	4	37,961	14,692	8,044	5,924
Current income tax recoverables		–	–	–	893
Cash, deposits and bank balances		2,117	19,469	32,455	29,120
		<u>41,609</u>	<u>81,684</u>	<u>67,156</u>	<u>65,559</u>
Current liabilities					
Trade payables		2,052	2,253	16,301	15,741
Other payables and accrued expenses	5	17,864	43,894	18,514	10,991
Contract liabilities	6	9,729	2,330	895	895
Lease liabilities		–	8	8	616
Current income tax liabilities		825	2,864	1,761	–
		<u>30,470</u>	<u>51,349</u>	<u>37,479</u>	<u>28,243</u>
Net current assets		<u>11,139</u>	<u>30,335</u>	<u>29,677</u>	<u>37,316</u>
Total assets less current liabilities		<u>17,020</u>	<u>40,510</u>	<u>122,698</u>	<u>130,895</u>
Non-current liabilities					
Lease liabilities		–	200	187	2,686
Other payables		20	–	–	–
Deferred income		–	–	500	500
		<u>20</u>	<u>200</u>	<u>687</u>	<u>3,186</u>
Net assets		<u>17,000</u>	<u>40,310</u>	<u>122,011</u>	<u>127,709</u>
Capital and reserves					
Share capital		6,800	6,800	96,315	96,315
Reserves		10,200	33,510	25,696	31,394
Total equity		<u>17,000</u>	<u>40,310</u>	<u>122,011</u>	<u>127,709</u>

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF CHANGE IN EQUITY OF THE TARGET COMPANY For the years ended 31 December 2023, 2024 and 2025 and four months ended 30 April 2025 and 2026

	Share capital <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	6,800	92	1,887	8,779
Profit and total comprehensive income for the year	–	–	8,221	8,221
Transfer to statutory reserve	–	822	(822)	–
At 31 December 2023	<u>6,800</u>	<u>914</u>	<u>9,286</u>	<u>17,000</u>
At 1 January 2024	6,800	914	9,286	17,000
Profit and total comprehensive income for the year	–	–	23,310	23,310
Transfer to statutory reserve	–	2,331	(2,331)	–
At 31 December 2024	<u>6,800</u>	<u>3,245</u>	<u>30,265</u>	<u>40,310</u>
At 1 January 2025	6,800	3,245	30,265	40,310
Profit and total comprehensive income for the year	–	–	27,186	27,186
Issue of shares	89,515	–	–	89,515
Dividend paid	–	–	(35,000)	(35,000)
Transfer to statutory reserve	–	2,719	(2,719)	–
At 31 December 2025	<u>96,315</u>	<u>5,964</u>	<u>19,732</u>	<u>122,011</u>
At 1 January 2026	96,315	5,964	19,732	122,011
Profit and total comprehensive income for the period	–	–	5,698	5,698
At 30 April 2026	<u>96,315</u>	<u>5,964</u>	<u>25,430</u>	<u>127,709</u>
At 1 January 2025	6,800	3,245	30,265	40,310
Profit and total comprehensive income for the period	–	–	3,587	3,587
At 30 April 2025	<u>6,800</u>	<u>3,245</u>	<u>33,852</u>	<u>43,897</u>

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

UNAUDITED STATEMENTS OF CASH FLOWS OF THE TARGET COMPANY For the years ended 31 December 2023, 2024 and 2025

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating activities					
Profit before tax	8,986	26,562	31,392	3,466	6,651
Adjustments for:					
Interest income	(115)	(82)	(78)	(27)	(141)
Finance costs	–	8	7	2	38
Depreciation and amortisation	886	961	12,368	267	1,703
Gain on disposal of property, plant and equipment, net	(19)	(102)	–	–	(3)
Impairment losses recognised under expected credit loss model, net	–	23	2	–	(6)
Operating cash flows before movements in working capital	9,738	27,370	43,691	3,708	8,242
Decrease/(increase) in inventories	2	6	(20)	(11)	(14)
Decrease/(increase) in trade and bills receivables	732	(46,021)	20,884	14,341	(2,945)
(Increase)/decrease in prepayments and other receivables	(19,776)	23,252	6,648	(355)	2,120
Increase/(decrease) in trade payables	970	201	14,048	21,357	(560)
Increase/(decrease) in other payables and accrued expenses	4,899	23,504	(26,924)	(21,762)	(7,225)
Increase/(decrease) in contract liabilities	4,925	(7,399)	(1,435)	69	–
Cash generated from/(used in) operations	1,490	20,913	56,892	17,347	(382)
Income tax paid	(115)	(1,546)	(5,399)	(3,065)	(2,796)
Net cash generated from/(used in) operating activities	1,375	19,367	51,493	14,282	(3,178)

APPENDIX III FINANCIAL INFORMATION OF THE TARGET COMPANY

	Year ended 31 December			Four months ended 30 April	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Investing activities					
Payments for property, plant and equipment	(518)	(2,140)	(3,221)	(2,059)	(298)
Payments for intangible assets	–	–	(344)	–	–
Proceeds from disposal of property, plant and equipment	19	149	–	–	–
Interest received	115	82	78	27	141
Net cash used in investing activities	<u>(384)</u>	<u>(1,909)</u>	<u>(3,487)</u>	<u>(2,032)</u>	<u>(157)</u>
Financing activities					
Repayments of lease liabilities	–	(98)	(13)	–	–
Finance costs paid	–	(8)	(7)	–	–
Dividend paid	–	–	(35,000)	–	–
Net cash used in financing activities	<u>–</u>	<u>(106)</u>	<u>(35,020)</u>	<u>–</u>	<u>–</u>
Net increase/(decrease) in cash and cash equivalents	991	17,352	12,986	12,250	(3,335)
Cash and cash equivalents at the beginning of the year/period	<u>1,126</u>	<u>2,117</u>	<u>19,469</u>	<u>19,469</u>	<u>32,455</u>
Total cash and cash equivalents at the end of the year, represented by cash, deposits and bank balances	<u>2,117</u>	<u>19,469</u>	<u>32,455</u>	<u>31,719</u>	<u>29,120</u>

NOTES TO THE UNAUDITED FINANCIAL INFORMATION OF THE TARGET COMPANY**1. General information**

Daye Nonferrous Design and Research Institute Co., Ltd. (the “Target Company”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”). The Target Company is principally engaged in the provision of design consulting, testing and inspection, geological exploration and surveying, and information and intelligentisation services in the PRC.

The functional currency of the Target Company is Renminbi (RMB). All values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2. Basis of presentation and preparation of the unaudited financial information of the Target Company

The Unaudited Financial Information of the Target Company for each of the years ended 31 December 2023, 2024 and 2025 and four months ended 2025 and 2026 has been prepared solely for the purpose of inclusion in this circular to be issued by the Company in connection with the proposed Disposal in accordance with paragraph 14.68(2)(a)(i) of the Listing Rules.

The amounts included in the Unaudited Financial Information of the Target Company have been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Relevant Periods, which conform with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

The Unaudited Financial Information of the Target Company has been prepared under the historical cost convention and is presented in Renminbi. The Unaudited Financial Information of the Target Company does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” or a set of condensed financial statements as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA and that it should be read in conjunction with the relevant published annual reports of the Group for the Relevant Periods.

3. Trade and bills receivables

As of 31 December 2023, 2024 and 2025 and 2025 and 30 April 2026, the Target Company’s trade and bills receivables included amounts due from subsidiaries of the Remaining Group, net of allowance for credit losses, of approximately RMB1,211,000, RMB42,584,000, RMB16,281,000 and RMB19,554,000, respectively.

4. Prepayments and other receivables

As of 31 December 2023, 2024 and 2025 and 2025 and 30 April 2026, the Target Company’s prepayments and other receivables included amounts due from subsidiaries of the Remaining Group of approximately RMB35,589,000, RMB11,100,000, RMB2,011,000 and RMB1,991,000, respectively.

5. Other payables and accrued expenses

As of 31 December 2023, 2024 and 2025 and 2025 and 30 April 2026, the Target Company’s other payables and accrued expenses included amounts due to subsidiaries of the Remaining Group of approximately RMB363,000, RMB43,000, RMB15,000 and RMBnil, respectively.

6. Contract liabilities

As of 31 December 2023, 2024 and 2025 and 2025 and 30 April 2026, the Target Company’s contract liabilities included amounts due to subsidiaries of the Remaining Group of approximately RMB6,045,000, RMBnil, RMBnil and RMBnil, respectively.

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

The following is the summary of the Valuation Report prepared for the purpose of incorporation in this circular. The Chinese text of the Valuation Report shall prevail over the English text in the event of inconsistency.

Statement

- I. The Asset Valuation Report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance and the Practice Standards for Asset Appraisal and the Professional Ethics Standards for Asset Appraisal issued by the China Appraisal Society.
- II. The principal or any other user of the Asset Valuation Report shall use the Report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the Asset Valuation Report; should the principal or any other user of the Asset Valuation Report use the Report in breach of the aforementioned provisions, the asset valuation agency and the asset valuers shall not be held liable.

The Asset Valuation Report is intended solely for the use of the principal, other users of the Asset Valuation Report specified in the Asset Valuation Engagement Contract, and those authorized by applicable laws and administrative regulations. Apart from these, no other organizations or individuals may serve as users of the Asset Valuation Report.

The asset valuation agency and asset valuers would like to remind users of the Asset Valuation Report that they should correctly interpret the Valuation conclusion. The Valuation conclusion does not equate to the realizable price of the Valuation subject, and it should not be regarded as a guarantee of the realizable price of the Valuation subject.

- III. The asset valuation agency and asset valuers shall comply with laws, administrative regulations and asset valuation standards, adhere to the principles of independence, objectivity and fairness, and assume legal responsibility for the asset valuation reports they issue.
- IV. The list of assets involved in the assessment shall be submitted by the evaluated entity and confirmed by the entity through signature, stamping or other methods permitted by law. The evaluated entity and other relevant parties shall, in accordance with the law, be responsible for the authenticity, completeness and legality of the information they provide.
- V. The asset valuation agency and the asset valuers have no existing or anticipated interests in the Valuation subject described in the Asset Valuation Report; they have no existing or anticipated interests in the relevant parties, nor do they harbor any bias toward these parties.

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

- VI. The asset valuers have conducted on-site inspections of the Valuation subject and the assets involved in the Asset Valuation Report. The valuers have paid due attention to the legal ownership status of the Valuation subject and the assets involved, verified the relevant legal ownership documents for these subjects and assets, truthfully disclosed any issues identified, and advised the principal and other relevant parties to complete the necessary property rights procedures to meet the requirements for issuing the Asset Valuation Report.
- VII. The analyses, judgments and conclusions contained in the Asset Valuation Report issued by the asset valuation agency are subject to the assumptions and limitations set forth in the Asset Valuation Report itself. Users of the Asset Valuation Report should give full consideration to the assumptions, limitations, special notes and their impact on the Valuation conclusion as stated in the Report.

**Summary of the Asset Valuation Report on the Total Equity Value of the Shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. in Connection with the Proposed Transfer of Equity by Daye Non-ferrous Metals Co., Ltd.
Northern Asia Valuation Report [2026] No. 01-0563**

Northern Asia Assets Assessment Co., Ltd. has been commissioned by Daye Non-ferrous Metals Co., Ltd. to conduct a valuation, in accordance with the provisions of laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and fairness, and following the necessary valuation procedures, of the market value of the total equity of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. (hereinafter referred to as “the Institute”) as of the Valuation Reference Date. The summary of the Asset Valuation Report is set out below:

- I. Purpose of the Valuation: According to the Minutes of the Standing Committee of the CPC Committee of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16) and the Minutes of the General Manager’s Office Meeting of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16), the purpose of the Valuation is to assess the total equity value of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. in connection with the proposed transfer of equity by Daye Non-ferrous Metals Co., Ltd., thereby providing a value reference for the aforementioned economic transaction.
- II. Valuation subject and scope: The Valuation subject is the total equity value of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. The Valuation scope covers all assets and liabilities of Daye Nonferrous Design and Research Institute Co., Ltd., including current assets, non-current assets, current liabilities and non-current liabilities.
- III. Type of value: market value.
- IV. Valuation Reference Date: 31 December 2025.
- V. Valuation methods: asset-based approach, income approach.
- VI. Valuation conclusion: The Valuation Report adopts the result of the asset-based approach as its Valuation conclusion, as set out below:

As of the Valuation Reference Date of 31 December 2025, under the going concern assumption, the book value of total assets of Daye Nonferrous Design and Research Institute Co., Ltd. is RMB162.2784 million, while the Appraised Value is RMB183.4784 million, representing an appraised appreciation of RMB21.2 million, with an appreciation rate of 13.06%. The book value of total liabilities is RMB40.2679 million, while the Appraised Value is RMB39.7679 million, representing an appraised appreciation of RMB0.5 million. The book value of net assets is RMB122.0105 million, while the Appraised Value is RMB143.7105 million, representing an appraised appreciation of RMB21.7 million, with an appreciation rate of 17.79%.

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

Summary of the Appraisal Result of the Institute under the Asset-Based Approach

Unit: RMB0,000

Item		Book Value A	Appraised Value B	Increment or Decrement C=B-A	Appreciation (Impairment) Rate % D=C/A×100%
Current assets	1	6,715.64	6,715.64	0.00	0.00
Non-current assets	2	9,512.20	11,632.20	2,120.00	22.29
Of which: Long-term equity					
investments	3	0.00	0.00	0.00	
Investment properties	4	0.00	0.00	0.00	
Fixed assets	5	9,062.94	9,180.96	118.02	1.30
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	46.57	2,048.55	2,001.98	4,298.86
Of which: Land use					
rights	9	0.00	0.00	0.00	
Other non-current assets	10	402.69	402.69	0.00	0.00
Total assets	11	16,227.84	18,347.84	2,120.00	13.06
Current liabilities	12	3,958.04	3,958.04	0.00	0.00
Non-current liabilities	13	68.75	18.75	-50.00	-72.73
Total liabilities	14	4,026.79	3,976.79	-50.00	-1.24
Net assets	15	12,201.05	14,371.05	2,170.00	17.79

For the Valuation conclusion, please refer to the detailed valuation table.

VII. Validity period of the Valuation conclusion: The Valuation conclusion is valid for one year from the Valuation Reference Date, i.e. from 31 December 2025 to 30 December 2026. A new valuation must be carried out if the validity period exceeds one year.

VIII. Special matters affecting the Valuation conclusion: When using the Valuation conclusion, users of the Valuation Report are advised to draw attention to the Valuation assumptions, limitations and special notes set out in the main text of the Valuation Report, as well as their impact on the Valuation conclusion, and to take these fully into account when using the Valuation Report.

IX. Date of the Asset Valuation Report: The date of the Valuation Report is 10 April 2026.

The above content is extracted from the main text of the Asset Valuation Report. To gain a detailed understanding of the Valuation engagement and to correctly interpret the Valuation conclusion, you should carefully read the main text of the Valuation Report.

**Main Text of the Asset Valuation Report on the Total Equity Value of the Shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. in Connection with the Proposed Transfer of Equity by Daye Non-ferrous Metals Co., Ltd.
Northern Asia Valuation Report [2026] No. 01-0563**

Daye Non-ferrous Metals Co., Ltd.:

Northern Asia Assets Assessment Co., Ltd. has been commissioned by your Company to conduct a valuation, in accordance with the provisions of laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and fairness, adopting the asset-based approach and income approach, and following the necessary valuation procedures, of the market value of the total equity of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. in connection with the proposed transfer of equity by Daye Non-ferrous Metals Co., Ltd. as of 31 December 2025. The Asset Valuation Report is set out below.

**I. OVERVIEW OF THE PRINCIPAL, THE EVALUATED ENTITY AND
OTHER USERS OF THE ASSET VALUATION REPORT AS SPECIFIED IN
THE ASSET VALUATION ENGAGEMENT CONTRACT**

The principal of the Valuation project is Daye Non-ferrous Metals Co., Ltd., and the evaluated entity is Daye Nonferrous Design and Research Institute Co., Ltd.

(I) Principal introduction

1. Basic information about the company

Name of principal: Daye Non-ferrous Metals Co., Ltd. (hereinafter referred to as “Daye Non-ferrous Metals”)

Unified Social Credit Identifier: 91420000770785545Q

Type: Limited liability company (foreign investment, non-wholly owned)

Domicile: No. 115, Xialu Avenue, Xialu District, Huangshi

Legal representative: Li Haibo

Term of operation: 31 March 2005 to 31 March 2031

Registered capital: RMB1,490,977,877

Business scope: General items: Common non-ferrous metal smelting, investment activities using own funds, precious metal smelting, non-ferrous metal rolling and processing, sales of non-ferrous metal alloys, sales of metal materials, sales of metal ores, manufacturing of metal materials, production of chemical products (excluding licensed chemical products), sales of chemical products (excluding licensed chemical products), general mechanical equipment installation services, sales of mechanical parts and components, sales of gold and silver products, import and export agency, technical services, technical development, technical consultation, technical exchange, technology transfer, and technology promotion, bidding agency services, procurement agency services. (Except for licensed businesses, projects that are not prohibited or restricted by laws and regulations can be operated independently according to the law.) Licensed items: Non-coal mineral resource extraction, road cargo transportation (excluding hazardous goods), road transportation of hazardous goods, operation of hazardous chemicals, installation, maintenance and testing of power transmission, supply and receiving facilities, electricity supply business. (Projects that require approval according to the law can only be operated after approval by the relevant departments, and specific business projects are subject to the approval documents or licenses of the relevant departments).

