



红日资本有限公司
RED SUN CAPITAL LIMITED

9 April 2026

To: The Independent Board Committee of Jinchuan Group International Resources Co. Ltd

Dear Sir/Madam,

**UNCONDITIONAL VOLUNTARY CASH PARTIAL OFFER BY
SOMERLEY CAPITAL LIMITED FOR AND ON BEHALF OF
ALTERNATIVE LIQUIDITY INDEX, LP
TO ACQUIRE UP TO 700,000,000 SHARES IN
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Partial Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the response document dated 9 April 2026 (the “**Response Document**”) issued by Jinchuan Group International Resources Co. Ltd (the “**Company**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Response Document unless the context otherwise requires.

Reference is made to the announcement by the Company dated 6 March 2026 in relation to the Partial Offer, whereby the Board was notified by the Offeror on 4 March 2026 that the intention by the Offeror to make the Partial Offer to acquire up to 700,000,000 Offer Shares, representing approximately 5.3% of the issued share capital of the Company as at the date of the Offer Announcement, from Qualifying Shareholders at the Offer Price of HK\$0.01 per Offer Share.

Reference is also made to the Offer Announcement and the Offer Document, detailing the Offer Price and the terms of the Partial Offer.

As disclosed in the Offer Document, as at 23 March 2026, being the latest practicable date for ascertaining certain information in the Offer Document, the Offeror and parties acting in concert with it were not interested directly or indirectly in any voting rights or rights over any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities.

As at the Latest Practicable Date, there are 13,132,082,051 Shares in issue and PSCS in the amount of US\$88,461,539 which may be converted into 690,000,000 Shares at an initial conversion price of HK\$1.00 per Share. Save as disclosed, there are no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or that are convertible or exchangeable into Shares or other types of equity interest.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising Mr. Wang Qiangzhong (non-executive Director), Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok and Ms. Han Ruixia (all being independent non-executive Directors), has been formed to make a recommendation to the Qualifying Shareholders as to whether the Partial Offer is fair and reasonable and as to the acceptance of the Partial Offer.

We, Red Sun Capital Limited, have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in relation to the Partial Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the Independent Board Committee. Our role as the independent financial adviser is to give our recommendation to the Independent Board Committee as to (i) whether the Partial Offer is fair and reasonable so far as the Qualifying Shareholders are concerned; and (ii) whether the Qualifying Shareholders should, or should not, accept the Partial Offer.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were independent from and not connected with the Company, the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to the Independent Board Committee and the Qualifying Shareholders in respect of the Partial Offer.

In the previous two years, we did not act as an independent financial adviser to the Company under the Listing Rules or Takeovers Code. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent from the Group pursuant to Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Response Document and the information and representations provide to us by the directors of the Company (the “**Directors**”) and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations or to our opinion as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Response Document 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 Response Document, or the reasonableness of the opinions expressed by the Company, its advisers, the Management and/or the Directors. We believe 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, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Company, the Offeror and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date. This letter is issued for the information of the Independent Board Committee and the Qualifying Shareholders solely for their consideration of the Partial Offer.

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

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

PRINCIPAL TERMS OF THE PARTIAL OFFER

Set out below are the terms of the Partial Offer, details of which are set out in the Letter from the Board as contained in the Response Document.

Unconditional Voluntary Cash Partial Offer

The Partial Offer is unconditional in all respects. For the avoidance of doubt, the Partial Offer is not conditional on the level of acceptances.

Pursuant to the Offer Document, the Offeror will issue an announcement in relation to any revision, extension, lapse or withdrawal of the Partial Offer in accordance with the Takeovers Code and the Listing Rules.

The Partial Offer

The Partial Offer is made by Somerley Capital, for and on behalf of the Offeror, in compliance with the Takeovers Code to acquire up to 700,000,000 Offer Shares (representing approximately 5.3% of the Company's issued share capital as at the date of the Offer Announcement) on the basis set out below:

For each Offer Share HK\$0.01 in cash

As stated in the Offer Document, as at 23 March 2026, being the latest practicable date for ascertaining certain information in the Offer Document, the Offeror or parties acting in concert with it were not interested directly or indirectly in any voting rights and rights over the Shares, convertible securities, warrants, options of the Company or any derivatives in respect of such securities.

As at the Latest Practicable Date, the Company has 13,132,082,051 Shares in issue and PSCS in the amount of US\$88,461,539 which may be converted into 690,000,000 Shares at an initial conversion price of HK\$1.00 per Share.

Save as disclosed above, the Company does not have any outstanding options, derivatives, warrants or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) which are convertible or exchangeable into Shares, nor has it entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

As the Partial Offer could not result in the Offeror holding Shares carrying 30% or more of the voting rights in the Company, no comparable offer will be made for the outstanding PSCS to the holder(s) of the PSCS.

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Closing Date.

As set out in the annual results announcement of the Group for the year ended 31 December 2025 (“**2025 Annual Results Announcement**”), (i) a final dividend in respect of the year ended 31 December 2025 of HK0.2 cent per share; and (ii) a special dividend in respect of the year ended 31 December 2025 of HK0.2 cent per share (such special dividend is designated to substitute for the final dividend for the year ended 31 December 2024, given that there was a delay in finalising and publishing the financial results for the year ended 31 December 2024), in an aggregate amount of approximately HK\$52,528,000 have been proposed by the Directors and are subject to approval by the Shareholders at the forthcoming annual general meeting.

Other terms of the Partial Offer

Acceptance of the Partial Offer

The Partial Offer is extended to all Qualifying Shareholders in accordance with the requirements of the Takeovers Code.

Qualifying Shareholders may accept the Partial Offer in respect of some or all of the Shares held by them. If valid acceptances are received for 700,000,000 Offer Shares or fewer, all Offer Shares validly accepted will be taken up by the Offeror. If valid acceptances are received for more than 700,000,000 Offer Shares, the total number of Offer Shares to be taken up by the Offeror from each accepting Qualifying Shareholder will be determined by the total number of Offer Shares tendered for acceptance in accordance with the following formula (the “**Formula**”):

$$\frac{A}{B} \times C$$

A = the maximum number of Offer Shares under the Partial Offer (i.e. 700,000,000 Offer Shares)

B = the total number of Offer Shares validly tendered for acceptance by all Qualifying Shareholders under the Partial Offer

C = the number of Offer Shares tendered for acceptance by the relevant individual Qualifying Shareholder under the Partial Offer

Partial nature of the Partial Offer and effect of fractions

It is possible that, if a Qualifying Shareholder tenders all his/her Shares for acceptance under the Partial Offer, not all of such Shares will be taken up.