(II) The evaluated entity introduction

1. Basic information about the company

Name: Daye Nonferrous Design and Research Institute Co., Ltd. (hereinafter referred to as “the Institute” or the “Company”)

Unified Social Credit Identifier: 914202006622636271

Type: Limited liability company (wholly-owned foreign-invested enterprise)

Domicile: No. 65, Yelian Road, Xinxialu, Huangshi, Hubei Province

Legal representative: Wang Min

Date of establishment: 1 June 2007

Term of operation: from 1 June 2007 to an indefinite term

Registered capital: RMB6,800,000

Business scope: Engineering design and engineering surveys; engineering consultancy; scientific research and technological development, technology transfer, technical services, technical consultancy and technical training; analysis and testing of various ores, metals, chemical products and smelting intermediates; testing of mineral resource reserves and geological surveys; electronic technical services; production and sale of products such as industrial nickel sulphate, KAPI-type anti-corrosion materials and copper sulphate for animal feed; environmental testing, equipment diagnostics and mechanical testing, oil product analysis, engineering surveying, real estate surveying, cadastral surveying and geographic information system (GIS) engineering; geological exploration works, rock and mineral identification and testing, and beneficiation and smelting trials; engineering surveys, design, construction, supervision and risk assessment for geological hazards; general contracting for construction projects, as well as project management and related technical and management services; building construction; electromechanical installation; computer technology, software engineering, network engineering and technical services; safety inspection and testing of equipment, and testing of electrical facilities; safety training and technical services. (For business activities requiring a license, operations may only commence after obtaining the relevant license from the competent authorities.)

2. *Company introduction*

- (1) Central Laboratory phase (1960-1978): Established in July 1960, the Laboratory initially focused on tasks such as conducting surveys of raw materials for copper smelting systems and analyzing flue gas. It subsequently expanded in scale, and its research scope broadened to include areas such as the comprehensive utilization of resources.
- (2) The Institute of Mining and Metallurgy phase (1978-1988): In March 1978, the Institute was renamed the Institute of Mining and Metallurgy, with its functions expanded to include design, testing, laboratory analysis and technological innovation; specialist research laboratories in automation, mining and mineral processing were subsequently established.

- (3) Design and Research Institute phase (1988-2007): In April 1988, the former Design Division merged with the Institute of Mining and Metallurgy to form the Design and Research Institute. This expansion included the addition of several survey and design specialties, such as industrial and civil construction, mining machinery and electrical automation, transforming it into a comprehensive research and development organization integrating design, scientific research and testing. In 2002, Daye's Technology Center and Association for Science and Technology began sharing office premises with the Design and Research Institute.
- (4) Limited Company phase (2007-present): On 22 August 2007, it was restructured as Daye Nonferrous Design and Research Institute Co., Ltd. On 11 August 2025, an equity transfer agreement was signed, and it was merged into China No. 15 Metallurgical Construction Group Co., Ltd.

3. *The Company's core business is divided into four main segments:*

- (1) Design consultancy: including design and consultancy services in fields such as non-ferrous metallurgy and construction engineering.
- (2) Testing and inspection: covering the analysis of copper ore products (RMB40 million) and environmental testing (RMB5 million, including smelters and mines). The Company holds Accreditation of National Accredited Laboratory (CNAS) and Accreditation of Inspection and Testing Qualifications (CMA).
- (3) Geological surveying and mapping: including engineering investigations and engineering surveying, etc.
- (4) Information and intelligence: covering informatization, automation projects, safety testing (lubricants), etc.

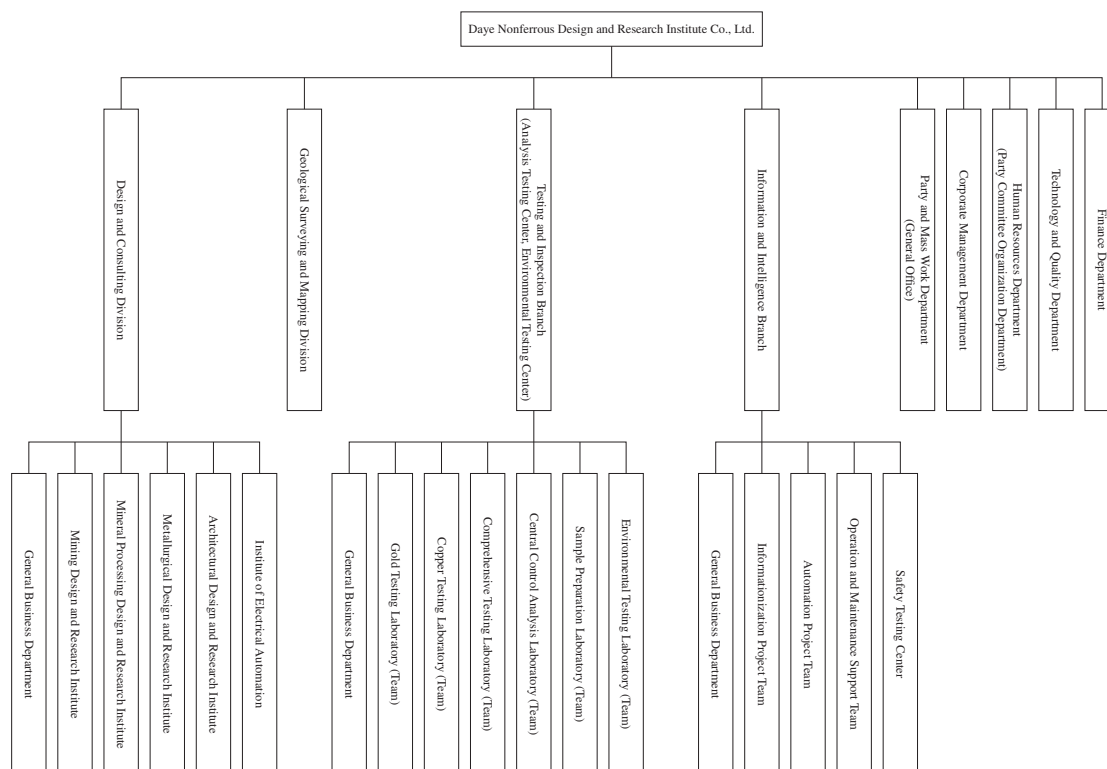
In addition, the Company is also engaged in project general contracting, scientific and technological research and development, and technical services.

4. *Organizational Structure of the Evaluated Entity*

The Company has established 5 functional departments and 4 business units. The functional departments include: the Party and Mass Work Department (General Office (Party Committee Office)), the Corporate Management Department, the Human Resources Department (Party Committee Organization Department), the Technology and Quality Department, and the Finance Department. The business units include: the Design and Consulting Division, the Geological Surveying and Mapping Division, the Testing and Inspection Branch, and the Information and Intelligence Branch. Each business unit establishes specialized offices (teams, business groups) based on actual needs to achieve business

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

specialization and in-depth expertise, thereby accelerating the formation of a new competitive advantage characterized by “specialized development and integrated coordination.” The organizational chart is as follows:



5. *No changes in equity ownership as of the Valuation Reference Date. The shareholders’ ratios of contributions are shown in the table below: name of shareholder, amount of contribution and ratio of contribution*

No.	Name of shareholder	Subscription amount (RMB0,000)	Subscription ratio %	Amount paid in (RMB0,000)	Paid-in ratio %
1	Daye Non-ferrous Metals Co., Ltd.	9,631.45	100%	680	7.06%
	Total	9,631.45	100%	680	7.06%

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6. *The Institute's assets, liabilities and operating condition as of the Valuation Reference Date*

Balance Sheet

Unit: RMB0,000

Item/year	31 December 2021	31 December 2022	31 December 2023	31 December 2024	31 December 2025
Current assets					
Cash and cash equivalents	86.74	112.61	211.67	1,946.93	3,245.47
Held-for-trading financial assets					
Derivative financial assets					
Bills receivable	26.02				
Receivables	73.43	225.62	152.44	4,752.16	2,663.60
Receivables financing					
Prepayments	1.55	151.92	129.60	36.38	2.00
Interest receivable					
Dividends receivable					
Other receivables	1,535.31	1,657.19	2,690.58	1,308.03	276.22
Inventories	0.94	0.91	0.69	0.12	2.13
Contract assets			975.94	124.84	231.87
Assets held for sale					
Non-current assets due within one year					
Other current assets	9.91	9.39			294.34
Total current assets	1,733.89	2,157.64	4,160.91	8,168.45	6,715.64
Non-current assets:					
Debt investments					
Other debt investments					
Long-term receivables					
Long-term equity investments					
Other equity instrument investments					
Other non-current financial assets					
Investment properties					
Fixed assets	484.26	471.19	429.01	397.74	9,058.04
Construction in progress				370.01	
Construction materials					
Disposal of fixed assets				40.16	4.90

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Item/year	31 December 2021	31 December 2022	31 December 2023	31 December 2024	31 December 2025
Operational biological assets					
Oil and gas assets					
Right-of-use assets				20.49	19.24
Intangible assets	1.05	31.38	27.96	24.68	46.57
Development expenses					
Goodwill					
Long-term deferred expenditures					210.09
Deferred income tax assets	75.34	113.55	131.10	164.45	173.36
Other non-current assets					
Total non-current assets	560.65	616.12	588.06	1,017.52	9,512.20
Total assets	2,294.54	2,773.77	4,748.97	9,185.97	16,227.84
Current liabilities:					
Short-term borrowings					
Held-for-trading financial liabilities					
Derivative financial liabilities					
Bills payables					
Payables	548.81	244.29	702.47	2,937.88	2,126.92
Accounts received in advance					
Contract liabilities	202.70	480.41	972.87	232.98	89.55
Employee remuneration payable	625.34	929.72	1,076.43	1,318.84	1,317.41
Taxes payable	29.87	28.00	114.96	407.49	184.76
Interest payable					
Dividends payable					
Other payables	74.41	174.64	121.83	230.76	233.22
Liabilities held for sale					
Non-current liabilities due within one year	4.00	4.00		0.78	0.80
Other current liabilities	12.16	28.82	58.37	6.23	5.37
Total current liabilities	1,497.29	1,889.88	3,046.93	5,134.96	3,958.04

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

Item/year	31 December 2021	31 December 2022	31 December 2023	31 December 2024	31 December 2025
Non-current liabilities:					
Long-term borrowings					
Bonds payable					
Lease liabilities				20.03	18.75
Long-term payables					
Special payables					
Long-term employee remuneration payable	11.00	6.00	2.00		
Estimated liabilities					
Deferred revenue					50.00
Deferred income tax liabilities					
Other non-current liabilities					
Total non-current liabilities	11.00	6.00	2.00	20.03	68.75
Total liabilities	1,508.29	1,895.88	3,048.93	5,154.99	4,026.78
Owners' equity:					
Paid-in capital (or share capital)	680.00	680.00	680.00	680.00	9,631.45
Other equity instruments					
Capital surplus					
Less: Treasury shares					
Other comprehensive income					
Special reserve					
Surplus reserve		9.16	91.38	324.47	596.34
Undistributed profit	106.25	188.73	928.66	3,026.51	1,973.27
Total equity attributable to owners of parent company	786.25	877.89	1,700.04	4,030.98	12,201.06
Minority interests					
Total owners' equity	786.25	877.89	1,700.04	4,030.98	12,201.06
Total liabilities and owners' equity	2,294.54	2,773.77	4,748.97	9,185.97	16,227.84

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

Profit Statement

Unit: RMB0,000

Item/year	2021	2022	2023	2024	2025
I. Operating revenue	3,938.88	4,210.11	7,904.98	11,584.19	8,257.76
Less: Cost of business	3,210.05	2,921.33	5,636.61	7,155.88	3,530.95
Taxes and surcharges	21.09	10.73	11.67	50.69	44.30
Sales expenses					
Administrative expenses	584.65	990.43	1,027.15	1,251.18	1,056.49
Research and development expenses	247.50	254.60	364.73	511.12	432.51
Financial expenses	-4.37	-4.82	-11.29	-5.22	-3.38
Add: Other gains	58.91	26.35	20.72	27.62	11.60
Investment income (losses are indicated with a "-")					
Gains from changes in fair value (losses are indicated with a "-")					
Credit impairment losses (losses are indicated with a "-")				-2.30	-0.24
Asset impairment losses (losses are indicated with a "-")					-67.58
Gains from asset disposal (losses are indicated with a "-")					0.32
II. Operating profit	-61.13	64.19	896.83	2,645.87	3,141.00
Add: Non-operating income	269.93	1.23	1.88	10.23	
Less: Non-operating expenses	0.74	12.00	0.06		1.74
III. Total profit	208.06	53.43	898.65	2,656.10	3,139.26
Less: Income tax expenses	-14.14	-38.21	76.50	325.16	420.63
IV. Net profit	222.19	91.64	822.15	2,330.94	2,718.63

The subject and scope of the Valuation are in line with those involved in economic behavior.

The above financial data has been audited by Baker Tilly China Certified Public Accountants (Special General Partnership), as evidenced by audit report of Tian Zhi Ye Zi [2026] No. 6137-1.

5. *The Company's accounting policies***(1) *Accounting period***

The accounting year of the Company starts from 1 January and ends at 31 December.

1) *Recording currency*

The recording currency of the Company is RMB.

2) *Book-keeping bases and measurement principles*

The measurement attributes used by the Company include historical cost, replacement cost, net realizable value, present value and fair value.

(2) *Basis for determination of cash and cash equivalents*

The cash in cash flow statement refers to a company's cash on hand and deposits that can be used for payments at any time. Cash equivalents are short-term investments (usually maturing within three months from the purchase date) that are highly liquid, easily convertible to a known amount of cash, and have very low risk of value changes.

(3) *Receivables*

The Company uses the simplified model for expected credit losses for receivables without significant financing components under the Enterprise Accounting Standard No. 14 – Revenue (including cases where, under the Standard, the financing components in contracts not exceeding one year are not considered). This means it always measures the allowance for losses based on the expected credit losses over the entire life of the receivables. Any increase or reversal of this allowance is recognized as an impairment loss or gain in the current profit and loss.

For receivables that involve significant financing components, the Company chooses to use a simplified model for expected credit losses, which means that it always measures the allowance for losses based on the expected credit losses over the entire life of the receivables.

Simplified model for expected credit losses: The allowance for losses is always measured based on the expected credit losses over the entire life of the receivables.

The Company considers all reasonable and supportable information, including forward-looking information, either individually or in combination, to estimate expected credit losses on receivables.

(4) *Inventories*

1) Classification of inventories

Inventories include finished goods or merchandise held for sale in the course of ordinary course of business, work in progress, and materials and supplies consumed in the production process or in the provision of services.

2) Valuation methods of the inventory delivered

The Company reasonably selects the method for calculating the cost of delivered inventories based on actual circumstances such as the physical flow of various types of inventories, management requirements and the nature of the inventories, in order to reasonably determine the actual cost of inventories delivered during the period. Methods for measuring the cost of delivered inventories include the first-in, first-out method, the moving weighted average method, the end-of-month weighted average method and the specific identification method. For inventories of similar nature and use, the same cost calculation method is applied to determine the cost of delivered inventories.

3) Basis for determining the net realizable value of inventories and method for making an allowance for inventory impairment

On the balance sheet date, inventories are measured at the lower of cost and net realizable value, and an allowance for inventory impairment is made on an item-by-item basis. However, for inventories that are numerous and have low unit prices, the allowance for inventory impairment is made by inventory category; for inventories related to product lines produced and sold in the same region, having the same or similar end uses or purposes, and that are difficult to measure separately from other items, an allowance for inventory impairment is made on an aggregated basis. For inventories held for direct sale, their net realizable value is determined in the normal course of business as the estimated selling price of such inventories less estimated selling expenses and related taxes. For inventories requiring further processing, the net realizable value is determined in the normal course of business as the estimated selling price of the finished goods to be produced, less the estimated costs to be incurred until completion, estimated selling expenses and related taxes. On the balance sheet date, if a portion of a single inventory item has a contract price while another portion does not, the net realizable value of each portion is determined separately and compared with its corresponding cost to determine the amount of the allowance for inventory impairment to be made or reversed, respectively.

4) Inventory system

The Company's inventory system is a perpetual inventory system.

(5) *Fixed assets*

- 1) Recognition criteria, measurement and depreciation methods for fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, providing services, leasing, or operations and management, with a useful life exceeding one accounting year.

Fixed assets are recorded at their actual cost at the time of acquisition, and depreciation is calculated using the straight-line method beginning the month after they are ready for use.

- 2) The depreciation methods for various fixed assets: Fixed assets depreciation is calculated using the straight-line method according to categories, with the depreciation rate determined based on the fixed asset type, expected useful life and estimated net residual value.

The depreciation methods, depreciable lives, residual values and annual depreciation rates for various types of fixed assets are as follows:

Item	Depreciable life (year)	Estimated net residual value (%)	Annual depreciation rate (%)
Buildings and structures	5-40	0-5	2.38-20.00
Machinery and equipment	4-20	0-5	4.75-22.35
Transportation	8	0-5	11.88-12.50
Office equipment	4-15	0-5	6.67-25.00

- 3) Methods for impairment test and impairment allowances for fixed assets

If, on the balance sheet date, there are indications that fixed assets have been impaired, a corresponding impairment allowance shall be made based on the difference between the book value and the recoverable amount.

(6) *Construction in progress*

- 1) When construction in progress is ready for its intended use, it is transferred to fixed assets at actual construction cost. If the intended usable condition has been reached but the final settlement has not yet been completed, the asset is first transferred to fixed assets at its estimated value; after the final settlement is completed, the original estimated value is adjusted to reflect the actual cost, but any depreciation already accrued is not adjusted.

- 2) If, on the balance sheet date, there are indications that construction in progress has been impaired, a corresponding impairment allowance shall be made based on the difference between the book value and the recoverable amount.