Fractions of Offer Shares will not be taken up under the Partial Offer and, accordingly, the number of Offer Shares that the Offeror will take up from each Qualifying Shareholder in accordance with the above Formula will be rounded up or down to the nearest whole number at the discretion of the Offeror, and in any event, the total number of Offer Shares to be taken up by the Offeror will not exceed 700,000,000 Offer Shares.

Odd lots

Qualifying Shareholders should note that acceptance of the Partial Offer may result in holding odd lots of Shares. Accordingly, a designated broker has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares on a best effort basis for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing of their odd lots or to top up their odd lots to whole board lots.

Effect of accepting the Partial Offer

Acceptance of the Partial Offer by any Qualifying Shareholder will constitute a warranty by such Qualifying Shareholder to the Offeror that the Shares sold by it to the Offeror under the Partial Offer are fully paid, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights and benefits at any time accruing and attaching thereto, including all rights to any dividend or other distributions the record date of which falls on or after the Closing Date.

Based on the published information of the Company available to the public as at the Latest Practicable Date, (i) a final dividend in respect of the year ended 31 December 2025 of HK0.2 cent per share; and (ii) a special dividend in respect of the year ended 31 December 2025 of HK0.2 cent per share (such special dividend is designated to substitute for the final dividend for the year ended 31 December 2024, given that there was a delay in finalising and publishing the financial results for the year ended 31 December 2024), in an aggregate amount of approximately HK\$52,528,000 have been proposed by the Directors and are subject to approval by the Shareholders at the forthcoming annual general meeting.

Acceptance of the Partial Offer shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

Settlement of consideration

Settlement of the consideration payable by the Offeror in respect of valid acceptances of the Partial Offer will be made as soon as possible but, in any event, no later than seven (7) business days after the Closing Date. Further details regarding the timing of settlement of the consideration payable by the Offeror in respect of valid acceptances of the Partial Offer are set out in the Offer Document.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accept the Partial Offer will be rounded up to the nearest cent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Financial information of the Group and outlook

(a) Historical financial information of the Group

The Group is principally engaged in mining operations and the trading of mineral and metal products. The Company is an investment holding company, and together with its subsidiaries, primarily engaged in (i) mining operations in the DRC, namely (a) the operation of the Ruashi Mine, an open-cast oxide copper and cobalt mine; (b) the operation of the Kinsenda Mine, an underground copper mine; (c) the operation of the Musonoi Mine, an underground copper and cobalt mine; and (d) the operation of the Lubembe Mine, a greenfield copper project; (ii) leasing out of the Chibuluma South Mine, an underground copper mine; and (iii) trading of mineral and metal products in Hong Kong.

The trading in the Shares on the Stock Exchange has been suspended from 9:00 am on Friday, 28 March 2025 and remained to be suspended as at the Latest Practicable Date. With reference to the announcement of the Company dated 16 April 2025, there has been a delay in the publication of annual results for the year ended 31 December 2024 due to an allegation on certain payments of Ruashi SAS, which requires further investigation (the “**Allegation**”). For further details, please refer to the sub-paragraph headed “(d) The suspension of trading in the Shares” in this letter.

In this connection, we herewith set out a summary of the published financial information of the Group for each of the year ended 31 December 2024 and 2025 as extracted from the 2025 Annual Results Announcement and for the year ended 31 December 2023 as extracted from the annual results announcement for the year ended 31 December 2024 (“**2024 Annual Results Announcement**”):

Summary of the Group’s consolidated income statement

	Year ended 31 December		
	2025	2024	2023
	US\$’000	US\$’000	US\$’000
	(audited)	(audited)	(audited)
Revenue	481,910	561,870	638,857
Cost of sales	(343,691)	(478,298)	(538,412)
Gross Profit	110,795	55,932	70,746
Profit/(loss) for the year attributable to owners of the Company	32,654	(2,464)	(11,558)

Financial performance of the Group for each of the years ended 31 December 2025 (“FY2025”) and 31 December 2024 (“FY2024”)

As set out in the 2025 Annual Results Announcement, the Group recorded revenue of approximately US\$481.9 million for FY2025, primarily comprised of sales of copper of approximately US\$470.6 million, representing a decrease of approximately US\$80.0 million or approximately 14.2% as compared to that of approximately US\$561.9 million for FY2024.

Gross profit of the Group’s operations has increased by 98.1% from approximately US\$55.9 million for FY2024 to approximately US\$110.8 million for FY2025. The profit for the year attributable to owners of the Company amounted to approximately US\$32.7 million for FY2025 compared to the loss for the year attributable to owner of the Company of approximately US\$2.5 million for FY2024, which was primarily due to (i) the increase in sales price of copper product; (ii) the decrease in mining and processing costs; and (iii) offset by the increase in income tax expense.

Financial performance of the Group for FY2024 and the year ended 31 December 2023 (“FY2023”)

As set out in the 2024 Annual Results Announcement, the Group recorded revenue of approximately US\$561.9 million for FY2024, representing a decrease of approximately US\$77.0 million or approximately 12.1% as compared to that of approximately US\$638.9 million for FY2023, which was primarily due to the decrease in revenue on trading of externally sourced commodities as more focused selection of appropriate mineral sources in matching with customers’ need.

Gross profit of the Group’s operations decreased 20.9% from approximately US\$70.8 million for FY2023 to approximately US\$55.9 million for FY2024. The loss for the year attributable to owners of the Company amounted to approximately US\$2.5 million for FY2024 compared to the loss for the year attributable to owners of the Company of approximately US\$11.6 million for FY2023, the reduction of loss attributable to owners of the Company was primarily due to (i) the increase in copper revenue; (ii) the decrease in impairment loss on value-added-tax recoverable; and (iii) the decrease in income tax expense in FY2024.

Summary of the Group’s consolidated balance sheet

	As at 31 December		
	2025	2024	2023
	US\$’000	US\$’000	US\$’000
Non-current assets	2,270,922	2,135,722	1,899,771
Current assets	<u>516,537</u>	<u>322,210</u>	<u>270,611</u>
Total assets	<u>2,787,459</u>	<u>2,457,932</u>	<u>2,170,382</u>
Current liabilities	584,914	402,646	253,268
Non-current liabilities	<u>957,428</u>	<u>894,022</u>	<u>767,346</u>
Total liabilities	<u>1,542,342</u>	<u>1,296,668</u>	<u>1,020,614</u>
Equity attributable to owners of the Company	<u>1,065,936</u>	<u>983,498</u>	<u>985,457</u>
Bank deposits with original maturity over three months	4,771	38,427	23,603
Bank balances and cash	<u>166,465</u>	<u>53,864</u>	<u>61,381</u>
Total cash and bank deposits	<u>171,236</u>	<u>92,291</u>	<u>84,984</u>

Financial position as at 31 December 2025 compared to 31 December 2024

We noted from the 2025 Annual Results Announcement that as at 31 December 2025, the Group's total assets amounted to approximately US\$2,787.5 million, representing an increase of approximately 13.4% or approximately US\$329.5 million as compared to approximately US\$2,457.9 million as at 31 December 2024, which mainly comprised (i) property, plant and equipment of approximately US\$1,308.8 million; (ii) mineral rights of approximately US\$530.4 million; (iii) inventories in respect of current assets and non-current assets of approximately US\$371.1 million; (iv) other non-current assets of approximately US\$205.0 million; (v) bank deposits with original maturity over three months and bank balances and cash of approximately US\$171.2 million; and (iv) exploration and evaluation assets of approximately US\$122.7 million.