(7) *Borrowing costs*

- 1) Principle for recognizing the capitalization of borrowing costs

Borrowing costs incurred by the Company that are directly attributable to the acquisition, construction, or production of assets that meet the criteria for capitalization shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses when incurred and included in the current profit and loss.

- 2) Capitalization period of borrowing costs

Borrowing costs begin to be capitalized when all of the following conditions are met: 1) expenditures on the asset have been incurred; 2) borrowing costs have been incurred; and 3) the acquisition, construction or production activities necessary to bring the asset to its intended usable or saleable condition have begun.

If the acquisition, construction or production of an asset that meets the capitalization criteria is abnormally interrupted, and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs shall be suspended; borrowing costs incurred during the interruption shall be recognized as the current expenses until the acquisition, construction or production of the asset resumes.

When the acquired, constructed or produced asset that meets the capitalization criteria reaches its intended use or saleable condition, the capitalization of borrowing costs ceases.

- 3) Capitalized amount of borrowing costs

Where a specific borrowing is used to acquire, construct or produce assets that meet the criteria for capitalization, the amount of interest to be capitalized shall be determined as the actual interest expense incurred during the period on the specific borrowing (including the amortization of any discount or premium determined using the effective interest method), less any interest income earned from depositing unused borrowings in a bank or investment income earned from temporary investments. Where general borrowings are used to acquire, construct or produce assets that meet the criteria for capitalization, the amount of interest on the general borrowings to be capitalized shall be calculated by multiplying the cumulative asset expenditures exceeding the weighted average of asset expenditures funded by the specific borrowings by the capitalization rate applicable to the general borrowings.

(8) *Intangible assets*

- 1) Intangible assets include software, land use rights, patent rights, non-patent rights, trademark rights, franchise rights, mining rights, exploration rights, etc., and are initially measured at cost.
- 2) Intangible assets with a finite useful life are amortized systematically and rationally over their useful lives in accordance with the expected pattern of economic benefits associated with the intangible assets; if the expected pattern cannot be reliably determined, the straight-line method is used.
- 3) For intangible assets with a definite useful life, if there are indications of impairment on the balance sheet date, an impairment allowance is made in the amount of the difference between the book value and the recoverable amount. For intangible assets with an indefinite useful life and intangible assets that have not yet reached the stage of readiness for use, impairment tests are performed annually, regardless of whether there are indications of impairment.

(9) *Employee remuneration*

Employee remuneration refers to the various forms of remuneration or compensation a company provides to employees in exchange for their services or upon termination of employment. Employee remuneration includes short-term remuneration, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided by the company to employees' spouses, children, dependents, deceased employees' survivors and other beneficiaries also fall under employee remuneration. Employee remuneration mainly includes:

1) *Short-term remuneration*

Short-term remuneration refers to employee remuneration that a company is required to pay in full within twelve months after the end of the annual reporting period in which the employees rendered the related services, excluding post-employment benefits and termination benefits. During the accounting period in which employees render services, a company recognizes short-term remuneration payable as a liability and charges it to the cost of the relevant assets and expenses based on the beneficiaries of the services rendered by the employees.

Short-term remuneration specifically includes: employee wages, bonuses, allowances and subsidies; employee welfare expenses; social insurance premiums, such as medical insurance, work-related injury insurance and maternity insurance; housing provident fund contributions; labor union dues and employee education expenses; non-monetary benefits; and other short-term remuneration.

2) Post-employment benefits

Post-employment benefits refer to various forms of compensation and benefits provided by a company to employees after they retire or terminate their employment relationship with the company, in exchange for the services they have rendered, excluding short-term remuneration and termination benefits.

The company's post-employment benefit plans are classified as defined contribution plans and defined benefit plans.

The defined contribution plan for post-employment benefits is primarily established to participate in basic social pension insurance, unemployment insurance, and other programs organized and implemented by local labor and social security agencies. During the accounting period in which employees provide services to the company, the amount due under the defined contribution plan is recognized as a liability and included in current profit or loss or in the cost of the relevant assets.

After the company has made the aforementioned payments on a regular basis in accordance with national standards and the pension plan, it shall have no further payment obligations.

3) Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits other than short-term remuneration, post-employment benefits and termination benefits.

For other long-term employee benefits that meet the criteria for a defined contribution plan, the amount to be contributed is recognized as a liability during the accounting period in which the employee renders service to the company, and is charged to current profit or loss or included in the cost of the related asset.

(10) Revenue

Revenue refers to the total inflow of economic benefits arising from a company's ordinary activities that results in an increase in owners' equity and is unrelated to capital contributions by owners.

1) Revenue recognition

A company shall recognize revenue when it has fulfilled its performance obligations under the contract, that is, when the customer obtains control of the relevant goods. Obtaining control of the relevant goods means being able to direct the use of the goods and derive substantially all of the economic benefits from them.

When a contract between a company and a customer meets all of the following conditions, the company shall recognize revenue when the customer obtains control of the relevant goods:

The parties to the contract have approved the contract and have undertaken to perform their respective obligations;

The contract specifies the rights and obligations of the parties with respect to the goods transferred or services provided;

The contract contains clear payment terms relating to the goods being transferred;

The contract has commercial substance, meaning that its performance will alter the risk, timing or amount of the company's future cash flows;

The consideration to which the company is entitled for the transfer of goods to customers is highly likely to be collected.

- 2) The company determines whether the nature of the relevant performance obligations falls under “performance obligations to be satisfied over a period of time” or “performance obligations to be satisfied at a point in time” in accordance with the relevant provisions of the revenue standards, and recognizes revenue in accordance with the following principles, respectively.

For performance obligations to be satisfied over a period of time, a company recognizes revenue based on the progress of fulfillment during that period, except when the progress of fulfillment cannot be reasonably determined. The company considers the nature of the goods and uses either the production method or the input method to determine the appropriate progress of fulfillment.

For performance obligations to be satisfied at a point in time, a company shall recognize revenue when the customer obtains control of the related goods.

- 3) Measurement of revenue

The company shall measure revenue based on the transaction price allocated to each individual performance obligation. When determining the transaction price, the company considers the impact of factors such as variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers.

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

6. Prevailing tax rate of the company

Major taxes

Type of tax	Tax basis	Tax rate (%)
Value-added tax	Value added from selling goods, providing services and real estate leasing	6%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	15%
Property tax	Rental income	12%

(III) The relationship between the principal and the evaluated entity

The principal is the shareholder of the evaluated entity.

II. PURPOSE OF THE VALUATION

According to the Minutes of the Standing Committee of the CPC Committee of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16) and the Minutes of the General Manager's Office Meeting of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16), the purpose of the Valuation is to assess the total equity value of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd. in connection with the proposed transfer of equity by Daye Non-ferrous Metals Co., Ltd., thereby providing a value reference for the aforementioned economic transaction.

III. VALUATION SUBJECT AND SCOPE

(I) Valuation subject

The Valuation subject is the total equity value of the shareholders of Daye Nonferrous Design and Research Institute Co., Ltd.

(II) Valuation scope

The Valuation scope covers all assets and liabilities of Daye Nonferrous Design and Research Institute Co., Ltd. Its total book value of assets is RMB162,278,400, total liabilities are RMB40,267,900, and net assets are RMB122,010,500.

The subject and scope of the Valuation are in line with those involved in economic behavior.

The above financial data has been audited by Baker Tilly China Certified Public Accountants (Special General Partnership), as evidenced by audit report of Tian Zhi Ye Zi [2026] No. 6137-1.

(III) Distribution and Characteristics of Tangible Assets

The tangible assets included in the Valuation primarily consist of inventories, buildings and structures, and equipment.

Inventories are stored in the company's warehouses.

Fixed assets are located in the factory area of Daye Nonferrous Design and Research Institute Co., Ltd.

The main characteristics of tangible assets are:

1. Inventories are raw materials

The raw materials consist of hydrochloric acid, nitric acid and labor protection supplies purchased by the Institute, totaling 11 items.

2. Buildings and structures assets

Buildings and structures assets include buildings and structures. Among these, the building is the Wuhan R&D Building, which was recorded based on the Valuation Report titled Asset Valuation Report on Certain Fixed Assets Involved in the Proposed Asset Financing of Daye Non-ferrous Metals Co., Ltd. (Northern Asia Valuation Report [2025] No. 01-1205) issued by Northern Asia Assets Assessment Co., Ltd. The transfer procedures were completed, and the real estate ownership certificate was obtained on the Valuation Reference Date. The structure is an employee electric vehicle parking shed.

As of the Valuation Reference Date, all buildings and structures were in normal use.

3. Equipment assets

The equipment assets include machinery and equipment, vehicles and electronic equipment.

(1) Machinery and equipment

There are a total of 288 items of machinery and equipment. The equipment is located in various workshops. The company has strict safety and operational inspection procedures in place for managing the equipment, and routine maintenance and upkeep are generally well-executed. As of the Valuation Reference Date, the equipment was in normal use and in good condition.

(2) Vehicles

The vehicles consist primarily of vehicles used for official business and cargo transport, totaling 5 vehicles. The company's transportation equipment is centrally managed and allocated by the corporate office. All vehicles undergo annual inspections as required, are well-maintained, and operate normally.

(3) Electronic equipment

The electronic equipment consists of computers, air conditioners, printers, and other office equipment. As of the Valuation Reference Date, all equipment was in normal use and operating properly.

(IV) The status of the recorded or unrecorded intangible assets as reported by the company

As of the Valuation Reference Date, the intangible assets recorded within the Valuation scope reported by the evaluated entity included 18 items of purchased software.

(V) Types and quantities of off-balance-sheet assets reported by company

As of the Valuation Reference Date, the unrecorded intangible assets within the scope of the Valuation included 51 patents, 6 software copyrights and 1 domain name.

(VI) Assets covered by the conclusions of reports issued by other organizations

The financial data as of the Valuation Reference Date has been audited by Baker Tilly China Certified Public Accountants (Special General Partnership), as evidenced by audit report of Tian Zhi Ye Zi [2026] No. 6137-1.

IV. TYPE OF VALUE

In accordance with the requirements set forth in the Purpose of the Valuation, and taking into account constraints such as the subject's own functions, usage and condition, market value was selected as the type of value for the Valuation.

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

Market value refers to the estimated value of the Valuation subject in a normal, fair transaction on the Valuation Reference Date between a willing buyer and a willing seller, each acting rationally and without any coercion or undue influence.

V. VALUATION REFERENCE DATE

- (I) The Valuation Reference Date was set by the principal as 31 December 2025.
- (II) The Valuation Reference Date shall be determined by the principal in accordance with the principle that it should be as close as possible to the date on which the economic event giving rise to the asset valuation occurred.
- (III) In the Asset Valuation Engagement, the definition of the valuation scope, the selection of valuation parameters, and the determination of the valuation amount were all based on the company's financial statements, the external economic environment, and market conditions as of the Valuation Reference Date.

VI. VALUATION BASIS

(I) Basis of economic behavior

- 1. The Minutes of the Standing Committee of the CPC Committee of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16);
- 2. The Minutes of the General Manager's Office Meeting of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16).

(II) Legal and regulatory basis

- 1. The Asset Valuation Law of the PRC (passed at the 21st meeting of the Standing Committee of the 12th National People's Congress on 2 July 2016);
- 2. The Company Law of the PRC (second amendment at the 7th meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);
- 3. The Civil Code of the PRC was passed on 28 May 2020, by the third meeting of the 13th National People's Congress of the PRC;
- 4. Measures for the Financial Supervision and Administration of Asset Valuation Industry (promulgated by Ministry of Finance Order No. 86, amended by Ministry of Finance Order No. 97);
- 5. The Land Administration Law of the PRC (amended at the 12th meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);

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6. Regulations for the Implementation of the Land Administration Law of the PRC (promulgated by Order No. 73 of the State Council of the PRC, effective from 1 February 1991; amended for the third time by Order No. 743 of the State Council of the PRC, effective from 1 September 2021);
7. The Law of the PRC on the Administration of Urban Real Estate (amended at the 12th meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);
8. The Law of the PRC on State-Owned Assets of Enterprises (passed at the 5th meeting of the Standing Committee of the 11th National People's Congress on 28 October 2008);
9. Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises (State Council Order No. 378, amended by State Council Order No. 709);
10. Measures for the Administration of State-owned Asset Valuation (State Council Order No. 91, amended by Order No. 732 of the State Council of the PRC on 29 November 2020);
11. Regulations on Certain Issues of Management of State-owned Asset Valuation (Ministry of Finance Order No. 14);
12. Detailed Rules for the Implementation of the Measures for the Administration of State-owned Asset Valuation (State-owned Assets Office [1992] No. 36);
13. Interim Measures for the Management of State-owned Asset Valuation of Enterprises (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);
14. Notice on Issues Concerning Strengthening the Management of State-Owned Asset Valuation in Enterprises (SASAC Property [2006] No. 274);
15. Notice on Matters Related to the Audit of State-Owned Asset Valuation Reports of Enterprise (SASAC Property [2009] No. 941);
16. Notice on Issuing the 'Guidelines for Filing State-owned Asset Valuation Projects of Enterprise' (SASAC Property [2013] No. 64);
17. Measures for the Supervision and Administration of the Transfer of State-Owned Assets of Enterprises (Order No. 32 of the SASAC and the Ministry of Finance);
18. Notice on Matters Related to Promoting the Transfer of State-Owned Property Rights of Enterprise (SASAC Property [2014] No. 95);

19. The Corporate Income Tax Law of the PRC (as amended for the second time at the 7th meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);
20. Regulations for the Implementation of the Corporate Income Tax Law of the PRC (promulgated by Order No. 512 of the State Council of the PRC on 6 December 2007, and amended by Order No. 714 of the State Council of the PRC on 23 April 2019);
21. Interim Regulations of the PRC on Value-added Tax (promulgated by Order No. 134 of the State Council of the PRC on 13 December 1993, and amended for the second time by Order No. 691 of the State Council of the PRC on 19 November 2017);
22. Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-added Tax (Order No. 50 of the Ministry of Finance and the State Administration of Taxation, revised for the third time by Order No. 666 of the State Council of the PRC on 6 February 2016);
23. Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting the Value-Added Tax Rate (Caishui [2018] No. 32);
24. Announcement on Policies Related to Deepening Value-added Tax Reform (Announcement No. 39 of 2019 of the Ministry of Finance, State Administration of Taxation and General Administration of Customs);
25. Other relevant laws, regulations, notices and documents.

(III) Basis for valuation criteria

1. Basic Principles of Asset Valuation (Cai Zi [2017] No. 43);
2. Code of Professional Ethics for Asset Valuation (China Appraisal Society [2017] No. 30);
3. Asset Valuation Practice Standards – the Asset Valuation Engagement Contract (China Appraisal Society [2017] No.33);
4. Asset Valuation Practice Standards – the Asset Valuation Procedures (China Appraisal Society [2018] No.36);
5. Asset Valuation Practice Standards – the Asset Valuation Report (China Appraisal Society [2018] No.35);
6. Asset Valuation Practice Standards – the Asset Valuation Files (China Appraisal Society [2018] No.37);

7. Asset Valuation Practice Standards – the Asset Valuation Methods (China Appraisal Society [2019] No.35);
8. Asset Valuation Practice Standards – Utilizing Expert Opinions and Related Reports (China Appraisal Society [2017] No.35);
9. Asset Valuation Practice Standards – Corporate Value (China Appraisal Society [2018] No.38);
10. Asset Valuation Practice Standards – Machinery and Equipment (China Appraisal Society [2017] No.39);
11. Asset Valuation Practice Standards – Real Estate (China Appraisal Society [2017] No.38);
12. Asset Valuation Practice Standards – Intangible assets (China Appraisal Society [2017] No.37);
13. Asset Valuation Practice Standards – Intellectual Property (China Appraisal Society [2023] No. 14);
14. Guidelines for the Valuation Report of State-Owned Assets of Enterprise (China Appraisal Society [2017] No. 42);
15. Guidelines for Business Quality Control of Asset Valuation Institutions (China Appraisal Society [2017] No. 46);
16. Guidance on Types of Value of Asset Valuation (China Appraisal Society [2017] No. 47);
17. Guidance on the Legal Ownership of Asset Valuation Subjects (China Appraisal Society [2017] No.48).

(IV) Basis for Ownership

1. Real estate ownership certificate;
2. Vehicle Registration Certificate;
3. Contracts or invoices for major asset purchases;
4. Other documents proving ownership of assets.

(V) Basis for Pricing

1. The latest loan prime rate (LPR) announced by the National Interbank Funding Center with authorization;
2. Electromechanical Products Quotation Manual published by China Machinery Industry Press;
3. Online automotive price information materials;
4. Price information and data available for inquiry on the equipment's website;
5. The accounting statements, books and vouchers as of the Valuation Reference Date provided by the evaluated entity and its management, as well as the asset valuation declaration form;
6. The evaluated entity's historical annual financial statements and audit reports;
7. The future income, cost and expense forecast provided by the management of the evaluated entity;
8. The information provided by the management of the evaluated entity regarding its current contracts, orders and target customers;
9. On-site inspection records prepared by the asset valuer and other relevant valuation information and materials collected.

(VI) Other references

1. The financial data as of the Valuation Reference Date has been audited by Baker Tilly China Certified Public Accountants (Special General Partnership), as evidenced by audit report of Tian Zhi Ye Zi [2026] No. 6137-1;
2. Financial data and capital market information from Hithink Royalflush iFinD system;
3. The on-site survey records of valuation professionals;
4. The Asset Valuation Declaration Form provided by the evaluated entity;
5. Common Methods and Parameters for Asset Valuation (Machinery Industry Press);
6. Statistical analysis data on the national macroeconomy, industries, regional markets and companies;
7. Other information.

VII. VALUATION METHODS

(I) Overview of valuation methods

According to asset valuation standards, enterprise value assessment can use three methods: the asset-based approach, the market approach and the cost approach (asset-based approach).