The Group's total liabilities amounted to approximately US\$1,542.3 million as at 31 December 2025, representing an increase of approximately 18.9% or approximately US\$245.7 million as compared to approximately US\$1,296.7 million as at 31 December 2024, which mainly comprised (i) trade and other payables of approximately US\$372.8 million; (ii) deferred tax liabilities of approximately US\$325.4 million; (iii) bank borrowings of approximately US\$443.8 million; and (iv) amount due to an intermediate holding company of approximately US\$297.6 million.

As at 31 December 2025, the equity attributable to owners of the Company amounted to approximately US\$1,065.9 million, representing an increase of approximately 8.4% or US\$82.4 million as compared to approximately US\$983.5 million as at 31 December 2024.

Financial position as at 31 December 2024 compared to 31 December 2023

We noted from the 2024 Annual Results Announcement that as at 31 December 2024, the Group's total assets amounted to approximately US\$2,457.9 million, representing an increase of approximately 13.3% or approximately US\$287.6 million as compared to approximately US\$2,170.4 million as at 31 December 2023, which mainly comprised (i) property, plant and equipment of approximately US\$1,203.0 million; (ii) mineral rights of approximately US\$546.3 million; (iii) inventories in respect of current assets and non-current assets of approximately US\$272.8 million; (iv) exploration and evaluation assets of approximately US\$122.7 million; and (v) other non-current assets of approximately US\$158.9 million.

The Group's total liabilities amounted to approximately US\$1,296.7 million as at 31 December 2024, representing an increase of approximately 27.1% or approximately US\$276.1 million as compared to approximately US\$1,020.6 million as at 31 December 2023, which mainly comprised (i) deferred tax liabilities of approximately US\$341.7 million; (ii) bank borrowings of approximately US\$370.9 million; (iii) amount due to an intermediate holding company of approximately US\$256.3 million; and (iv) trade and other payables of approximately US\$270.2 million.

As at 31 December 2024, the equity attributable to owners of the Company amounted to approximately US\$983.5 million, which remained broadly stable compared to approximately US\$985.5 million as at 31 December 2023.

(b) Recent development and prospects of the Group

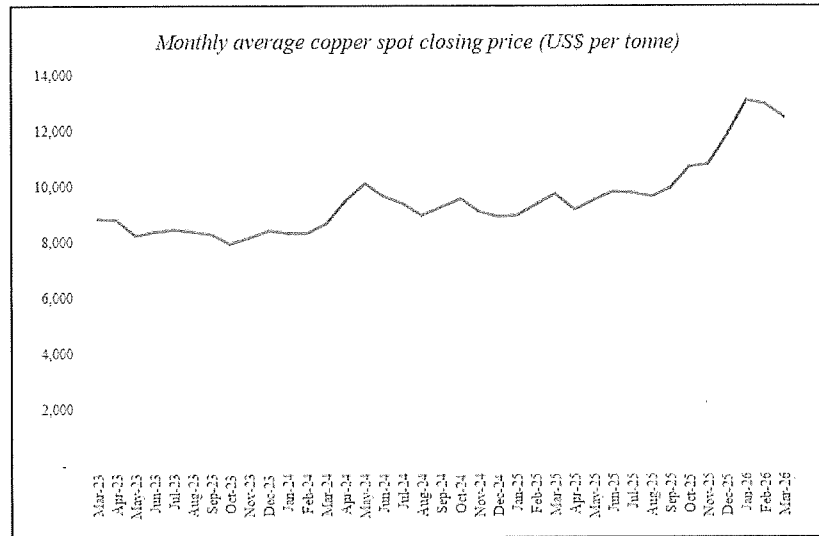
As set out in the Letter from the Board, the Group is principally engaged in mining operations and the trading of mineral and metal products. The Company is an investment holding company, and together with its subsidiaries, primarily engaged in (i) mining operations in the DRC, namely (a) the operation of the Ruashi Mine, an open-cast oxide copper and cobalt mine; (b) the operation of the Kinsenda Mine, an underground copper mine; (c) the operation of the Musonoi Mine, an underground copper and cobalt mine; and (d) the operation of the Lubembe Mine, a greenfield copper project; (ii) leasing out of the Chibuluma South Mine, an underground copper mine; and (iii) trading of mineral and metal products in Hong Kong.

As the Group is engaged in mining operations and the trading of mineral and metal products, primarily in copper and cobalt, set out below are (i) the historical copper price movement during the review period; and (ii) the historical cobalt price movement during the review period. The review period covers the average monthly price of the relevant commodity (i.e. on a completed month basis) from 1 March 2023 to 31 March 2026, being approximately 36 months, (the "**Price Review Period**") which is a period that is sufficiently lengthy and provides a balanced perspective on price movements, capturing both short-term volatility and medium-term trends and is considered as appropriate in commodity market analysis as any trend is less likely to be materially distorted by temporary shocks while remaining relevant to current market conditions and ensure the analysis reflects meaningful dynamics without relying on outdated data.

Copper

Copper, being a base metal with high thermal and electrical conductivity, is commonly used in wires, electromagnets, printed circuit boards as an electrical conductor and heat exchangers as a thermal conductor. Copper exists in two broad categories of ore types: sulphide and oxide.

The following graph shows the monthly average copper spot closing price during the Price Review Period for the purpose of illustrating copper historical price trends.



Source: London Metal Exchange

As illustrated by the monthly average copper spot closing price (the “**Copper Prices**”) set out in the above table, the Copper Prices was relatively volatile over the Price Review Period.

In 2023 and the first quarter of 2024, the Copper Prices were trading at approximately US\$8,000 per tonne. In the second quarter of 2024, the Copper Prices surged dramatically, reaching over US\$10,000 per tonne in May 2024. By mid of 2024, the Copper Prices began to retreat and the Copper Prices stabilized above US\$8,500 per tonne in the second half of 2024.