The income approach refers to the valuation method of capitalizing or discounting a company's expected income to determine the value of the Valuation subject. Common methods under the income approach include the dividend discount model and the discounted cash flow method.

The market approach refers to the valuation method that determines the value of the Valuation subject by comparing it to comparable listed companies or comparable transaction cases.

The asset-based approach in enterprise value assessment refers to the valuation method of reasonably assessing the values of on-balance-sheet and identifiable off-balance-sheet assets and liabilities based on the balance sheet of the evaluated entity as of the Valuation Reference Date, to determine the value of the Valuation subject.

(II) Selection of Valuation methods

According to the Asset Valuation Practice Standards – Enterprise Value, “When conducting an enterprise value assessment, one should analyze the suitability of the three basic methods, i.e. income approach, market approach and cost approach (asset-based approach), based on the purpose of the Valuation, the Valuation subject, the type of value, data collection and so on, and then choose the valuation method.” “For cases where different valuation methods are appropriate for enterprise valuation, asset valuation professionals should use at least two valuation methods for the assessment.”

The basic concept of the asset-based approach is to reconstruct or replace the asset being appraised under current conditions; when deciding to invest in an asset, a potential investor will not be willing to pay more than the current cost of acquiring or constructing that asset. The Valuation project meets the conditions required for the asset-based approach, namely, the subject property is in active use or is assumed to be in active use, and historical operating data is available. The use of the asset-based approach satisfies the type of value requirements for the Valuation.

The income approach evaluates an asset based on its expected earning capacity, fully reflecting the enterprise's overall value; its appraisal results are highly reliable and persuasive. At the same time, the evaluated entity meets the prerequisites for applying the income approach: it is expected to continue as a going concern in the future; the duration of future

earnings is predictable; there is a stable relationship between shareholders' equity and the company's operating income; future operating income can be forecasted and quantified; and the risks and returns associated with the company's expected earnings can be estimated and measured.

Upon reviewing domestic listed companies in the same industry as the evaluated entity, it was found that very few are comparable in terms of product types, business models, company size, asset allocation and future growth potential. Furthermore, there have been few recent equity transactions in the property rights market involving companies with similar industry characteristics and business models; information such as the background of relevant transactions and the operational and financial data of comparable cases cannot be obtained from public sources. Therefore, the basic conditions for applying the market approach to the Valuation are not met.

Based on the above analysis, the asset-based approach and the income approach are adopted in the Valuation.

(III) Introduction to the asset-based approach

The asset-based approach refers to a Valuation method of assessing the values of on-balance-sheet and identifiable off-balance-sheet assets and liabilities based on the balance sheet of the evaluated entity as of the Valuation Reference Date, to determine the value of the Valuation subject.

1. Description of current asset valuation

Current assets include cash and cash equivalents, receivables, prepayments, other receivables, inventories, contract assets and other current assets. The valuers adopted appropriate on-site verification procedures and valuation methods based on the specific circumstances of each asset, which are summarized as follows:

(1) Cash and cash equivalents

Cash and cash equivalents include bank deposits.

1) Bank deposits

The valuers reviewed the relevant accounting records and bank statements, and carried out confirmation of the closing balances. They examined the bank statements and the bank deposit reconciliation statements, and, based on the responses received, determined that the unmatched items were normal; following reconciliation, the bank deposit balances were found to be in agreement. For the RMB accounts, the verified book value was confirmed as the Appraised Value.

(2) Receivables

For receivables, the valuers reconcile the subsidiary ledger with the general ledger, financial statements and the assessment schedule to ensure the balances match; review accounting records such as payment amounts, transaction dates and business details based on the assessment schedule; and analyze the ageing of receivables. The valuers perform confirmation procedures on items involving large or unusual amounts; for items where no reply is received, implement alternative procedures (such as obtaining supporting documents relating to payments received after the balance sheet date or documents relating to the transaction at the time it occurred); and cross-check receivables from related parties to verify the authenticity and completeness of the receivables, ensuring that the amounts in the ledgers, statements and vouchers are consistent.

Based on verifying that the above receivables are correct, the valuers use historical data and information gathered from on-site investigations to specifically analyze the amount owed, the duration and reasons for the debt, the collection status, and the debtor's current financial situation, credit and operational management. They estimate potential risk losses using individual recognition and aging analysis methods. For transactions with related companies where there is sufficient reason to believe the full amount can be recovered, the estimated risk loss is 0%. If there is solid evidence that the amount cannot be recovered or the aging is extremely long even after collection efforts, the estimated risk loss is 100%.

(3) Prepayments

The valuers first reconcile the general ledger, subsidiary ledgers, financial statements, and the detailed inventory and valuation worksheet. If, on the date of the valuers' on-site verification, the goods covered by the prepayment have already been delivered or the services have already been provided, the valuers review the ledgers for assets such as inventories and fixed assets, as well as the prepayment subsidiary ledger. After verifying that the information is accurate, the book value is used as the Appraised Value. If, on the date of the valuer's on-site verification, the goods covered by the prepayment have not yet been delivered or the services have not yet been provided, the valuers will conduct procedures such as sending confirmation letters, reviewing source documents, inquiring about the debtor's operating status and creditworthiness, and performing an aging analysis, and based on a comprehensive analysis and judgment, the appraised value shall be the estimated amount of goods to be received covered by the prepayment, services to be obtained, or cash and cash equivalents to be recovered, i.e. the amount that can form corresponding assets and equity.

(4) Other receivables

For other receivables, the valuers reconcile the subsidiary ledger with the general ledger, financial statements and the assessment schedule to ensure the balances match; review accounting records such as payment amounts, transaction dates and business

details based on the assessment schedule; and analyze the ageing of other receivables. The valuers perform confirmation procedures on items involving large or unusual amounts; for items where no reply is received, implement alternative procedures (such as obtaining supporting documents relating to payments received after the balance sheet date or documents relating to the transaction at the time it occurred); and cross-check other receivables from related parties to verify the authenticity and completeness of the other receivables, ensuring that the amounts in the ledgers, statements and vouchers are consistent.

Based on verifying that the above other receivables are correct, the valuers use historical data and information gathered from on-site investigations to specifically analyze the amount owed, the duration and reasons for the debt, the collection status, and the debtor's current financial situation, credit and operational management. They estimate potential risk losses using individual recognition and aging analysis methods. For transactions with related companies where there is sufficient reason to believe the full amount can be recovered, the estimated risk loss is 0%. If there is solid evidence that the amount cannot be recovered or the aging is extremely long even after collection efforts, the estimated risk loss is 100%.

(5) Inventories

1) Raw material

The valuers verify the accuracy of book inventory levels, as well as the quality and turnover of inventories, by conducting on-site inspections of warehouse storage conditions, reviewing warehouse management policies and periodic inventory count procedures, and conducting spot checks of actual inventory levels.

After verifying that the quantities recorded in the books, on the schedules, and in physical inventory match, the valuers analyze the composition of the book value and the dates of purchase based on the findings of the investigation and the information provided by the company. Since inventories turn over quickly and raw materials remain in stock for only a short time, most unused raw materials were purchased recently, and their book value is very close to market price; therefore, the Appraised Value is determined based on the verified book value.

(6) Contract assets

There are 2 contract assets in total. Contract assets refer to the rights a company has to receive consideration for transferring goods to a customer, and these rights depend on factors other than the passage of time, specifically: EPC general contracting.

By verifying the accounting dates, collecting relevant contracts, and investigating the total contract amount, the total progress payments eligible for recognition of equity as per the agreement, and the amounts for which invoices have been issued, the valuers confirm that the amount of contract assets is reasonable and determine the Appraised Value based on the verified book value.

(7) Other current assets

Other current assets consist primarily of the company's tax retained.

Based on verification, the valuers check the company's tax returns by understanding the applicable tax types, rates, amounts and payment rates, and confirm the accuracy and authenticity of the reported amounts by reviewing payment receipts. After verification, the company's tax payments match the reported amounts. Therefore, the verified book value is used as the Appraised Value.

2. Description of non-current asset valuation

Non-current assets include fixed assets, right-of-use assets, intangible assets, long-term deferred expenditures and deferred income tax assets.

(1) Fixed assets

1) Buildings and structures assets

The building is the Wuhan R&D Building. During the interval leading up to the Valuation Reference Date, there were no significant changes in the market prices of properties in the area. Therefore, the Valuation references the valuation report by Northern Asia Assets Assessment Co., Ltd., using the market approach as of the Valuation Reference Date on 31 July 2025.

The summary of the Valuation Report titled Asset Valuation Report on Certain Fixed Assets Involved in the Proposed Asset Financing of Daye Non-ferrous Metals Co., Ltd. (Northern Asia Valuation Report [2025] No. 01-1205):

- I. Purpose of the Valuation: According to the Minutes of the Standing Committee of the CPC Committee of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16) and the Minutes of the General Manager's Office Meeting of Daye Nonferrous Metals Group Holdings Company Limited ([2025] No. 16), the purpose of the Valuation is to assess the value of certain fixed assets of Daye Non-ferrous Metals Co., Ltd. as it intends to use certain fixed assets as capital contributions; therefore, thereby providing a value reference for the economic transaction of Daye Non-ferrous Metals Co., Ltd.

II. Valuation subject and scope: The Valuation subject is the value of certain fixed assets of Daye Non-ferrous Metals Co., Ltd. The Valuation scope covers certain fixed assets of Daye Non-ferrous Metals Co., Ltd., including buildings and machinery and equipment.

III. Type of value: market value.

IV. Valuation Reference Date: 31 July 2025.

V. Valuation method: market approach

VI. Valuation conclusion: The Appraised Value of the building (including tax) is RMB82,980,400.00; and RMB79,028,952.38 (excluding tax).

The Appraised Value of the building is RMB79,028,952.38.

2) Machinery and equipment

① Machinery and equipment are primarily valued using the cost approach.

The cost approach is an asset valuation method that determines the Appraised Value of the asset under valuation by calculating the total cost required to replace or construct a brand-new asset under current conditions, then subtracting the physical, functional and economic depreciation that has already occurred in the asset. When using the replacement cost method to determine the Appraised Value, it may first estimate the percentage of the asset's condition relative to its brand-new state, that is, calculate the percentage of use, and then multiply the total cost by this percentage to obtain the Appraised Value.

Formula: Appraised Value = Replacement cost × Percentage of use

A. Determination of replacement cost

Replacement cost = Equipment purchase price + Freight and handling charges + Installation costs + Basic costs + Upfront and other expenses + Cost of capital – Deductible value-added tax

a. Equipment purchase price

For domestic equipment: the main equipment's market price as of the Valuation Reference Date is mainly determined by consulting the manufacturers or foreign equipment agents. For general equipment, prices are mainly based on the 2025 Electromechanical Products Quotation Manual and online price information, as well as reference to recent contract prices of similar equipment.

Freight and handling charges

The equipment manufacturer is responsible for freight and handling charges; no such charges are incurred when the equipment is delivered to the purchasing entity's place of use.

Freight and handling charges = Tax-inclusive purchase price × Freight and handling charges rate

If a company receives an invoice for freight and handling charges that are eligible for a tax credit, these charges are taken into account after the credit has been applied. The value-added tax rate for equipment transportation costs is 9%.

c. Installation costs

Based on the consumption of auxiliary materials for the equipment being appraised, the basic condition of the installation and the difficulty of installation, the installation costs are calculated and confirmed using the relevant equipment installation rates from the Manual of Common Data and Parameters for Asset Valuation, based on the tax-inclusive purchase price of the equipment. Equipment that does not require installation is not taken into account.

d. Basic costs

Based on the condition of the equipment being appraised and in accordance with the basic rates for relevant equipment in the Manual of Common Data and Parameters for Asset Valuation, the costs are calculated and confirmed using the tax-inclusive purchase price of the equipment. Where the basic costs have already been factored into the valuation of the building, it will not be calculated separately.

e. Upfront and other expenses and cost of capital

Upfront and other expenses include construction unit management fees, survey and design fees, construction supervision fees, bidding and tender management fees, consulting fees for preliminary project work and environmental assessment fees. These expenses are calculated based on the standards for other construction project expenses applicable to the location of the equipment, taking into account the specific characteristics of the equipment itself. The calculation is based on the sum of the equipment purchase price, freight and handling charges, basic costs and installation costs.

f. Cost of capital

Based on the reasonable construction period of the project, the cost of capital is calculated using the LPR rate as of the Valuation Reference Date, assuming that funds are invested evenly throughout the construction period.

$$\text{Cost of capital} = (\text{Purchase Price} + \text{Freight and handling charges} + \text{Installation costs} + \text{Basic costs} + \text{Other costs}) \times \text{Loan Interest Rate} \times \text{Construction Period} \times 1/2$$

B. Determination of percentage of use

Based on the equipment's economic service life, and through on-site inspections of the equipment's current condition, review of relevant records regarding equipment operation, repairs and maintenance, as well as consultations with engineering and technical personnel and operators regarding the equipment's technical condition, actual load, failure history, major overhauls, technical upgrades, and maintenance and servicing, and based on an inspection of each component of the equipment, while also taking into account factors such as the equipment's years of service, the remaining service life of the equipment is comprehensively determined. The percentage of use is then calculated using the following formula.

$$\text{percentage of use} = \text{Remaining service life} / (\text{Remaining service life} + \text{Elapsed service life}) \times 100\%$$

C. Determination of Appraised Value

$$\text{Appraised Value} = \text{Replacement cost} \times \text{Overall percentage of use} \times \text{quantity}$$

② Valuation Method for vehicle

A. Determination of replacement cost

For transport vehicles, the replacement cost is determined based on the market price as of the Valuation Reference Date, plus vehicle purchase tax and other reasonable expenses (license fees). The formula is as follows:

$$\text{Replacement cost} = \text{Purchase price} + \text{Vehicle purchase tax} + \text{License fees} - \text{Value-added tax deductible from the purchase price}$$
$$\text{Vehicle purchase tax} = \text{Vehicle price excluding tax} \times 10\%$$

Of which:

The current purchase price is primarily based on current quotes in the local automotive market or online quotes, and is determined by reference to the latest market prices for similar vehicle models in the area where the vehicle is located. For vehicles purchased a long time ago for which the original model and specifications cannot be verified, the purchase price of similar vehicles with the same engine displacement is used as a reference for assessing the vehicle's purchase price.

The vehicle purchase tax is calculated according to the Provisional Regulations of the PRC on Vehicle Purchase Tax.

License fees and other charges are calculated according to the regulations of the local traffic authorities, depending on the area where each vehicle is located.

B. Determination of percentage of use

For transport vehicles, the percentage of use is determined using the lower of either vehicle mileage or years of use. According to the Ministry of Commerce, NDRC, Ministry of Public Security and Ministry of Environmental Protection Order No. 12 of 2012, i.e. Regulations on Mandatory Scrapping Standards for Motor Vehicles (effective 1 May 2013), there is no use-year limit for small and micro non-commercial passenger cars, with a mileage of 600,000km. For these types of vehicles, the percentage of use is mainly calculated based on mileage, and then adjusted according to on-site inspection. If the results from the on-site inspection are not significantly different from the percentage of use determined by the lower-of method, no adjustment is made.

Percentage of use by years = (Legal vehicle lifespan – Years already driven)/Vehicle's specified lifespan × 100%

Percentage of use by mileage = (Legal vehicle mileage – Accumulated mileage)/Legal vehicle mileage × 100%

At the same time, necessary inspections and appraisals should be conducted for the vehicles to be evaluated. If the results of the inspections and appraisals differ significantly from those determined by the aforementioned method, appropriate adjustments should be made; if the results are comparable, no adjustments are necessary. That is:

Theoretical percentage of use = Min (percentage of use by years, percentage of use by mileage)

Surveyed percentage of use

The surveyed percentage of use is the process of technically evaluating a vehicle based on its structure and according to the principle of importance. Valuers work together with the technical management staff and operators of the evaluated entity to inspect and assess each part of the equipment as needed, resulting in the surveyed percentage of use.

Overall percentage of use = Theoretical percentage of use $\times$ 40% +
Surveyed percentage of use $\times$ 60%

For vehicles appraised directly based on the used car market price, the percentage of use will no longer be taken into account.

C. Determination of Appraised Value

Appraised Value = Replacement cost $\times$ Overall percentage of use $\times$
quantity

③ Valuation Method of electronic equipment

Electronic equipment is primarily valued using the cost approach, with some items valued using the market approach.

The cost approach is an asset valuation method that determines the Appraised Value of the asset under valuation by calculating the total cost required to replace or construct a brand-new asset under current conditions, then subtracting the physical, functional and economic depreciation that has already occurred in the asset. When using the replacement cost method to determine the Appraised Value, it may first estimate the percentage of the asset's condition relative to its brand-new state, that is, calculate the percentage of use, and then multiply the total cost by this percentage to obtain the Appraised Value.

Formula: Appraised Value = Replacement cost $\times$ Percentage of use

In accordance with relevant national tax policies, when a company purchases fixed assets, it is eligible to claim a tax credit for the input tax. Therefore, the replacement cost of the equipment assets does not include value-added tax.

A. Determination of replacement cost

For electronic equipment, manufacturers or retailers typically provide free shipping and installation. Therefore, the replacement cost of electronic equipment is determined based on recent market price data, such as local market information for equipment of the same model as of the Valuation Reference Date and online price quotes, minus any deductible value-added tax. That is,

$$\text{Replacement cost} = \text{Tax-exclusive purchase price}$$

For electronic equipment purchased some time ago or for models that are no longer available on the market, but are still in normal use, the Appraised Value shall be determined directly by referring to the secondhand market price of similar equipment.

B. Determination of percentage of use

The percentage of use can be determined by adopting the service useful life method or the age-based method. The formula is:

$$\text{Percentage of use} = (\text{Economic lifespan} - \text{Elapsed service life}) / \text{Economic lifespan} \times 100\%$$

For electronic equipment appraised directly based on the used equipment market price, the percentage of use will no longer be taken into account.

(2) *Right-of-use assets*

The book value of right-of-use assets is RMB195,880.86, representing the right of the evaluated entity to use the relevant leased assets during the lease term. The book value of right-of-use assets consists primarily of the initial measurement amount of lease liabilities and direct costs incurred at the inception of the lease.

The valuers investigated the relevant leased properties, reviewed the lease agreements, and verified the lease term, remaining lease term, rent levels and outstanding lease payments. They also determined whether there were any purchase options, renewal rights, or early termination rights. Upon verification, it was determined that the initial book value of the right-of-use assets was accurately measured and that depreciation was accrued appropriately. The Appraised Value of the right-of-use assets is determined based on their verified book value.

(3) *Intangible assets – other intangible assets*

Intangible assets – other intangible assets consist primarily of 18 items of purchased business software. Their book value is RMB465,706.74. Off-balance-sheet intangible assets consist of 51 patents, 6 software copyrights and 1 domain name. Since both the purchased software and the off-balance-sheet intangible assets are used in daily production, the purchased intangible assets and the off-balance-sheet intangible assets are assessed collectively.

There are three common methods for intangible assets valuation, i.e. the cost approach, the market approach and the income approach.

The cost approach is a method of determining the value of intangible assets based on their cost. The cost herein refers to replacement cost, that is, the cost calculated by applying current prices to the expenses and costs of materials, labor, and other resources consumed at the time, or the cost required to acquire an intangible asset with the same functionality using current methods. Because the cost of intangible assets is incomplete, has weak correspondence, and is hypothetical in nature, the cost approach is not widely used in the valuation of intangible assets.

The market approach is a method of determining the value of intangible assets based on the market price of similar intangible assets, with appropriate adjustments. When there are more transaction prices of intangible assets, the market approach can be used in the valuation of intangible assets.

The income approach is a method for calculating the value of intangible assets by discounting the income they generate over their future lifespan to present value using a certain discount rate.

The revenue-sharing method is used in the valuation of intangible assets – other intangible assets.

1) Valuation approach and model

The purchased software, a trademark and self-developed patent assets included in the Valuation are quite practical and are directly used in the company's production and operations after development. The benefits of these technologies and assets can be clearly linked, and their value can be reliably identified.

For this type of contribution-type intangible assets, the revenue-sharing method is used for evaluation. The basic calculation formula is:

$$P = \sum_{i=1}^n \frac{R_i \times K}{(1+r)^i}$$

Of which: P – Value of patent rights

K – Patent rights on corresponding operating revenue

R_i – Patent rights on corresponding Operating revenue of product phase i

n – Period of income

r – Discount rate

(4) Long-term deferred expenditures

There is a total of two long-term deferred expenditures, primarily related to the upgrade and renovation of the Company's laboratory building.

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers; they also performed the necessary valuation procedures to verify their accuracy. They examined the composition and historical transactions of the book balance for long-term deferred expenditures, as well as the corresponding amortization, and determined the Appraised Value based on the verified audited book value.

(5) Deferred income tax assets

Deferred income tax assets represent the tax effects arising from temporary differences where a company has paid taxes in accordance with tax laws but, under accounting standards, must reverse those payments in future periods and record them in the income tax account.

The valuers investigated the reasons for the deferred income tax assets, verified the accounting vouchers for the deferred income tax assets as of the Valuation Reference Date, checked the financial statements, accounting books, and accounting vouchers, and found that the verification results were consistent with the declarations. The Appraised Value was determined based on the verified book value.

3. Description of current liabilities valuation

The valuation scope of covers the following current liabilities: payables, contract liabilities, employee remuneration payable, taxes payable, other payables, non-current liabilities due within one year and other current liabilities.

(1) Payables

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, examined the relevant documents, contracts and agreements, conducted a random sample analysis of the aging, amounts, and economic substance of the payments, and performed confirmation procedures on significant payables. Upon verification, it was confirmed that the liabilities are true and valid, representing actual obligations to be assumed, and the Appraised Value was confirmed based on the verified book value.

(2) Contract liabilities

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, examined the relevant documents, contracts and agreements, conducted a random sample analysis of the aging, amounts, and economic substance of the payments, and performed confirmation procedures on significant contract liabilities. Upon verification, it was confirmed that the liabilities are true and valid, representing actual obligations to be assumed, and the Appraised Value was confirmed based on the verified book value.

(3) Employee remuneration payable

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, verified and randomly rechecked each item of employee remuneration payable according to company rules and examined how these items were accrued and paid. Upon verification, the financial handling was correct and in line with the Company's relevant policies, and the Appraised Value was confirmed based on the verified book value.

(4) Taxes payable

Based on the detailed inventory and valuation worksheet provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, and reviewed the audit adjustment entries. They also carried out the necessary valuation procedures to verify their authenticity, and the verification results were basically consistent with the submitted data. After spot-checking the accruals and payment vouchers for taxes payable and confirming that the accruals and payments generally comply with relevant regulations, they determined the Appraised Value based on the actual debts the Company is expected to bear in the future.

(5) Other payables

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, examined the relevant documents, contracts and agreements, conducted a random sample analysis

of the aging, amounts, and economic substance of the payments, and performed confirmation procedures on significant other payables. Upon verification, it was confirmed that the liabilities are true and valid, representing actual obligations to be assumed, and the Appraised Value was confirmed based on the verified book value.

(6) Non-current liabilities due within one year

Non-current liabilities due within one year are mainly audit adjustments for right-of-use assets.

Based on the asset valuation schedule provided by the Company, the valuers reviewed the financial statements, accounting ledgers and accounting vouchers, examined the relevant documents, contracts and agreements. Upon verification, it was confirmed that the liabilities are true and valid, representing actual obligations to be assumed, and the Appraised Value was confirmed based on the verified book value.

(7) Other current liabilities

Other current liabilities are advance payments that are waiting to be converted into output tax.

The valuers examined the relevant documents and accounting vouchers to confirm that the payments were true and the amounts correct, and that the output tax rate was appropriate and correctly calculated, and the Appraised Value was confirmed based on the verified book value.

4. Description of non-current liabilities valuation

The non-current liabilities covered by the valuation scope comprise lease liabilities. The Appraised Value was determined based on the liability items and amounts actually to be borne by the evaluated entity. The specific methods used to verify and confirm these are as follows:

(1) Lease liabilities

Lease liabilities consist primarily of those arising from the Company's leased assets.

The valuers examined the relevant contracts, payment vouchers and other documents to verify the lease arrangements. By verifying the names of the leased assets, the contract commencement dates, contract expiry dates, outstanding lease payments and the relevant discount rates, they confirmed that the book values were accurate and that the liability amounts were correct, and carried out the valuation based on the verified book value.

(2) *Deferred income tax assets*

The book value of deferred income tax assets is RMB1,733,583.14. Deferred income tax assets represent the tax effects arising from temporary differences where a company has paid taxes in accordance with tax laws but, under accounting standards, must reverse those payments in future periods and record them in the income tax account.

(IV) Introduction to income approach

The income approach reflects the evaluation principle of seeking the principal through the income in asset valuation that the amount of money a buyer is willing to pay for an asset won't exceed the present value of the expected future returns from that asset. In the Valuation, the estimate of the total equity value of the Institute's shareholders is done by discounting the net cash flows the institute is expected to generate in the future. That is, the net cash flows generated by the business in future years are discounted at an appropriate rate and summed up to calculate the value of the operating assets of the company, then added the value of surplus assets, non-operating assets, and the assessed value of long-term equity investments, and subtract interest-bearing debts to get the total equity value for the shareholders.

In income approach valuation calculations, the value concept of the evaluated entity and the type of income used, as well as the discount rate, must all be consistent.

The specific valuation methods of the income approach are as follows:

1. Valuation model

In accordance with the Asset Valuation Practice Standards – Enterprise Value, the value of the Valuation subject was determined using the enterprise free cash flow model in the discounted cash flow (DCF) method based on the income approach.

The total asset value of an enterprise comprises the value of operating assets arising from normal business activities and the value of non-operating assets unrelated to normal business activities, namely:

Total asset value = Value of operating assets + Value of surplus assets + Value of non-operating assets

Total equity value of shareholders = Total enterprise value – Value of interest-bearing debt

Of which: The value of operating assets is determined using the following formula

$$P = \sum_{i=1}^n [R_i \times (1 + r)^{-i}] + (R_n \times (1 + g)/(r - g) \times (1 + r)^{-n})$$

Of which: P: Value of operating assets;

R_i : Free cash flow of the enterprise in the year i ;

R_n : Sustainable annual free cash flow;

g : Sustainable growth rate, $g=0.00\%$ in the Valuation;

i : A clearly defined forecast period;

r : Annual discount rate.

2. Determination of enterprise free cash flow

The forecast of enterprise free cash flow is based on the company's operating performance over the past 3-5 years. It follows the current laws and regulations of our country and takes into account national macro policies, the macroeconomic situation of the country and regions, the development status and plans of relevant industries, the company's development plans and business strategies, strengths, weaknesses, opportunities and risks. It especially considers the market environment the company faces, as well as its future prospects and potential. The forecast is prepared through comprehensive analysis, and the calculation formula is as follows:

Enterprise free cash flow = net profit after-tax + depreciation and amortization + interest expense (after tax effect) – capital expenditures – change in net working capital

3. Determination of the profit period

There are no particular circumstances to suggest that the enterprise is unlikely to continue as a going concern, and provided that normal maintenance and upgrades are carried out, the buildings, equipment and production facilities will remain in a condition to continue to be of use; the profit period is therefore determined on a perpetual basis. In the Valuation, taking into account the going concern assumption, the future income from going concern assets has been divided into two phases. The first phase runs from 1 January 2026 to 31 December 2030; during this phase, the Company's future income is analyzed and forecast on an annual basis, taking into account its operating performance, income status and the development of the relevant industry; the second phase runs from 1 January 2031 to the point of perpetual operation; during this phase, the Company's scale of operations is assumed to remain essentially stable.

4. Determination of the discount rate (r)

- (1) According to the principle of matching the rate of return with the discount rate, the weighted average cost of capital, calculated using the commonly used WACC model internationally, is adopted as the discount rate. That is:

$$r = r_e \cdot \left(\frac{1}{1 + \frac{D}{E}} \right) + r_d \cdot (1 - T) \cdot \left(1 - \frac{1}{1 + \frac{D}{E}} \right)$$

Of which:

r_e : Return on equity

r_d : Debt yield

E: Market value of equity capital

D: Market value of debt capital

T: Income tax rate

- (2) The cost of equity capital is calculated using the CAPM model, which is commonly used internationally. That is:

$$r_e = r_f + \beta \cdot ERP + r_c = r_f + \beta \cdot (r_m - r_{f1}) + r_c$$

Of which:

r_f : Risk-free return

r_m : Expected return of the entire market portfolio

$r_m - r_{f1}$: Equity market excess risk return

β : Beta coefficient

r_c : Company-specific risk adjustment factor

5. Determination of surplus asset value

Surplus assets refer to assets that are not directly related to the enterprise's earnings and are excessive beyond what is necessary for the enterprise's operations.

6. Determination of the value of non-operating assets

Non-operating assets refer to assets that are not directly related to the enterprise's earnings and do not generate benefits. The value of non-operating assets is generally determined in valuations using methods such as the cost approach.

7. Determination of interest-bearing debts

Interest-bearing debt refers to the interest-bearing liabilities recognized in the accounts of the entity being valued as at the Valuation Reference Date, including short-term borrowings, non-current liabilities due within one year, bonds payable, interest-bearing bills payable and long-term borrowings.

**VIII. IMPLEMENTATION PROCESS AND STATUS OF THE VALUATION
PROCEDURE**

The valuers carried out a valuation of the assets and liabilities relating to the Valuation subject. The main implementation process and status of the valuation procedure are as follows:

(I) Preliminary preparation and accepting commissions

The valuers shall first familiarize themselves with the principal, the evaluated entity and any other users of the asset Valuation Report other than the principal; the purpose of the Valuation; the Valuation subject and scope; the type of value, the Valuation Reference Date, the scope of use of the Asset Valuation Report, the deadline and method for submitting the Report, the valuation fees and payment terms, as well as the cooperation and assistance required from the principal, other relevant parties, the asset valuation agency and its valuation professionals. Following clarification of these fundamental engagement matters and a comprehensive analysis and assessment of professional competence, independence and engagement risks, the Asset Valuation Engagement Contract shall be signed with the principal. Following a presentation by relevant personnel of the evaluated entity regarding the historical and current status of the enterprise's operations and assets, an asset valuation plan shall be drawn up in accordance with the specific circumstances of the asset valuation engagement, and an asset valuation team shall be formed.

(II) On-site investigations and data collection

Asset valuation professionals take into account the list of assets, project progress, future plans and other information provided by the evaluated entity. Valuers go on-site at the Institute and investigate the Valuation subject and its related assets, resources, and market situation through inquiry, verification, inspection and examination. They collect the materials needed for asset valuation based on the specifics of the valuation engagement, and verify the collected information through observation, questioning, document review, confirmations, on-site investigations, inquiries and rechecks. By conducting on-site surveys and gathering evaluation data, they understand the current status of the Valuation subject and pay attention to the legal ownership of the Valuation subject and its related assets.

(III) Organizing data

Asset valuation professionals conduct independent market research in accordance with the specific circumstances of the asset valuation engagement, collect relevant information and data, and carry out the necessary screening, analysis, generalization and organization of the valuation data collected, thereby establishing the basis for the valuation estimate and the preparation of the asset valuation report. This is done in accordance with the purpose of the Valuation, the Valuation subject, the type of value and the data collection process.

(IV) Valuation and Estimation

Asset valuation professionals analyze, calculate and assess the specific circumstances of various types of assets, selecting appropriate formulas and parameters in accordance with the Valuation methods employed, to arrive at Valuation results. Following a comprehensive analysis of these results, a preliminary Valuation conclusion is drawn up and a preliminary asset valuation report is prepared.

(V) Internal audit and report preparation

Asset valuation professionals conduct a comprehensive analysis of the Valuation results obtained, formulate a Valuation conclusion, and prepare a draft asset valuation report. In accordance with laws, administrative regulations, Asset Valuation Practice Standards and the asset valuation agency's internal quality control procedures, an internal review of the draft asset valuation report is carried out. Without compromising the independent judgement of the Valuation conclusion, necessary communication regarding the relevant content of the asset valuation report is conducted with the principal or other relevant parties agreed by the principal, after which the formal Asset Valuation Report is finalized and submitted to the principal.

(VI) Archiving of valuation records

In accordance with the requirements of the asset valuation standards, valuers organize the working papers, asset valuation reports and other relevant documentation to compile an asset valuation file.

IX. VALUATION ASSUMPTIONS

Due to changes in the operating environment in which the company operates, as well as the ever-changing factors affecting asset value, it is necessary to establish certain assumptions to enable the asset valuers to assess the value of the assets and fully support the Valuation conclusions we have reached. The Valuation is based on the following premises and assumptions:

(I) Basic assumptions**1. *The assumption of continuous business operation of the enterprise***

The assumption of continuous operation of the enterprise is that the business operations of the evaluated entity are legal and no unforeseen factors will occur that prevent it from continuing to operate. The current use of the evaluated assets remains unchanged and they will continue to be used in their original location.

2. *Transaction assumption*

The transaction assumption is that it is assumed that all the assets to be evaluated are already in the process of transaction. The valuer conducts the valuation by simulating the market based on the transaction conditions of the assets to be evaluated. The transaction assumption is the most fundamental premise assumption for asset valuation.

3. *Public market assumption*

The public market assumption assumes that the assets traded in the market, or the assets to be traded in the market, are such that both parties in the transaction have equal status, and both have the opportunity and time to obtain sufficient market information to make rational judgments about the functions, uses, and transaction prices of the assets. The public market assumption is based on the premise that the assets can be freely traded in the market.

4. *Assumption of using assets for their current purposes*

The assumption of using assets for their current purposes refers to a presumption regarding the conditions under which the assets are intended to enter the market and the state of their usage under such market conditions. Firstly, it is assumed that the assets within the assessment scope are currently in use. Secondly, it is assumed that they will continue to be used in the current manner and usage methods without considering the conversion of asset uses or the best utilization conditions.

(II) General assumptions

1. Assuming that there are no significant changes in the national macroeconomic situation and the current relevant laws, regulations and policies; and that the political, economic and social environment of the regions where both parties of the transaction are located also have no significant changes.
2. Based on the actual situation of assets as of the Valuation Reference Date, it is assumed that the enterprise continues to operate.
3. Assuming that the company's managers are responsible and that the company's management is capable of performing their duties.

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4. Assuming that the industry in which the evaluated entity operates maintains a stable development trend, and there are no significant changes in industry policies, management systems and related regulations.
5. Unless otherwise stated, it is assumed that the company complies fully with all relevant laws and regulations.
6. Assuming that the accounting policies that the company will adopt in the future are largely consistent with those used in preparing this Report.
7. Assuming that the company maintains its current management approach and level of management, its business scope, methods and direction will remain consistent with the current ones.
8. Assuming that there will be no significant changes in interest rates, exchange rates, tax bases and tax rates, as well as policy-related charges.
9. Assuming that no other force majeure factors or unforeseeable events occur that have a significant adverse impact on the enterprise.
10. Assuming that after the Valuation Reference Date, the cash inflows of the evaluated entity are uniformly distributed, and the cash flow ft is uniformly distributed as well.