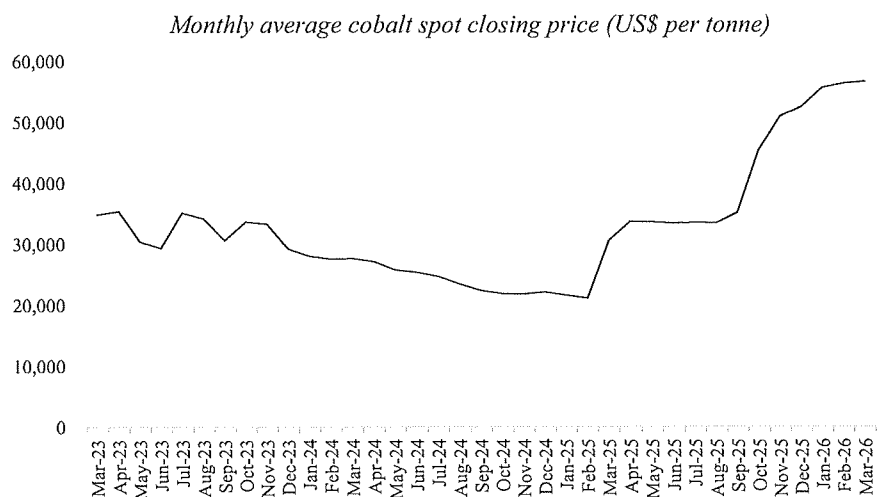
In 2025, the Copper Prices had risen steadily. Since October 2025, the Copper Prices had been above US\$10,000 per tonne. We noted the Copper Prices surged in the first quarter of 2026 and reached approximately USD13,500 per tonne, the highest levels recorded in the Price Review Period.

According to the Non-ferrous Metals Industry Stable Growth Action Plan (2025-2026)* (《有色金屬行業穩增長工作方案(2025-2026年)》)(https://www.miit.gov.cn/jgsj/ycls/wjfb/art/2025/art_e8a675f331eb4e8dbc742d67c097051f.html) (the “**Non-ferrous Metals Industry Action Plan**”) issued by the Ministry of Industry and Information Technology of the PRC, the potential demand for copper in the PRC is expected to remain robust, driven by structural shifts in industrial consumption and national policy priorities. The Non-ferrous Metals Industry Action Plan emphasises expanding copper applications in high-growth sectors such as new energy vehicles, next-generation electronic information, and 5G infrastructure. Specific initiatives include accelerating the use of high-strength, high-conductivity copper wire and cable, copper heat sinks for 5G base stations, ultra-low roughness copper foil, and precision copper gears. In addition, the broader push for electrification, renewable energy deployment, and advanced manufacturing will further reinforce copper’s strategic role in the PRC economy. Such measures will ensure sustained copper’s demand growth over the medium term.

Cobalt

Cobalt, a ferromagnetic metal, is normally associated with nickel and copper containing ores and is mined as a by-product or co-product of these metals. Cobalt is a strategic and critical metal used in many diverse industrial and military applications.

The following graph shows the monthly average cobalt spot closing price during the Price Review Period for the purpose of illustrating cobalt historical price trends.



Source: Fastmarkets MB, formerly known as Metal Bulletin, a premium intelligence service for metal and steel professionals, being a recognised publisher of reference prices for long-term cobalt trading contracts.

The monthly average price of cobalt per tonne experienced fluctuations broadly ranging from approximately US\$30,000 to US\$35,000 from the beginning of the Price Review Period up to the end of 2023, followed by a downward trend that reached a low of around US\$21,000 in February 2025. Subsequently, the monthly average price of cobalt per tonne rose to around US\$33,000 in April 2025 and remained stable until August 2025 before increasing further to reach the highest price of around US\$56,000 by February 2026.

According to the 2050 Cobalt Outlook (2050鈷展望)¹ issued by the Cobalt Institute² in October 2024, global battery demand for cobalt is expected to reach more than three times of its 2020 volume, rising from approximately 85,000 tonnes to 250,000 tonnes by 2050 and a total of 5.5 million tonnes of cobalt will be required for batteries in electric vehicles, consumer electronics, and energy storage facilities by 2050. Cobalt finds extensive applications in electric vehicles, aerospace, and consumer electronics, including AI, robotics, drones, and smart devices. With the continued expansion of key industries and a global shift toward environmental sustainability, seen in widespread net-zero pledges, a corresponding upswing in cobalt demand is anticipated.

Recent development and prospects

We noted from the announcement of the Company dated 9 March 2026 in relation to the operational update for FY2025, in 2025, the Group recently commissioned Musonoi copper-cobalt mine in Kolwezi city, the DRC (i.e. the Musonoi Mine) as the third operating mines in the DRC. According to the resources and reserve statement as at 31 December 2023 (included in annual report of the Company for the year ended 31 December 2023), the Musonoi Mine has mineral reserves of 606,000 tonnes as to copper and 174,000 tonnes as to cobalt. Such mineral scales are greater than those in aggregate of the existing Ruashi and Kinsenda operating mines.

¹ Publication titled “2050 Cobalt Outlook* (2050鈷展望)” (source: https://www.cobaltinstitute.org/wp-content/uploads/2025/02/Cobalt-2050_Unlocking-potential-for-a-net-zero-future_Mandarin.pdf)

² According to the website of the Cobalt Institute (www.cobaltinstitute.org/about-us/), the institute is the world's leading trade association for the cobalt industry, plays a role in promoting sustainable and responsible production and use of cobalt, making it a key reference point when assessing long-term market developments

The Group's mining operation produced 61,867 tonnes of copper content for FY2025, representing an increase of 5.5% as compared to that of 58,663 tonnes for FY2024. The increase in FY2025 compared to FY2024 was due to additional contribution from the recent commission of the Musonoi Mine, which was partially offset by the temporary suspension of the solvent extraction – electrowinning system (the “**SX-EW System**”) since January 2025 as a result of the power supply instability from the national grid to the Group's Ruashi operating mine in the DRC. Nonetheless, the Group endeavors to maintain overall production levels by means of utilising its flotation plant to produce more copper content in copper concentrate, alongside which the SX-EW System has already resumed its operations in mid-May 2025 following the installation of additional diesel generators.

In 2025, due to the recent commission of the Musonoi Mine, the Group produced 1,085 tonnes of cobalt content included in cobalt hydroxide, representing an increase of approximately 26.9% as compared to that of 855 tonnes in 2024.

Given that there is positive impact to the Group as reflected by the recent upsurge of the copper and cobalt price as indicated above as well as the commencement of the mining operation of the Musonoi Mine, we concur with the Management's view that it is cautiously optimistic about the sustainable development of the Group, however, the Group will continue to monitor all factors causing market fluctuation in order to ensure the Group is able to respond to market changes in a timely manner.

(c) Completion of placing and subscription of Shares (“Placing and Subscription”)

References are made to the announcements of the Company dated 13 March 2025 (“**Placing and Subscription Announcement**”) and 25 March 2025 in respect of, among other things, the placing and subscription of Shares.