(III) Special assumptions

1. The Valuation is based on the specific purpose of the Valuation as stated in the Asset Valuation Report.
2. All the assets evaluated in the Valuation are based on the actual quantities as of the Valuation Reference Date. The current market prices of the assets are determined according to the valid domestic prices as of the Valuation Reference Date.
3. The Valuation assumes that the basic information and financial data provided by the principal and the evaluated entity are true, accurate and complete.
4. The Valuation scope is solely based on the assessment declaration forms provided by the principal and the evaluated entity. It does not take into account any contingent assets or liabilities that may exist beyond what is listed in the provided forms by the principal and the evaluated entity.

5. During the future operation period of the enterprise, there will be no significant changes in its business scope and methods. The main business structure, income and cost composition, as well as the sales strategies and cost control of its future business will remain in the same state as in recent years and will not undergo significant changes. The management's business plans and additional investments can be realized as scheduled.
6. The Valuation did not take into account the possible future mortgage or guarantee matters that the evaluated entity and its assets may undertake, as well as the additional payment amounts that may be required under special transaction methods, and their potential impact on the Valuation conclusion.

According to the requirements of asset valuation, it is determined that these assumptions were valid on the Valuation Reference Date. In the event of significant changes in the future economic environment, we will not be held responsible for the different Valuation conclusions derived due to the alteration of these assumptions.

X. VALUATION CONCLUSION

According to the relevant national regulations on asset valuation, based on the principles of independence, objectivity and impartiality, and by implementing the necessary valuation procedures, we have, under the conditions of the purpose of the Valuation, Valuation assumptions and limitations stated in the Report, determined the Valuation conclusion of market value of the total equity of shareholders of the evaluated entity as of the Valuation Reference Date.

I. Relevant appraisal result

1. Appraisal result of asset-based approach

As of the Valuation Reference Date of 31 December 2025, under the condition of continuous operation, the book value of the total assets declared by the Institute was RMB162.2784 million, while the Appraised Value is RMB183.4784 million, representing an appraised appreciation of RMB21.2 million, with an appreciation rate of 13.06%. The book value of total liabilities is RMB40.2679 million, while the Appraised Value is RMB39.7679 million, representing an appraised appreciation of RMB0.5 million. The book value of net assets is RMB122.0105 million, while the Appraised Value is RMB143.7105 million, representing an appraised appreciation of RMB21.7 million, with an appreciation rate of 17.79%.

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Summary of the Appraisal Result of the Institute under the Asset-Based Approach

Unit: RMB0,000

Item		Book Value A	Appraised Value B	Increment or Decrement C=B-A	Appreciation (Impairment) Rate % D=C/A×100 %
Current assets	1	6,715.64	6,715.64	0.00	0.00
Non-current assets	2	9,512.20	11,632.20	2,120.00	22.29
Of which: Long-term equity					
investments	3	0.00	0.00	0.00	
Investment properties	4	0.00	0.00	0.00	
Fixed assets	5	9,062.94	9,180.96	118.02	1.30
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible assets	8	46.57	2,048.55	2,001.98	4,298.86
Of which: Land use					
rights	9	0.00	0.00	0.00	
Other non-current assets	10	402.69	402.69	0.00	0.00
Total assets	11	16,227.84	18,347.84	2,120.00	13.06
Current liabilities	12	3,958.04	3,958.04	0.00	0.00
Non-current liabilities	13	68.75	18.75	-50.00	-72.73
Total liabilities	14	4,026.79	3,976.79	-50.00	-1.24
Net assets	15	12,201.05	14,371.05	2,170.00	17.79

For the Valuation conclusion, please refer to the detailed valuation table.

2. *Appraisal result of income approach*

As of the Valuation Reference Date of 31 December 2025, under the condition of continuous operation, the value of total equity of shareholders assessed under the income approach was RMB196.51 million. Compared with the book value of net assets, the appraisal result represents an appraised appreciation of RMB74.4994 million, with an appreciation rate of 61.06%.

II. Analysis of differences in appraisal results and final valuation conclusion**1. *Analysis of the differences in appraisal results obtained through different methods***

In the Valuation, the total equity value of shareholders was calculated using the income approach as RMB196.51 million, and using the asset-based approach as RMB143.7105 million. The difference between the two approaches is RMB52.7995 million, with a difference rate of 36.74%.

The main reason for the differences in the appraisal results of different valuation methods lies in the fact that each valuation method considers the asset value from a different perspective. The asset-based approach estimates based on the current reconstruction of the company's various assets; the income approach considers the overall future profitability of the company.

2. *Selection of Valuation Conclusion*

The Valuation uses the asset-based approach and income approach as valuation methods to evaluate the total equity value of the shareholders. Through the analysis of the results of the two valuation methods (asset-based approach and income approach), we ultimately adopt the valuation conclusion of the asset-based approach. The reasons are as follows:

The Valuation perspectives and approaches of the asset-based approach and the income approach are different. The asset-based approach considers the acquisition channels of assets, reflecting the replacement value of the enterprise's existing assets. The income approach considers from the perspective of the enterprise's future profitability, reflecting the comprehensive profitability of various assets of the enterprise.

The income approach is significantly influenced by the enterprise's future profitability, asset quality, business operation capabilities, and operational risks. However, the business of the evaluated entity mainly comes from within the Nonferrous Group, with relatively few external businesses. In the future, the Institute will expand the external business market, and the profitability of the external market has great uncertainty. The asset-based approach reflects the fair market value of assets from the perspective of asset replacement. Considering the Valuation situation, the evaluated entity has provided detailed information related to its assets and liabilities, and the valuer has also collected the necessary materials to meet the requirements of the asset-based approach from the outside. We have conducted a comprehensive inventory and assessment of the assets and liabilities of the evaluated entity. Therefore, relatively speaking, the appraisal result of the asset-based approach is more reliable. Thus, the Valuation uses the appraisal result under the asset-based approach as the final Valuation conclusion.

III. Changes and explanation of the comparison between appraisal results under asset-based approach and book value***1. Changes of the comparison between appraisal results and book value***

Comparing the appraisal result with the net assets' book value, there's an appraised appreciation of RMB21.7 million, with an appreciation rate of 17.79%. Compared with the book value of each detailed account, of which:

- (1) Fixed assets: The appraised appreciation amounted to RMB1.1802 million, representing an appreciation rate of 1.30%.
- (2) Intangible assets: The appraised appreciation amounted to RMB20.0198 million, representing an appreciation rate of 4,298.86%.
- (3) Deferred revenue: Deferred revenue comprises government grants relating to assets; as these grants do not need to be repaid, they are valued at zero.

2. Analysis of the reasons for changes of the comparison between appraisal results and book value

Compared with the book value of the appraised assets, the appraisal result of Daye Nonferrous Design and Research Institute Co., Ltd. generally shows an increase in value. The main reasons for the increase are:

- (1) Fixed assets:
 - 1) Machinery and equipment: The evaluated net value increases. The difference between the economic useful life of the equipment and the period over which depreciation is recognized for financial purposes results in an increase in the evaluated net value of the machinery and equipment.
 - 2) Vehicles: The main reason for the depreciation of a vehicle's original value is the rapid pace of vehicle model updates, which leads to a fall in purchase prices and consequently a reduction in the evaluated original value. The main reason for the appreciation of a vehicle's net value is the discrepancy between the vehicle's economic useful life and the depreciation period used for financial accounting purposes, which results in an increase in the evaluated net value of the vehicle.
 - 3) Electronic equipment: The main reason for the impairment of electronic equipment is that it becomes obsolete quickly, leading to a reduction in its Appraised Value.

- (2) Intangible assets: The main reasons for the increase in value are

Intangible assets – other intangible asset valuation increased by RMB20.0198 million, with an appreciation rate of 4,298.86%. The increase is due to the Institute having off-the-books patents, software copyrights and other intangible assets. In the Valuation, the intangible assets were valued using the income approach, resulting in the assessed appreciation.

IV. Premium (or discount) on shareholder equity value, considering the lack of liquidity discount

1. The practicing asset valuer on this project knows that the value of shareholders' equity does not necessarily equal the product of the shareholders' equity value and the shareholding ratio. Because data on industry and related equity transactions is unavailable, and there is a lack of relevant analytical basis, the Valuation does not consider how factors like shareholding ratio or equity structure might cause a premium or discount on the appraisal result.
2. The practicing asset valuer on this project is aware that an asset's liquidity can have a significant impact on the value of the subject. However, since data on industry and relevant asset transactions is unavailable, and there is a lack of basis for analyzing asset liquidity, the Valuation does not take the effect of liquidity on the subject's value into account.

XI. SPECIAL NOTES

Users of the Valuation Report should pay attention to the following special matters that may affect the Valuation conclusion and give them full consideration when making decisions or carrying out economic activities based on this report.

(I) Cases where key information, such as ownership details, is incomplete or contains errors

The Wuhan R&D Building of the Institute was valued by Northern Asia Assets Assessment Co., Ltd. in its valuation report entitled the Valuation Report titled Asset Valuation Report on Certain Fixed Assets Involved in the Proposed Asset Financing of Daye Non-ferrous Metals Co., Ltd. (Northern Asia Valuation Report [2025] No. 01-1205), and the property ownership certificate has been amended. The amended property ownership certificate is E (2025) Wuhan Dongkai Property Title No. 0046322.

(II) Explanation of other key information not provided by the principal

None.

(III) Unresolved issues, legal disputes and other uncertainties existing as of the Valuation Reference Date

The asset valuer was not aware of any pending issues, legal disputes, or other uncertainties as of the Valuation Reference Date. The principal and the evaluated entity also clearly stated that there were no pending issues, legal disputes, or other uncertainties.

(IV) Utilizing expert opinions and related reports

The financial data as of the Valuation Reference Date has been audited by Baker Tilly China Certified Public Accountants (Special General Partnership), as evidenced by audit report of Tian Zhi Ye Zi [2026] No. 6137-1.

(V) Significant subsequent events

From the Valuation Reference Date to the Date of the Asset Valuation Report, the principal and the evaluated entity have clearly stated that there are no significant subsequent events.

(VI) Description of the relevant circumstances where the valuation process was limited, the compensatory measures taken by the valuation agency, and the impact on the valuation conclusion

None.

(VII) The nature and amount of guarantees, leases and any contingent liabilities (or assets), as well as their relationship with the valuation subject

Through an on-site investigation, the valuer did not find any other relevant issues besides the disclosed ones mentioned above. However, due to the limitations of the asset valuer's verification methods, and the hidden nature of guarantees, contingent liabilities (assets), etc., the valuation agency cannot give a definite opinion on whether the above matters are complete.

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(VIII) Description of the qualification certificate of the Institute

The Institute has qualification certificates.

No.	Qualification name	Qualification certificate (A, B, C)	Requirements for obtaining qualification certificate (such as the number of professionals, funds, etc.)	Approximate cost of obtaining qualification certificate (RMB0,000)	Note
1	Engineering Design in the Metallurgical Industry (Metallurgical Engineering, Metallurgical Mining Engineering) – Professional Class A	Professional Class A	1 Registered Class 1 Architect, 3 Registered Class 1 Structural Engineers, 2 Registered Electrical Engineers, 2 Registered Water Supply and Drainage Engineers, 1 Registered Heating, Ventilation and Air Conditioning Engineer, and 2 Registered Power Engineers. 6 metallurgical engineers, 3 mining engineers, 3 mineral processing engineers, 1 master planner, 2 mechanical engineers, 2 automatic control engineers, 2 environmental protection engineers, 2 technical economics engineers, and 2 cost estimation engineers (non-registered personnel must hold a college diploma or higher, an intermediate-level professional title or above, and at least ten years' design experience. Metallurgy, mining and mineral processing are the primary specializations; technical personnel in related fields are required to have served as the lead technical officer on one large-scale project and two medium-scale projects. The lead technical officer must hold a bachelor's degree or higher, have at least ten years' design experience, and have served as the project manager on one large-scale project and two medium-scale projects.)	2,000.00	Ministry of Housing and Urban-Rural Development, valid until 20281222

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

No.	Qualification name	Qualification certificate (A, B, C)	Requirements for obtaining qualification certificate (such as the number of professionals, funds, etc.)	Approximate cost of obtaining qualification certificate (RMB0,000)	Note
2	Engineering Design and Construction Industry (Construction Engineering), Class B	Class B	2 Registered Class 1 Architects, 3 Registered Class 1 Structural Engineers, 1 Registered Electrical Engineer, 1 Registered Water Supply and Drainage Engineer, 1 Registered Heating, Ventilation and Air Conditioning Engineer. 1 Architectural Engineer, 1 Structural Engineer, 1 Electrical Engineer, 1 Water Supply and Drainage Engineer, 1 Heating, Ventilation and Air Conditioning Engineer. (Non-registered personnel are required to hold a college diploma or higher, an intermediate-level professional title or above, and at least ten years' design experience. Architecture, structural engineering, electrical engineering, water supply and drainage, and HVAC are the core specialisms; non-registered personnel in related specialisms must have led two medium-sized projects as the lead technical specialist. Technical leads are required to hold a bachelor's degree or higher, have at least ten years' design experience, and have led three medium-sized projects as project manager.)	70.00	Hubei Provincial Department of Housing and Urban-Rural Development, valid until 20290624

APPENDIX IV VALUATION REPORT OF THE TARGET COMPANY

No.	Qualification name	Qualification certificate (A, B, C)	Requirements for obtaining qualification certificate (such as the number of professionals, funds, etc.)	Approximate cost of obtaining qualification certificate (RMB0,000)	Note
3	Engineering Survey Specialization (Geotechnical Engineering (Survey)), Class B	Class B	2 Civil (Geotechnical) Engineers, 3 Geotechnical Investigation Engineers, 1 Geotechnical Testing and Inspection Engineer (all non-registered personnel must hold a college diploma or higher, an intermediate-level professional title or above, and at least 8 years' experience in engineering investigation. The Technical Manager must hold a bachelor's degree or higher, possess the professional qualification of a Registered Civil Engineer (Geotechnical), have at least 10 years' experience in engineering survey work, and have led at least two Class B projects as Project Manager. Non-registered personnel in the lead discipline must have led at least two Class B projects as Technical Manager.)	70.00	Hubei Provincial Department of Housing and Urban-Rural Development, valid until 20300609
4	Class A Accreditation for Engineering Consultancy Firms (Metallurgy (including steel and non-ferrous metals))	Class A	12 registered consultants.	40.00	China Association of Engineering Consultants, valid until 20271127
5	Total			2,180.00	

(IX) The invention patent, Method for Recovering Arsenic and Heavy Metals from Acid Waste Generated by Smelting Flue Gas (從冶煉煙氣產生的污酸中回收砷和重金屬的方法), is owned by Daye Nonferrous Design and Research Institute Co., Ltd. and Daye Non-ferrous Metals Co., Ltd. The invention patent, A Comprehensive Process Method for Recovering Metallic Copper from High-Grade Copper-Containing Slag (《一種從高品位含銅爐渣回收金屬銅的綜合工藝方法》), is owned by Daye Nonferrous Design and Research Institute Co., Ltd., Daye Non-ferrous Metals Co., Ltd. and Daye Nonferrous Metals Group Holdings Company Limited. Both invention patents are derived from experiments, and the co-owners have not allocated shared interests. The Valuation forecasts future earnings based on the future development revenue of Daye Nonferrous Design and Research Institute Co., Ltd., and the Valuation under the income approach does not consider the allocation of shared interests, which is something the report users should pay attention to.

(X) Other matters requiring clarification

1. In the Asset Valuation Report, for all tables or textual descriptions where the amounts are expressed in ten thousand, if there is a discrepancy between the total figure and the sum of individual item values, it is due to rounding off.
2. The profit forecasts for the evaluated entity obtained by the asset valuer form the basis of the income approach in the Valuation Report. The asset valuer conducted the necessary investigations, analyses and judgements regarding the profit forecasts provided by the evaluated entity, held numerous discussions with the evaluated entity's management, and, following adjustments and refinements by the evaluated entity, the valuation agency accepted the relevant data and key assumptions contained in the evaluated entity's profit forecasts. The asset valuer's prudent use of the evaluated entity's profit forecasts should not be construed as a guarantee of the evaluated entity's future ability to realize such profits.
3. The Report contains a number of attachments, which form an integral part of the Report and have the same legal effect as the main text of the Report.

Users of the Asset Valuation Report should give due consideration to the impact of the aforementioned special matters on the Valuation conclusion when using this report.

**XII. STATEMENT OF RESTRICTIONS ON THE USE OF
THE ASSET VALUATION REPORT**

- (I) The Asset Valuation Report is intended solely for the purpose of the Valuation and economic activities specified in the Report.
- (II) The valuation agency and the asset valuer shall not be held liable if the principal or any other user of the Asset Valuation Report fails to use it in accordance with the provisions of laws and administrative regulations and the scope of use specified in the Asset Valuation Report.
- (III) Apart from the principal, other users of the Asset Valuation Report as specified in the Asset Valuation Engagement Contract, and users of the Asset Valuation Report as stipulated by laws and administrative regulations, no other organization or individual may be a user of the Report.
- (IV) Users of Asset Valuation Report should correctly understand and use the Valuation conclusion. The Valuation conclusion is not equivalent to the realizable value of the Valuation subject, and should not be regarded as a guarantee of the subject's realizable value.

- (V) The right to interpret the contents of the Asset Valuation Report rests with the valuation agency; unless otherwise expressly provided for by national laws and regulations, no other entity or department shall have the authority to interpret it. Any reproduction, citation or disclosure of the Valuation Report, in whole or in part, in public media must be subject to review by the valuation agency and require the written consent of both the valuation agency and the signing valuer. This is subject to the provisions of laws and regulations, and any separate agreements between the relevant parties.
- (VI) The Valuation conclusion set out in the Valuation Report is valid only in relation to the economic transactions pertaining to the project. The asset valuation conclusion is valid for a period of one year from the Valuation Reference Date, i.e. from the Valuation Reference Date of 31 December 2025 until 30 December 2026. After one year, a new asset valuation must be carried out.