On 13 March 2025, the Company, Jinchuan (BVI) 1 Limited (the “**Vendor**”) and China International Capital Corporation Hong Kong Securities Limited (the “**Sole Placing Agent**”) entered into a placing and subscription agreement (the “**Placing and Subscription Agreement**”), pursuant to which, (a) the Vendor agreed to appoint the Sole Placing Agent, and the Sole Placing Agent agreed to act as agent of the Vendor to procure purchasers (the “**Placing**”), on a best effort basis, to purchase the placing shares (“**Placing Shares**”) (being a total of 630,000,000 existing Shares) at a placing price of HK\$0.628 per Share (“**Placing Price**”); and (b) the Vendor conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue to the Vendor, the subscription shares (“**Subscription Shares**”) (which is equivalent to the number of Placing Shares actually sold by the Vendor) at a subscription price (the “**Subscription Price**”) of HK\$0.628 per Share (which is equivalent to the Placing Price) (the “**Subscription**”).

The Placing Shares represent: (a) approximately 5.04% of the total number of Shares in issue as at date of the Placing and Subscription Announcement; and (b) approximately 4.80% of the total number of Shares in issue as enlarged by the allotment and issue of the Subscription Shares upon completion of the Subscription.

On 25 March 2025, the Company announced the completion of the Placing and the Subscription took place on 17 March 2025 and 25 March 2025, respectively, in accordance with the terms and conditions of the Placing and Subscription Agreement. The net proceeds from the Subscription (after deducting relevant costs and expenses, commission, stamp duty and levies) are finalised at approximately HK\$388 million.

We note that the Placing was solely conducted by the Sole Placing Agent on a best effort basis and the Placing Price reflected the then fair value of the Company determined by the market at the time of the Placing and Subscription. For reference only, we noted that the Offer Price under the Partial Offer represents a substantial discount of approximately 98.4% to the Placing Price which was determined after arm's length negotiation between the Company, the Vendor and the Sole Placing Agent based on the then prevailing market closing price per Share and was considered fair and reasonable by the Directors at the material time.

(d) The suspension of trading in the Shares

References are made to (i) the announcement of the Company dated 28 March 2025 in relation to, among other things, the delay in publication of annual results for the year ended 31 December 2024, postponement of the Board meeting and suspension of trading; (ii) the announcement of the Company dated 16 April 2025 in relation to, among other things, the Allegation; (iii) the announcement of the Company dated 7 May 2025 in relation to the Resumption Guidance; (iv) the announcement of the Company dated 27 June 2025 in relation to, among others, the quarterly update on the resumption progress of the Company; (v) the announcement of the Company dated 2 September 2025 in relation to, among other things, the delay in publication of interim results for the six months ended 30 June 2025; (vi) the announcement of the Company dated 29 September 2025 in relation to, among others, the quarterly update on the resumption progress of the Company; (vii) the announcement of the Company dated 28 November 2025 in relation to, among other things, the proposed change of auditor; (viii) the announcement of the Company dated 19 December 2025 in relation to the appointment of auditor; (ix) the announcement of the Company dated 29 December 2025 in relation to, among other things, the quarterly update on the resumption progress of the Company; (x) the announcement of the Company dated 25 February 2026 in relation to supplemental information on the appointment of auditor; (xi) the announcement of the Company dated 15 March 2026 in relation to, among others things, the progress update on the Independent Forensic Investigation into the relevant matters of Ruashi SAS; and (xii) the announcements of the Company dated 31 March 2026 in relation to annual results for FY2024, interim results for the six months ended 30 June 2025 and the annual results for FY2025 (the “Announcements”).

As disclosed, the delay in the publication of the financial results of the Company was due to the Allegation. On 30 April 2025, the Stock Exchange issued a letter to the Company setting out the Resumption Guidance, including but not limited to, (i) conducting of an independent forensic investigation in the matters around the Allegation and assess the impact on the Company's business operations and financial position; and (ii) publish all outstanding financial results, for the resumption of trading in the Shares. The Company must meet all requirements in the Resumption Guidance, remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume.

On 15 March 2026, the Company announced an update on the Independent Forensic Investigation, setting out, among others, the scope of the Independent Forensic Investigation, procedures performed by the forensic accountant, key findings of the Independent Forensic Investigation and recommendations by the independent forensic accountant, for further details, please refer to the said announcement.

On 31 March 2026, the Company announced its annual results for FY2024 and FY2025.

Save as disclosed in the Announcements, there is currently no additional information to update the progress of the process of the resumption of trading in the Shares.

We also note that the Company is proactively taken all the necessary steps to address the Resumption Guidance, including but not limited to, (i) the establishment of special investigation committee of the Company to commence an independent investigation into the relevant matter; (ii) the engagement of the forensic accountant to conduct Independent Forensic Investigation; (iii) the appointment of Internal Control Consultant to review the internal control system of the Company; (iv) a progress update announcement on the Independent Forensic Investigation, summarizing its key findings and recommendation on remedial actions to be taken by the Company, which is in line with the requirements under the Resumption Guidance; and (v) the publication of the outstanding financial results, including annual results for each of the two years ended 31 December 2025 and 31 December 2024. All these steps are orderly fulfilling the requirements set out in the Resumption Guidance.

Notwithstanding that there is a potential risk that the listing status of the Company might be cancelled by the Stock Exchange should the Company is unable to fulfill to the requirements under the Resumption Guidance, Qualifying Shareholders should note that the Offeror is making Partial Offer to acquire up to 700,000,000 Offer Shares, representing approximately 5.3% of the issued share capital of the Company.

In the event that valid acceptances are received by the Offeror of an amount not more than 700,000,000 Shares under the Partial Offer, the subject Qualifying Shareholders would be able to realise all of their shareholding tendered and accepted under the Partial Offer at the Offer Price.

In the event that valid acceptances are received by the Offeror exceed 700,000,000 Shares under the Partial Offer, depending on the actual level of Shares being tendered, the number of Offer Shares by each individual Qualifying Shareholder to be taken up by the Offeror will be determined based on the Formula (as set out under sub-paragraph “Acceptable of the Partial Offer” in this letter above). Hence, under such circumstances, only a portion of the Shares tendered by the Qualifying Shareholders will be taken up by the Offeror and the remaining portion of their shareholding in the Company, i.e. the portion which is not taken up by the Offeror under the Partial Offer and the Shares not tendered by the Qualifying Shareholder (if any), will be retained by the subject Qualifying Shareholder.

For illustration purposes, in the event that all Qualifying Shareholders (other than Jinchuan (BVI) Limited, Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited which have unconditionally and irrevocably undertaken that each of them shall not accept the Partial Offer pursuant to the Irrevocable Undertaking) accept the Partial Offer in terms of their entire shareholding, based on the Formula, the Qualifying Shareholders will only be able to sell a portion of their shareholdings, representing approximately 12.6% of their respective shareholdings and will continue to hold a substantial portion of their shareholding in the Company (i.e., the remaining of approximately 87.4% interest).