XIII. DATE OF THE ASSET VALUATION REPORT

The Date of the Asset Valuation Report is the date on which the asset valuation professionals formed their valuation conclusion. The Date of the Asset Valuation Report is 10 April 2026.

10 April 2026

Set out below is the management discussion and analysis of the Remaining Group's business and performance for the financial years ended 31 December 2025 ("FY2025"), 2024 ("FY2024") and 2023 ("FY2023"), respectively, as extracted from the audited consolidated financial statements of the Remaining Group for each of FY2025, FY2024 and FY2023, respectively.

FOR THE YEAR ENDED 31 DECEMBER 2025 FINANCIAL RESULTS

For the year ended 31 December 2025, the Remaining Group recorded revenue of approximately RMB66,026,280,000 (FY2024: approximately RMB57,826,006,000), representing an increase of approximately 14.18% from the previous year, attributable to the impact of the rising prices of major products such as cathode copper, gold, silver and sulfuric acid. The cost of sales and services rendered amounted to approximately RMB64,791,761,000 (FY2024: approximately RMB56,249,631,000), representing an increase of approximately 15.19%, attributable to the impact of the rising procurement prices of raw materials. Gross profit decreased by approximately 21.69% to approximately RMB1,234,519,000 (FY2024: approximately RMB1,576,375,000), mainly attributable to the two-way effect of the concentrated and accelerated release of domestic and foreign smelting capacity and the tight supply of copper concentrate, with smelting processing charges dropping sharply in 2025. Other income amounted to approximately RMB60,528,000 (FY2024: approximately RMB62,364,000), representing a decrease of approximately 2.94%. Other operating expenses decreased to approximately RMB98,418,000 (FY2024: approximately RMB132,332,000), primarily due to the costs incurred during the work stoppage period being included in other operating expenses in 2024. Other gains and losses amounted to a net gain of approximately RMB44,643,000 (FY2024: net loss of RMB98,698,000), primarily due to the increase in exchange gains. Income tax expense amounted to approximately RMB25,094,000 (FY2024: approximately RMB37,417,000), representing a decrease of approximately 32.93%, primarily due to changes in the profit composition during the year. The Remaining Group recorded a loss for the year of approximately RMB21,819,000 (FY2024: loss of approximately RMB13,714,000), of which a profit of approximately RMB27,623,000 was attributable to owners of the Company while a loss of approximately RMB49,442,000 was attributable to non-controlling interests. Basic earnings per share amounted to RMB0.15 fen (FY2024: basic earnings per share RMB0.09 fen).

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for FY2025 (FY2024: nil).

BUSINESS REVIEW

In 2025, against persistently low treatment charges for imported copper concentrate, the Remaining Group focused on loss management, reserve expansion, production growth and value creation. Annual output included approximately 18,800 tonnes of mined copper (FY2024: approximately 18,100 tonnes), 719,000 tonnes of copper cathode (FY2024: 703,600

tonnes), 655.95 tonnes of precious metals, 2,721,500 tonnes of sulphuric acid and chemical products, 245,800 tonnes of iron concentrate and 39.6 tonnes of molybdenum concentrate. Production exploration at self-owned mines added 730,000 tonnes of copper ores (183% of plan), while deep exploration at Fengshan Copper Mine and the periphery of Sareke Copper Mine added 7.13 million tonnes of new copper ores and 41,000 tonnes of copper metal. Technology initiatives included a 100,000-level clean laboratory, an electrolytic production process for high-purity gold and silver, and breakthroughs in 3N-grade selenium products. Reform and enhancement actions focused on industrial layout, asset structure and market-oriented mechanisms, while the “lights-out factory” of Yangxin Hongsheng Copper Industry Company Limited was included in the national green data centres and green computing facilities lists.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Remaining Group has net current assets of approximately RMB5,061,417,000 (FY2024: approximately RMB3,087,182,000). Current ratio was approximately 1.36 (FY2024: approximately 1.25). The cash and cash equivalents (including restricted bank deposits) as at 31 December 2025 was approximately RMB1,889,495,000 (FY2024: approximately RMB1,515,781,000), representing an increase of approximately 24.7% or approximately RMB373,714,000 compared to 31 December 2024.

The Remaining Group financed its operations through internally generated cash flow and unsecured bank borrowings. As at 31 December 2025, the Remaining Group had aggregate unsecured bank borrowings amounted to approximately RMB15,057,490,000 (FY2024: approximately RMB15,030,354,000). The gearing ratio of the Remaining Group, calculated as a ratio of total unsecured bank borrowings to total equity, for FY2025 was approximately 329.58% (FY2024: approximately 323.50%). The gearing ratio increased slightly on a year-on-year basis.

The maturity profile of the Remaining Group’s bank and other borrowings is set out below:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
– within a period not exceeding one year	6,822,104	8,130,983
– within a period of more than one year but not exceeding two years	3,795,900	1,999,855

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
– within a period of more than two years but not exceeding five years	4,439,486	4,899,516
– within a period of more than five years	–	–
Less: Amount due within one year shown under current liabilities	(6,822,104)	(8,130,983)
Amount due after one year shown under non- current liabilities	8,235,386	6,899,371

At 31 December 2025, the Remaining Group's fixed-rate bank and other borrowings carry effective interest ranging from 0.8% to 3.2% (FY2024: 1.2% to 4.2%) per annum, while variable-rate bank and other borrowings carry effective interest ranging from 1.3% to 3.9% (FY2024: 2.1% to 3.9%) per annum. The majority of the Remaining Group's bank and other borrowings are unsecured and denominated in Renminbi. The proceeds were mainly used to finance the Remaining Group's normal operations and capital expenditure.

CHARGES ON ASSETS

As at 31 December 2025, other deposits which amounted to approximately RMB1,162,155,000 (2024: RMB531,260,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative, and other financing were secured by bank deposits and balances amounting to approximately RMB Nil (2024: RMB nil).

TREASURY POLICY

The Remaining Group adopts a conservative approach for cash management and investment on uncommitted funds. The Remaining Group places cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

During the year ended 31 December 2025, the Remaining Group's receipts and payments were mainly denominated in RMB.

FOREIGN EXCHANGE RISK

The Remaining Group operates in the PRC with most of its transactions settled in Renminbi except for certain purchases from international market that are conducted in United States dollars ("US\$") and certain borrowings that are denominated in US\$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Remaining Group is exposed to foreign exchange risk primarily with respect to US\$.

The Remaining Group manages its foreign exchange risk by performing regular reviews of the Remaining Group's net foreign exchange exposures and may enter into currency forward contracts and currency option contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts and currency option contracts had been entered by the Remaining Group.

CONTINGENT LIABILITIES

As at 31 December 2025, the Remaining Group had no significant contingent liabilities.

CAPITAL EXPENDITURE

During FY2025, the Remaining Group incurred approximately RMB1,648,871,000 (2024: RMB1,736,311,000) on exploration, development and mining production activities.

CAPITAL COMMITMENTS

As at 31 December 2025, the Remaining Group had capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment of approximately RMB871,928,000 (FY2024: approximately RMB548,411,000).

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Remaining Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2025.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The Company, based on its own actual development and responding to the new landscape of enhanced resource security, accelerated technological iteration and deepened green transformation in non-ferrous metals sector, has formulated investment plans centered on four key strategic directions. Firstly, regarding the exploration and increase of reserves of mineral resources and the strategic resources arrangement, the Group continued to advance deep exploration and prospecting to increase reserves at the in-depth part of our own mines, accelerate the construction and implementation of key mine projects, further consolidate the foundation for long-term mineral resource supply security, and strengthen our control over strategic resources. Secondly, the Group implemented technological empowerment and reform across the entire process, deepening the intelligent mine construction and advancing the construction of Yangxin Hongsheng Copper Industry Company Limited's "dark factory". This

involved intensifying the promotion and application of intelligent equipment and digital technologies to comprehensively enhance total factor productivity and intrinsic safety level, thereby driving the transformation of production models towards high-efficiency and intelligent operation. Thirdly, traditional industries underwent transformation and upgrading, advancing large-scale equipment renewal and technical reform. The adoption of advanced manufacturing techniques and high-end equipment was promoted, accelerating the progression of traditional industries towards the mid-to-high end of the industrial chain and enhancing their core competitiveness. Fourthly, the three rare metals industrial chain was developed. Focusing on selenium, tellurium, rhenium, bismuth and other rare precious metals, the Group carried out researching and developing high-value-added new materials, cultivated strategic emerging industries as growth pole, and created new profit growth points. Through the coordinated advancement of these four major investment directions, the Group effectively drove resource reserve expansion and production growth, achieved breakthroughs in technological empowerment, and expanded emerging industries, comprehensively supporting the Company's green and high-quality development.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2025.

FUTURE SIGNIFICANT INVESTMENT PLANS FOR THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES OF THE REMAINING GROUP

The annual investment plan focuses on four key areas: reserve expansion and production growth of mineral reserves, technological empowerment across the entire process, transformation and upgrading of traditional industries and the three rare metals industrial chain. Through efficient investment, it aims to foster new quality productivity and comprehensively support the Company's green and high-quality development to new heights. The Company's fixed asset investment plan for 2026 amounts to RMB328.053 million. Key investment projects are as follows:

1. Non-ferrous metal resources development and utilization projects

(1) The development of the -440m~-550m of Fengshan Copper Mine

In 2026, it is planned to complete the following: the total drilling volume 33,161m³ of -440m to -550m of ramp of the south rim, -440m to -550m of ramp of the north rim, and -500m middle portion of the south rim. The planned investment is RMB21 million.

(2) *The development of No. IV ore body of the -665m and -725m middle portion of Tonglvshan Mine*

In 2026, it is planned to complete the following: the total drilling volume 15,059m³ of -725m middle portion of the ore drift, transverse drift and prospecting chamber, -605m to -725m of chute, -665m to -725m of ramp and sectional drifting excavation, and the ancillary installations of wind, water, electricity equipment and filling pipe. The planned investment is RMB14.58 million.

(3) *Expansion in the north mining belt of Xinjiang Sareke Copper Mine*

In 2026, it is planned to complete the following: the total drilling volume 18,195m³ of 2,631m to 2,610m main ramp (extension), 2,610m mining area substation chamber, 2,610m pump house, tunnel extension of 2,610m to 2,670m inverted air return shaft, and partial construction of ore drift tunnel. The planned investment is RMB10 million.

2. Intelligent mine construction project

(1) *The intelligent construction of Tonglvshan Mine*

In 2026, it is planned to complete the following: dispatch center renovation, optimization of six major systems, automation upgrades in ore processing, intelligent equipment operation and maintenance management system, industrial network architecture, mineral processing expert system, etc. The planned investment is RMB23.93 million.

(2) *The intelligent construction of Fengshan Copper Mine*

In 2026, it is planned to complete the following: construction of the all-information visualization system and intelligent equipment operation and maintenance management system. The planned investment is RMB1.7 million.

(3) *The intelligent construction of Tongshankou Mine*

In 2026, it is planned to complete the following: mineral processing expert system, intelligent power supply and distribution system (phase II), warehouse logistics management systems, underground collision avoidance systems, etc. The planned investment is RMB10.4 million.

3. Development project for three rare metals industrial chain

In 2026, it is planned to establish a three rare metals industry-academia-research platform to integrate breakthrough core technology research. By fostering deep collaboration between industry-academia-research resources in technical breakthrough, this will accelerate the

transformation and commercialization of achievements, with a planned investment of RMB63 million. Among them, Rare and Precious Branch plans to construct an industrial pilot plant and implement a 7N ultra-high-purity tellurium production project, with an planned investment of RMB8 million. Yangxin Hongsheng plans to undertake a comprehensive rhenium recovery and production project, with an planned investment of RMB55 million.

4. Industrial upgrade and transformation project

(1) The “dark factory” of Yangxin Hongsheng

In 2026, it is planned to complete the following: intelligent car wash platform system, automated processing of wasted FIBC packaging, machine vision recognition system for measuring the liquid level height in the bottom tank of the smelting furnace, fully intelligent automated acid loading system, re-collection at plant-wide monitoring points, enhancement of supporting software for private cloud expansion, data-based approach to governance, etc. The planned investment is RMB9.65 million.

(2) Automation upgrade and transformation of Rare and Precious Branch

In 2026, it is planned to complete the following: automatic delivery and storage management system for selenium-enriched residue, automatic dosing system for rough refining gold precipitation, automatic inspection system for the power distribution room, DCS system upgrade and transformation, safety and environmental information system. The planned investment is RMB5.3 million.

5. Large-scale equipment renewal project

It is planned that 167 sets of equipment will be renewed in 2026, with a planned investment of RMB57.613 million (excluding equipment related to the intelligent mining construction and intelligent smelting transformation projects). Among them, 34 sets of equipment/RMB14.44 million are planned to be renewed at Tonglvshan Mine; 10 sets of equipment/RMB7.75 million are planned to be renewed at Fengshan Copper Mine; 17 sets of equipment/RMB8.84 million are planned to be renewed at Tongshankou Mine; 45 sets of equipment/RMB7.75 million are planned to be renewed at Xinjiang Sareke Copper Mine; 11 sets of equipment/RMB6.1 million are planned to be renewed at smelter; 6 sets of equipment/RMB4.27 million are planned to be renewed at Yangxin Hongsheng; 20 sets of equipment/RMB5.63 million are planned to be renewed at the Rare and Precious Branch; 23 sets of equipment/RMB1.333 million are planned to be renewed in the Quality and Measurement Center; and 1 sets of equipment/RMB1.5 million are planned to be renewed in the Company’s headquarters.

PROSPECTS

The year 2026 marks a critical year for the Company to consolidate its achievements in controlling and reducing losses, and striving to achieve a turnaround from deficit to profit. Presently, the ongoing deepening of Sino-US strategic competition is reshaping the global economic and trade landscape. The copper smelting industry faces intensifying contradictions of overcapacity, a persistently widening raw material gap and a severe mismatch between costs and pricing, creating a challenging environment that significantly amplifies development pressures. The Remaining Group must maintain strategic clarity, anticipate risks and seek change, break through the impasse and forge ahead. The Remaining Group must further strengthen our cost-conscious operational mindset, enhance our self-sustaining profitability, cultivate a pragmatic and determined work ethic, and prepare ourselves for tough, hard and prolonged campaigns.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Remaining Group had 4,952 employees (2024: 5,097). The Remaining Group's total staff costs for the year was approximately RMB989,088,000 (2024: RMB975,615,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Remaining Group is determined by reference to the market, individual performance and their respective contribution to the Remaining Group. The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

FOR THE YEAR ENDED 31 DECEMBER 2024 FINANCIAL RESULTS

For the year ended 31 December 2024, the Remaining Group recorded revenue of approximately RMB57,826,006,000 (FY2023: approximately RMB44,705,831,000), representing an increase of approximately 29.35% from the previous year, attributable to the shutdown of sulfuric acid systems for nearly nine months for environmental protection upgrade and pyrometallurgy of smelting system of the smelter in 2023, which led to a significant drop in the output of its main products. It resumed full production in 2024 after the renovation was completed. The cost of sales and services rendered amounted to approximately RMB56,249,631,000 (FY2023: approximately RMB42,973,758,000), representing an increase of approximately 30.89%. Gross profit decreased by approximately 8.99% to approximately RMB1,576,375,000 (FY2023: approximately RMB1,732,073,000), mainly attributable to the two-way effect of the concentrated and accelerated release of domestic and foreign smelting capacity and the tight supply of copper concentrate. Other income amounted to approximately RMB62,364,000 (FY2023: approximately RMB45,603,000), representing an increase of approximately 36.75%, primarily attributable to receiving of additional government funding for the environmental restoration of the Fengshan Mine tailings pond. Other operating expenses decreased to approximately RMB132,332,000 (FY2023: approximately

RMB294,793,000), primarily attributable to the accrual of costs during the shutdown period to other operating expenses for the shutdown of the smelter during 2023 due to environmental upgrades. Other gains and losses amounted to a net loss of approximately RMB98,698,000 (FY2023: net gains of RMB54,208,000), primarily due to the scrapped assets disposed by the smelter related to environmental protection upgrades. Income tax expense amounted to approximately RMB37,417,000 (FY2023: approximately RMB85,517,000), representing a decrease of approximately 56.25%, primarily due to the deterioration of operating results across the Remaining Group, although certain profitable subsidiaries continued to incur PRC enterprise income tax. The Remaining Group recorded a loss for the year of approximately RMB13,714,000 (FY2023: profit of approximately RMB134,599,000), of which a profit of approximately RMB16,887,000 was attributable to owners of the Company while a loss of approximately RMB30,601,000 was attributable to non-controlling interests. Basic earnings per share amounted to RMB0.09 fen (FY2023: basic loss per share RMB0.36 fen).

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for FY2024 (FY2023: nil).

BUSINESS REVIEW

In 2024, annual output included approximately 18,100 tonnes of mined copper (FY2023: approximately 15,400 tonnes), 703,600 tonnes of copper cathode (FY2023: 625,200 tonnes), 692.37 tonnes of precious metals, 2,064,400 tonnes of sulphuric acid and chemical products, 187,300 tonnes of iron concentrate and 43.68 tonnes of molybdenum concentrate. All 34 rectification measures of the central environmental protection inspection were completed three months ahead of schedule, with Fengshan Copper Mine and Tongshankou Mine re-entered into the provincial green mines directory and Tonglvshan Mine and Sareke Copper Mine maintaining national green mine status. Production and operations remained stable, with main product output and income increasing year-on-year. Green and low-carbon smelting reached a new level: smelter coal consumption was reduced by 12%, and emissions of sulfur dioxide and nitrogen oxides were reduced to less than half of the national special emission limit. The Remaining Group strengthened plan management, risk prevention and control, and supported transformation through scientific research and innovation.