For Qualifying Shareholders who decide not to participate in the Partial Offer, although the Company is currently taking the necessary steps to orderly proceed to satisfy the requirements as prescribed under the Resumption Guidance, Qualifying Shareholders should be aware that there are uncertainties relating to potential cancellation of the listing status of the Company by the Stock Exchange should the Company is unable to meet all the requirements under the Resumption Guidance and the risk that the Qualifying Shareholders will be holding the Shares in an unlisted public company, where there may or may not be a readily available open market for the trading of the Shares and no information transparency as compared to the platform offered by the Stock Exchange.

Shareholders should be aware and reminded that, if the Company loses its listing status, any protection under the Listing Rules may not be available to the Shareholders.

For Qualifying Shareholders who wish to dispose its/his/her Shares, depending the level of acceptance under the Partial Offer, the Partial Offer provides an opportunity to Qualifying Shareholders to realise part or all of their investments in the Shares at the Offer Price without the concerns around the lack of market trading liquidity given that the Shares are currently suspended from trading on the Stock Exchange.

However, we are of the view that the fairness and reasonableness of the Partial Offer should not be solely determined on the potential risk relating to the cancellation of listing status of the Company, Qualifying Shareholders should consider the value under the Partial Offer, details of our analysis are set out in the paragraphs headed “2. Evaluation of the Offer Price” and “3. Comparable companies’ analysis” in this letter below as well as the future development of the Company, in particular, the Group recorded a profit attributable to owners of the Company of approximately US\$32.7 million for the year ended 31 December 2025, representing a turnaround from the loss attributable to owners of the Company of approximately US\$2.5 million for the year ended 31 December 2024, details of which are set out in the paragraph headed “1. Financial information of the Group and outlook” in this letter above.

Should the Qualifying Shareholders accept the Partial Offer, it may also result in their holding odd lots of Shares. Accordingly, a designated broker has been appointed by the Offeror to match sales and purchases of odd lot holdings of Shares, on a best efforts basis, for a period of six weeks following the close of the Partial Offer to assist such Shareholders in disposing their odd lots or to top up their odd lots to whole board lots. As stated in the Offer Document, Shareholders should note that the matching of odd lots is not guaranteed.

Qualifying Shareholders should also be aware that the realisable price of odd lot Shares may be different from (i) the trading price of board lot Shares prior to the suspension of trading; and (ii) the Offer Price.

Please refer to section headed “Odd lots” in the “Letter from Somerley Capital” of the Offer Document for further details.

Qualifying Shareholders are reminded to read carefully the procedures for accepting the Partial Offer as detailed in the Offer Document, the appendices to the Offer Document and the Form of Acceptance, should they wish to accept the Partial Offer.

2. Evaluation of the Offer Price

The Offer Price of HK\$0.01 per Offer Share represents:

- (i) a discount of approximately 98.4% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day (i.e. 27 March 2025);
- (ii) a discount of approximately 98.5% to the average of the closing prices of the Shares of approximately HK\$0.66 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a discount of approximately 98.5% to the average of the closing prices of the Shares of approximately HK\$0.68 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date;

- (iv) a discount of approximately 98.4% to the average of the closing prices of the Shares of approximately HK\$0.62 as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Date;
- (v) a discount of approximately 90.2% to cash per Share of approximately HK\$0.102 as at 31 December 2025, calculated based on the aggregate of (a) bank deposits with original maturity over three months; and (b) bank balance and cash of approximately US\$171,236,000 as at 31 December 2025 and 13,132,082,051 Shares in issue as at the Latest Practicable Date; and
- (vi) a discount of approximately 98.4% to the audited consolidated net asset value per Share attributable to the owners of the Company of approximately HK\$0.636 as at 31 December 2025, calculated based on the audited equity attributable to owners of the Company of approximately US\$1,065,936,000 as at 31 December 2025 and 13,132,082,051 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

The Shares has been suspended from trading with effect from 9:00 a.m. on 28 March 2025 and over twelve-month period immediately before the Latest Practicable Date. During the six-month period immediately preceding and including the Last Trading Day (i.e. from 30 September 2024 to 27 March 2025): (i) the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.77 per Share on each of 10 and 11 March 2025; and (ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.485 per Share on 14 November 2024.

Historical performance of the Shares

Given that fact that the Shares have been suspended from trading on the Stock Exchange since 28 March 2025, more than twelve months, we are of the view that a comparable analysis on the historical performance of the Shares may not be meaningful in assessing the fairness and reasonableness of the Partial Offer.

3. Comparable companies' analysis

In assessing the fairness and reasonableness of the Offer Price, we have considered analysis on the price-to-book ratios (the “**P/B Ratio(s)**”) and price-to-earnings ratios (the “**P/E Ratio(s)**”) of companies which are listed on the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes. It is noted that the P/B Ratio and P/E Ratio are the commonly used valuation benchmarks in evaluating the valuation of a company. We noted that (i) it may be more typical for P/B Ratio to be used as a valuation benchmark to value asset heavy companies, given that the Group, being a mining enterprise, is typically regarded as asset-heavy; and (ii) we also conduct analysis on the P/E Ratio to cross-checked against analysis on P/B Ratio, which provides a more balanced and robust perspective in the copper mining sector.

For the purpose of our analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Stock Exchange; and (ii) engages in principal business similar to those of the Group namely, mining of non-ferrous metals, primarily copper, and the trading of mineral and metal products, primarily copper, which contributed over 50% of its total revenue for the latest completed financial year (the “Criteria”). Based on the Criteria, we have identified an exhaustive list of five comparable companies (the “Comparable Companies”). The table below sets out the market capitalisation, equity attributable to its owners, the P/B Ratio and the P/E Ratio of each of the Comparable Companies and the Implied P/B Ratio (defined thereafter) and the Implied P/E Ratio (defined thereafter) of the Company under the Partial Offer for comparison purposes.