LIQUIDITY AND FINANCIAL RESOURCES

The Remaining Group financed its operations through internally generated cash flow and unsecured bank borrowings. As at 31 December 2024, the Remaining Group had aggregate unsecured bank borrowings amounted to approximately RMB15,030,354,000 (FY2023: approximately RMB14,366,382,000). The gearing ratio of the Remaining Group, calculated as a ratio of total unsecured bank borrowings to total equity, for FY2024 was approximately 323.50%% (FY2023: approximately 308.30%). The slight increase in gearing ratio was mainly attributable to the modest increase in bank borrowings.

As at 31 December 2024, the Remaining Group has net current assets of approximately RMB3,087,182,000 (FY2023: approximately RMB2,378,262,000). Current ratio was approximately 1.25 (FY2023: approximately 1.19). The cash and cash equivalents (including restricted bank deposits) as at 31 December 2024 was approximately RMB1,515,781,000 (FY2023: approximately RMB989,766,000), representing an increase of approximately 53.1% or approximately RMB526,015,000 compared to 31 December 2023.

The maturity profile of the Remaining Group's bank and other borrowings is set out below:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):		
– within a period not exceeding one year	8,130,983	7,591,272
– within a period of more than one year but not exceeding two years	1,999,855	3,685,566
– within a period of more than two years but not exceeding five years	4,899,516	2,979,690
– within a period of more than five years	–	109,854
Less: Amount due within one year shown under current liabilities	(8,130,983)	(7,591,272)
Amount due after one year shown under non-current liabilities	<u>6,899,371</u>	<u>6,775,110</u>

At 31 December 2024, the Remaining Group's fixed-rate bank and other borrowings carry effective interest ranging from 1.2% to 4.2% (FY2023: 1.45% to 4.6%) per annum, while variable-rate bank and other borrowings carry effective interest ranging from 2.1% to 3.9% (FY2023: 2.6% to 4.2%) per annum. The majority of the Remaining Group's bank and other borrowings are unsecured and denominated in Renminbi. The proceeds were mainly used to finance the Remaining Group's normal operations and capital expenditure.

CHARGES ON ASSETS

As at 31 December 2024, other deposits which amounted to approximately RMB531,260,000 (2023: RMB545,027,000) were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB nil (2023: RMB nil).

TREASURY POLICY

The Remaining Group adopts a conservative approach for cash management and investment on uncommitted funds. The Remaining Group places cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

During the year ended 31 December 2024, the Remaining Group's receipts and payments were mainly denominated in RMB.

FOREIGN EXCHANGE RISK

The Remaining Group operates in the PRC with most of its transactions settled in Renminbi except for certain purchases from international market that are conducted in US\$ and certain borrowings that are denominated in US\$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Remaining Group is exposed to foreign exchange risk primarily with respect to US\$.

The Remaining Group manages its foreign exchange risk by performing regular reviews of the Remaining Group's net foreign exchange exposures and may enter into currency forward contracts and currency option contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts and currency option contracts had been entered by the Remaining Group.

CONTINGENT LIABILITIES

As at 31 December 2024, the Remaining Group had no significant contingent liabilities.

CAPITAL EXPENDITURE

During FY2024, the Remaining Group incurred approximately RMB1,736,311,000 (FY2023: approximately RMB1,443,401,000) on exploration, development and mining production activities, including both operating expenses and capital expenditure.

CAPITAL COMMITMENTS

As at 31 December 2024, the Remaining Group had capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment of approximately RMB548,411,000 (FY2023: approximately RMB853,635,000).

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

In 2024, the Company invested a lot of money in automation and intelligence, which improved the corporate image, production efficiency and environmental protection, and a number of key and fundamental tasks related to the long-term development of the Company have made significant progress, making new and solid steps towards building a modernized first-class copper enterprise.

The Company's future business core and growth lay in the development of non-ferrous metal mineral resources, non-ferrous metal smelting, precious metal materials research and development and other fields. With the mine mechanization, automation, informatization, intelligent construction and other inputs, the application of new processes, new technologies and new equipment in the mine needs to be adapted. The smelter has undergone metallurgical system upgrading and transformation, optimized production organization and process flow, and systematically solved the problems of waste gas and waste water. At present, the smelter is accelerating the application of intelligent equipment, pushing forward the construction of the intelligent operation center to give full play to the management and control performance of "large-scale centralized control + borderless collaboration". Through big data, the production process can be reliably predicted and accurately controlled to truly realize intelligent operation. Based on the existing industrial Internet platform, Yangxin Hongsheng continues to improve and upgrade software and hardware and the in-depth data mining, promotes the development and application of industrial simulation platform for copper smelting, and builds an intelligent copper smelting "industrial brain", exploring intelligent production and decision making. Rare and Precious Branch focuses on the in-depth treatment of copper anode mud, focuses on continued efforts made in the development of new products, efficient recycling and other aspects, and carries out research on the preparation technology of 5N-grade gold, silver and high value-added rhenium products to further enhance the added value of the system.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Remaining Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Remaining Group had 5,097 employees (2023: 5,387). The Remaining Group's total staff costs for the year was approximately RMB975,615,000 (2023: RMB954,655,000). The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Remaining Group is determined by reference to the market, individual performance and their respective contribution to the Remaining Group. The emoluments of the

Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

FOR THE YEAR ENDED 31 DECEMBER 2023 FINANCIAL RESULTS

For the year ended 31 December 2023, the Remaining Group recorded revenue of approximately RMB44,765,507,000, attributable to the year-on-year increase in output of cathode copper and gold (being the main products of the Company) after Yangxin Hongsheng Copper Industry Company Limited was officially put into operation in 2023. The cost of sales and services rendered amounted to approximately RMB42,973,758,000, attributable to the significant increase of the product sales after Yangxin Hongsheng Copper Industry Company Limited was officially put into production in 2023. Gross profit was approximately RMB1,791,749,000, mainly attributable to the increase in sales of the products and the improvement in production efficiency and reduction in production costs resulting from the adoption of the "double flash process" by the new 400,000-ton smelting plant in Yangxin Hongsheng Copper Industry Company Limited. Other income amounted to approximately RMB45,603,000. Other operating expenses amounted to approximately RMB294,793,000. Other gains and losses amounted to a net gain of approximately RMB54,208,000, primarily due to the influence of exchange gains and write-back of trade payables. Income tax expense amounted to approximately RMB85,517,000, primarily due to more profits made by Yangxin Hongsheng Copper Industry Company Limited leading to increased income tax in 2023. The Remaining Group recorded a profit for the year of approximately RMB194,275,000, of which a profit of approximately RMB258,823,000 was attributable to non-controlling interests while a loss of approximately RMB64,548,000 was attributable to owners of the Company. Accordingly, basic loss per share amounted to RMB0.36 fen, calculated based on the loss attributable to owners of the Company.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for FY2023.

BUSINESS REVIEW

In 2023, annual output included approximately 15,400 tonnes of mined copper, 625,200 tonnes of copper cathode, 605.20 tonnes of precious metals, 1,801,700 tonnes of sulphuric acid and chemical products, 111,400 tonnes of iron concentrate and 19.29 tonnes of molybdenum concentrate. Despite a sharp drop in sulfuric acid prices, reduced production from smelting system upgrades and weak mine production, the Remaining Group rolled out measures to stabilise and increase production. Yangxin Hongsheng Copper Industry Company Limited was successfully commissioned, producing 37,500 tonnes of blister copper above plan and becoming an important pillar of the Remaining Group's results. 32 of the 34 environmental rectification measures from the central inspection were completed, and the Remaining Group continued to focus on innovation, reform, management and operational foundations.

LIQUIDITY AND FINANCIAL RESOURCES

The Remaining Group financed its operations through internally generated cash flow and unsecured bank borrowings. As at 31 December 2023, the Remaining Group had aggregate unsecured bank borrowings amounted to approximately RMB14,366,382,000. The gearing ratio of the Remaining Group, calculated as a ratio of total bank borrowings to total equity, for FY2023 was approximately 308.30%. The level of gearing reflected the bank borrowing financing required following the commissioning of Yangxin Hongsheng Copper Industry Company Limited and the purchase of raw materials to support its production needs.

As at 31 December 2023, the Remaining Group has net current assets of approximately RMB2,378,262,000. Current ratio was approximately 1.19. The cash and cash equivalents as at 31 December 2023 was approximately RMB989,766,000.

The maturity profile of the Remaining Group's bank and other borrowings is set out below:

	As at 31 December 2023 RMB'000
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):	
– within a period not exceeding one year	7,591,272
– within a period of more than one year but not exceeding two years	3,685,566
– within a period of more than two years but not exceeding five years	2,979,690
– within a period of more than five years	109,854
<i>Less:</i> Amount due within one year shown under current liabilities	(7,591,272)
Amount due after one year shown under non-current liabilities	<u><u>6,775,110</u></u>

At 31 December 2023, the Remaining Group's fixed-rate bank and other borrowings carry effective interest ranging from 1.45% to 4.6% per annum, while variable-rate bank and other borrowings carry effective interest ranging from 2.6% to 4.2% per annum. The majority of the Remaining Group's bank and other borrowings are unsecured and denominated in Renminbi. The proceeds were mainly used to finance the Remaining Group's normal operations and capital expenditure.

CHARGES ON ASSETS

As at 31 December 2023, other deposits which amounted to approximately RMB545,027,000 were held in futures exchanges and certain financial institutions as security for the commodities derivative and gold forward contracts, and other financing were secured by bank deposits and balances amounting to approximately RMB nil.

TREASURY POLICY

The Remaining Group adopts a conservative approach for cash management and investment on uncommitted funds. The Remaining Group places cash and cash equivalents (which are mostly held in RMB) in short term deposits with authorized institutions in Hong Kong and the PRC.

During the year ended 31 December 2023, the Remaining Group's receipts and payments were mainly denominated in RMB.

FOREIGN EXCHANGE RISK

The Remaining Group operates in the PRC with most of its transactions settled in Renminbi except for certain purchases from international market that are conducted in US\$ and certain borrowings that are denominated in US\$.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entities' functional currency. The Remaining Group is exposed to foreign exchange risk primarily with respect to US\$.

The Remaining Group manages its foreign exchange risk by performing regular reviews of the Remaining Group's net foreign exchange exposures and may enter into currency forward contracts and currency option contracts, when necessary, to manage its foreign exchange exposure. During the year, certain currency forward contracts and currency option contracts had been entered by the Remaining Group.

CONTINGENT LIABILITIES

As at 31 December 2023, the Remaining Group had no significant contingent liabilities.

CAPITAL EXPENDITURE

During FY2023, the Remaining Group incurred approximately RMB1,443,401,000 on exploration, development and mining production activities, including both operating expenses and capital expenditure.

CAPITAL COMMITMENTS

As at 31 December 2023, the Remaining Group had capital expenditure contracted but not provided for in respect of acquisition of property, plant and equipment of approximately RMB853,635,000.

PERFORMANCE AND PROSPECTS OF KEY INVESTMENT

The core and the source of growth of the Company's future business lie in the fields such as the development of nonferrous metal mineral resources, the smelting of non-ferrous metal, and the research and development of precious metal materials. The Company's project on the clean production of 400,000 tonnes of high-purity copper cathodes has been successfully completed and put into production, representing a solid step towards the goal. The transformation of the smelting system of the old smelter was carried out by upgrading the matte in the Ausmelt Furnace, reducing a converter operation, stopping a set of acid production system, reforming the process and optimizing the production organization, and systematically solving the problems of wastewater and waste gas, so as to comprehensively achieve the goal of energy saving, emission reduction and consumption reduction. In the future, the Company will closely focus on the development of non-ferrous metal resources, the intelligent construction and science and technology and safety and environmental protection of mining segment, and firmly implementing and optimizing the development of resources, mainly copper, to expand resource reserves, accelerate the smelting segment informatization and the intelligent transformation process, and promote the transformation and upgrading of the traditional industry to create the traditional copper smelting system transformation demonstration and the intelligent copper smelting industry demonstration, laying the foundation of green and high-quality development of the Company. At the same time, the Company will pay more attention to the quality of asset investment, improve the efficiency of investment and operation, and scientifically control the scale of investment. Every effort will be made to build the Company into a modern copper enterprise with reasonable industrial structure, scientific and sound governance system, flexible and efficient operation mechanism, and strong core competitiveness and profitability.

Save as disclosed above, the Group did not make any other significant investment during the year ended 31 December 2023.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Remaining Group did not make any material acquisition or disposal of subsidiaries, associates and joint ventures during FY2023.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Remaining Group had 5,387 employees. The Remaining Group's total staff costs for the year was approximately RMB954,655,000. The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Remaining Group is determined by reference to the market, individual performance and their respective contribution to the Remaining Group. The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO, or required to be 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 were taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

Name of Director	Capacity	Nature of Interest	Number of Shares	Percentage of issued Shares (%) (Note 3)
Wang Qihong	Beneficial owner	Personal	594,000 (L)	0.00
	Interest of spouse	Personal	1,000,000 (L)	0.01
			(Note 2)	

Notes:

1. The letter "L" denotes a long position in the Shares.
2. Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through the interests of his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.
3. The shareholding percentage was calculated based on 17,895,579,706 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

As at the Latest Practicable Date, Mr. Xiao Shuxin, an executive Director, was a director of the Parent Company. Mr. Li Haibo, an executive Director, was the secretary of the Communist Party Committee, chairman and general manager of the Vendor, and an assistant to the general manager of the Parent Company. Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company's shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Group were made up.

4. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against any members of the Group.

8. MATERIAL CONTRACTS

The following material contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding and including the Latest Practicable Date:

- (a) the financial services framework agreement dated 6 November 2025 (the “**CNMC Financial Services Framework Agreement**”) entered into between the Company and China Nonferrous Metal Mining (Group) Co., Ltd (“**CNMC**”), pursuant to which CNMC and its subsidiaries (“**CNMC Group**”) agreed to provide certain financial services to the Group, including loans, guarantees and integrated credit facilities, bills acceptance and settlement, foreign exchange settlement and sales and such other financial services as agreed by the parties from time to time, for a term from 1 January 2026 to 31 December 2028, subject to the proposed annual caps as stated in the Company’s announcement dated 6 November 2025; and
- (b) the amended and restated financial services framework agreement dated 8 January 2026 (the “**Amended and Restated CNMC Financial Services Framework Agreement**”) entered into between the Company and CNMC relating to the CNMC Financial Services Framework Agreement, pursuant to which the parties have mutually agreed to include unconditional and irrevocable guarantee by CNMC, and restate the remaining terms of the CNMC Financial Services Framework Agreement. Pursuant to the Amended and Restated CNMC Financial Services Framework Agreement, CNMC has unconditionally and irrevocably guaranteed the obligations of CNMC Financial Company (a non-wholly owned subsidiary of CNMC) under the deposit services, including the use of deposits and the bearing of losses arising from any failure by CNMC Financial Company to perform its obligations.

9. QUALIFICATIONS OF EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given its opinion or advice which is contained in this circular:

Name	Qualification
VBG Capital	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Baker Tilly Hong Kong Limited	Certified Public Accountants
Northern Asia Assets Assessment Co., Ltd.	Qualified and independent PRC asset valuation firm

As at the Latest Practicable Date, the above experts did not have any shareholding in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above experts had given and had not withdrawn their written consent to the issue of this circular, with the inclusion of their letters, reports, and references to their names in the form and context in which they appear.

As at the Latest Practicable Date, the above experts did not have any direct or indirect interests in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

10. MISCELLANEOUS

- (i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is Rm 910-C, 9/F, Tower 1, Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (ii) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (iii) The company secretary of the Company is Mr. Wong Yat Tung, who holds a Degree in Quantitative Analysis for Business from City University of Hong Kong and Master of Corporate Governance from the Hong Kong Polytechnic University. He is an Associate of The Hong Kong Chartered Governance Institute and a fellow member of The Chartered Governance Institute in the United Kingdom.
- (iv) This circular is in both English and Chinese. If there is any inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hk661.com) for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in this circular;
- (d) the unaudited pro forma financial information of the remaining group, the text of which is set out in Appendix II to this circular;
- (e) the valuation report of the Target Company, the summary of which is set out in Appendix IV to this circular;
- (f) the material contracts disclosed in the paragraph under the heading “8. Material Contracts” in this appendix; and
- (g) the written consent referred to in the paragraph headed “9. Qualifications of Expert and Consent” in this appendix.

NOTICE OF SGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) will be held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, 14 August 2026 at 10 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 30 July 2026.

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary and expedient to implement and/or give effect to the Agreement and the transactions contemplated thereunder.”

By order of the Board of
China Daye Non-Ferrous Metals Mining Limited
Xiao Shuxin
Chairman

Hong Kong, 30 July 2026

Notes:

- 1. For more information relating to the abovementioned resolutions, please refer to announcement of the Company dated 18 June 2026 and the circular of the Company dated 30 July 2026.

NOTICE OF SGM

2. The resolutions at the SGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
3. For determining the eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 11 August 2026 to Friday, 14 August 2026, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the said meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on Monday, 10 August 2026. Therefore, the record date for determining shareholders' eligibility to attend and vote at the SGM is Friday, 14 August 2026.
4. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more ordinary shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
5. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM and, in such event, the form of proxy shall be deemed to be revoked.

As at the date of this notice, the Board comprises two executive directors, namely Mr. Xiao Shuxin, Mr. Li Haibo; and three independent non-executive directors, namely Ms. Liu Fang, Mr. Wang Qihong and Mr. Kong Hua.