Company name (stock code)	Principal business	Market capitalisation as at the Latest Practicable Date	Equity attributable to the owners of the company	P/B Ratio	P/E Ratio
		(Note 1) HK\$' million	(Note 2) HK\$' million	(Note 3)	(Note 4)
Jiangxi Copper Company Limited (358)	Mining, smelting and processing of non-ferrous metals and precious metals.	130,960	91,841	1.43	15.72
China Daye Non-Ferrous Metals Mining Limited (661)	Mining and processing of mineral ores and selling/trading of metal products.	2,165	3,545	0.61	35.79
MMG Limited (1208)	Exploration, development and mining of copper, zinc, gold, silver, molybdenum, lead and cobalt deposits around the world.	101,131	31,046	3.26	25.32
China Nonferrous Mining Corporation Limited (1258)	Exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and copper anodes, and production and sale of cobalt hydroxide, sulphuric acid and liquid sulphur dioxide.	50,180	19,490	2.57	15.83
Yunnan Jinxun Resources Co., Ltd. (3636) (“Jinxun Resources”)	Mineral processing, smelting and trading of non-ferrous metals.	4,196	N/A	N/A	18.34
			(Note 7)	(Note 7)	
			Maximum	3.26	35.79
			Minimum	0.61	15.72
			Median	2.00	18.34
		Implied market capitalisation under the Partial Offer	Equity attributable to the owners of the Company as at 31 December 2025	Implied P/B Ratio	Implied P/E Ratio
		(HK\$' million)	(HK\$' million)	(times) (Note 5)	(times) (Note 6)
The Company		131	8,357	0.02	0.51

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

Note:

1. Based on the share price (as at the Latest Practicable Date) multiplied by total number of issued shares (including both A and H Shares in issue, if applicable) as at the Latest Practicable Date.
2. Figures are extracted from the latest published interim report of the Comparable Companies, where figures are translated of RMB1 = HK\$1.13 or USD1 = HK\$7.84, where applicable.
3. The P/B Ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by equity attributable to the owners of the respective Comparable Companies as extracted from their respective latest published annual results as at the Latest Practicable Date.
4. The P/E Ratios of the Comparable Companies are calculated based on the market capitalisation of the respective Comparable Companies as at the Latest Practicable Date divided by profit for the year attributable to its shareholders of the respective Comparable Companies for the completed financial year as extracted from their respective latest published annual results as at the Latest Practicable Date.
5. The implied P/B Ratio of the Company (the “**Implied P/B Ratio**”) is calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price and equity attributable to owners of the Company as at 31 December 2025.
6. The implied P/E Ratio of the Company (the “**Implied P/E Ratio**”) is calculated based on the theoretical market capitalisation of the Company with reference to the Offer Price and profit attributable to the owners of the Company for FY2025.
7. Jinxun Resources was newly listed on the Stock Exchange on 9 January 2026 through an initial public offering and no updated interim or annual results have been published as of the Latest Practicable Date since its listing. Therefore, no updated equity attributable to the owners of the its company was available for our analysis.

Analysis on P/B Ratio

It is noted from the above table that the P/B Ratios of the Comparable Companies ranged from approximately 0.61 times to 3.26 times, with a median of approximately 2.00 times. The Implied P/B Ratio of the Company as represented by the Offer Price of approximately 0.02 times, is substantially lower than all of the P/B Ratios of the Comparable Companies.

Analysis on P/E Ratio

As illustrated in the table above, it is noted from the above table that the P/E Ratios of the Comparable Companies ranged from approximately 15.72 times to 35.79 times, with a median of approximately 18.34 times. The Implied P/E Ratio of the Company as represented by the Offer Price of approximately 0.51 times, is lower than all of the P/E Ratios of the Comparable Companies.

Comparison with other partial offer precedents

In assessing the Offer Price, we adopted a peer comparison approach focusing on companies within the same industry. Valuation metrics including P/B Ratio and P/E Ratio are inherently industry-specific, reflecting differences in growth prospects, capital intensity, and risk profiles. We consider that by comparing other partial offer cases across industries might distort the analysis. By benchmarking against peers engaged in similar business operations, the analysis ensures consistency, relevance, and objectivity in evaluating whether the Offer Price is fair.

While other partial offer precedents may provide context on market behavior, they are often driven by transaction-specific circumstances such as shareholder dynamics, regulatory requirements, or strategic motives. These factors limit their comparability and risk introducing distortion into the valuation. Moreover, premiums or discounts observed in unrelated industries are not meaningful benchmarks, as they reflect sector-specific expectations rather than valuation norms applicable to the target. Therefore, we are of the view that the core justification for the Offer Price should rest on industry peer comparison.

Summary

We note that the Offer Price of HK\$0.01 per Share represents (a) a substantial discount to the closing prices before suspension; (b) a substantial discount to the cash per Share as at 31 December 2025; (c) a substantial discount to the audited consolidated net asset value per Share as at 31 December 2025; and (d) the Implied P/B Ratio is substantially lower than all of the P/B Ratios of the Comparable Companies and the Implied P/E Ratio is lower than all of P/E Ratios of the Comparable Companies. Given that the Offer Price is substantially lower than (i) the audited consolidated net asset value per Share as at 31 December 2025; and (ii) various valuation benchmarks, namely P/B Ratio and P/E Ratio, indicating that the implied value of the Group under the Offer Price is significantly undervalued when compared to the aforesaid valuation benchmarks of the Comparable Companies, we are of the view that the Offer Price is not fair and reasonable so far as the Qualifying Shareholders are concerned.

4. Information of the Offeror and Reasons for the Partial Offer

(a) Information of the Offeror

As set out in the Offer Document, the Offeror is a fund in the form of a Delaware incorporated limited partnership managed by Alternative Liquidity GP LLC (which conducts business using the name Alternative Liquidity Capital) which acts as its general partner and investment manager responsible for managing the portfolio of the Offeror.

Alternative Liquidity, the general partner and investment manager of the Offeror, based in the state of Minnesota in the United States, is in the business of providing liquidity solutions to investors in delisted and non-traded securities globally by making offers for such securities which, after taking into account risk-reward assessments based on information and know-how available to it, are consistent with its long-term investment strategy. Alternative Liquidity has successfully completed more than 21 partial tender offers in the United States, Australia, and other jurisdictions. As of 30 September 2025, Alternative Liquidity had approximately US\$33 million in assets under management.

(b) Reasons for the Partial Offer

As stated in the Offer Document, Alternative Liquidity seeks to make diversified long-term investments and provide liquidity solutions to investors in delisted and non-traded securities. Consistent with such investment strategy and philosophy, Alternative Liquidity is seeking to establish an ownership interest in the Shares for investment purposes. Alternative Liquidity has a normal investment horizon of five to ten years.

As set out in the Offer Document, Alternative Liquidity intends to establish a passive equity position in the Company by way of the Partial Offer, with no plans or intention (i) to become a substantial Shareholder; (ii) to seek to control or consolidated control (as the term is defined in the Takeovers Code) of the Company; or (iii) to influence or be involved in the operations or business of the Company. Alternative Liquidity, acting for the Offeror, has determined that the Partial Offer represents a reasonable pathway to passively investing in the Company on the above basis.

For further details, please refer to the Offer Document.

(c) Public Float of the Company

As disclosed in the Letter from the Board, the Company has a public float of approximately 42.2% of the Shares as at the Latest Practicable Date.

Assuming (i) full acceptances of the maximum number of Offer Shares under the Partial Offer by the Qualifying Shareholders; and (ii) that there are no changes to the issued share capital of the Company between the Latest Practicable Date and up to the Closing Date, the Company will continue to have a public float of above 25% of the Shares immediately following the close of the Partial Offer. Accordingly, the number of Shares in public hands will continue to meet the 25% minimum public float requirement under Rule 13.32B of the Listing Rules.

With reference to the Offeror Document, as required to be disclosed pursuant to Rule 14.81(1) of the Listing Rules, the Offeror intends the Company to remain listed on the Stock Exchange.

The Partial Offer provides an opportunity for Qualifying Shareholders who wish to realise part or all of their investments in the Shares at the Offer Price given that the Shares are currently suspended. However, taking into account the nature of the Partial Offer which will be on pro-rata allocation basis, Qualifying Shareholders would likely be able to tender only a limited portion of their holdings while retaining a substantial residual position after the Partial Offer closes.

Depending on the level of acceptance under the Partial Offer, the analysis of which are set out in the sub-paragraph headed “(d) The suspension of trading in the Shares”, the Partial Offer might not offer a comprehensive exit to the Qualifying Shareholders, Qualifying Shareholders would end up retaining a portion of their shareholdings in the Company in the event that valid acceptances received by the Offeror exceed 700,000,000 Shares under the Partial Offer. As mentioned above, we also note that the Company has taken the necessary steps to address and fulfill the requirements set out in the Resumption Guidance.

As such, Qualifying Shareholders should consider the merit of the Partial Offer, in particular, the value under the Partial Offer, details of our analysis are set out in the paragraphs headed “2. Evaluation of the Offer Price” and “3. Comparable companies’ analysis” in this letter above and the future prospects of the Group, including that the Group recorded a profit attributable to owners of the Company of approximately US\$32.7 million for FY2025, details of which are set out in the paragraph headed “1. Financial information of the Group and outlook” above.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons for the Partial Offer, in particular that:

- (a) the Offer Price represents a significant discount of approximately 98% to the closing prices on the Last Trading Day and last five, ten and thirty consecutive trading days up to and including the Last Trading Date as discussed in paragraph headed “2. Evaluation of the Offer Price” in this letter;
- (b) the Offer Price represents a significant discount of approximately 98.4% of the audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$0.636 as at 31 December 2025, as discussed in paragraphs headed “2. Evaluation of the Offer Price” in this letter;
- (c) the completion of the Placing and Subscription in March 2025 (being a fund raising exercise conducted by the Company through the Sole Placing Agent on a best effort basis and the Placing Price reflected the then fair value of the Company determined by the market at the time of the Placing and Subscription) and the Offer Price represents a significant discount of approximately 98.4% to Placing Price of HK\$0.628, as discussed in sub-paragraph headed “(c) Completion of placing and subscription of Shares” in this letter;

- (d) the Offer Price represents a significant discount of approximately 90.2% to cash per Share of approximately HK\$0.102 as at 31 December 2025, as discussed in paragraph headed “2. Evaluation of the Offer Price” in this letter;
- (e) the Implied P/B Ratio of 0.02 times is substantially lower than all of the P/B Ratios of the Comparable Companies and the Implied P/E Ratio of 0.51 times is lower than all of the P/E Ratios of the Comparable Companies, as discussed in the paragraph headed “3. Comparable companies’ analysis” in this letter;
- (f) the Company is proactively taking the necessary steps to address and fulfill the requirements set out in the Resumption Guidance as discussed in the sub-paragraph headed “(d) The suspension of trading in the Shares’ analysis” in this letter;
- (g) the recent upsurge of the copper and cobalt price and the commencement of the mining operation of the Musonoi Mine as discussed in the sub-paragraph headed “(b) Recent development and prospects of the Group” in this letter; and
- (h) depending the level of acceptance under the Partial Offer, the Partial Offer provides an opportunity to Qualifying Shareholders to realise part or all of its investment given that the Shares have been suspended, however, in the event that valid acceptances are received by the Offeror exceed 700,000,000 Shares under the Partial Offer, Qualifying Shareholders will still retain a portion of their shareholding in the Company after the Partial Offer closes, Qualifying Shareholders should not be solely determined to accept the Partial Offer based on the potential risk relating to the cancellation of listing status of the Company but also consider the merits of the Partial Offer and the prospects of the Group.

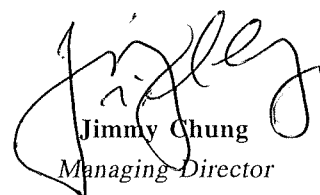
Having weighed the above factors, given the substantial undervaluation of the Offer Price relative to various financial and market benchmarks, we are of the view that the Offer Price under the Partial Offer is not attractive, nor does it provide a comprehensive exit opportunity for Qualifying Shareholders in the event that valid acceptances are received by the Offeror exceed 700,000,000 Shares under the Partial Offer as Qualifying Shareholders would continue to retain a portion of their shareholdings in the Company under such circumstances. On this basis, we are of the view that the Partial Offer, on balance, is **not** fair and reasonable and the acceptance of the Partial Offer would not be in the interests of the Qualifying Shareholders and we **do not** recommend the Independent Board Committee to recommend, and we ourselves **do not** recommend, the Qualifying Shareholders to accept the Partial Offer.

On the other hand, depending the level of acceptance under the Partial Offer, the Partial Offer provides an exit opportunity for Qualifying Shareholders to realise part or all of their investment in the Company, thus removing the concerns around the lack of market trading liquidity given that the Shares have been suspended for over twelve-months. However, by accepting the Partial Offer, the Qualifying Shareholders would effectively forgo the opportunity to benefit of the Shares at a fair valuation should the Company is able to meet all the criteria under the Resumption Guidance and resume trading in future.

For Qualifying Shareholders who decide not to participate in the Partial Offer, although the Company is currently taking the necessary steps to orderly proceed the requirements as prescribed under the Resumption Guidance, Qualifying Shareholders should be aware there are uncertainties relating to potential cancellation of the listing status of the Company by the Stock Exchange should the Company is unable to meet all the requirements under the Resumption Guidance and the risk that the Qualifying Shareholders will be holding the Shares in an unlisted public company, where there may or may not be a readily available open market for the trading of the Shares.

As each individual Qualifying Shareholder would have different investment objectives and/or circumstances, we recommend any Qualifying Shareholders who may require advice in relation to any aspect of the Partial Offer and/or the Offer Document and/or Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, for Qualifying Shareholders wishes to accept the Partial Offer, they should carefully read the procedures for accepting the Partial Offer as set out in the Offer Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited



Jimmy Chung
Managing Director

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

Unless otherwise specified, the translation of US\$ into Hong Kong dollars, in this letter is based on the exchange rate of US\$1.00 to HK\$7.84.